

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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| In the matter of the application of | ) |                  |
| <b>CONSUMERS ENERGY COMPANY</b>     | ) |                  |
| for approval of a percent of income | ) | Case No. U-21021 |
| payment plan pilot.                 | ) |                  |
| _____                               | ) |                  |

At the February 10, 2022 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair  
Hon. Tremaine L. Phillips, Commissioner  
Hon. Katherine L. Peretick, Commissioner

**ORDER**

On March 9, 2021, Consumers Energy Company (Consumers) filed an application, with supporting documentation, seeking *ex parte* approval of a proposed percent of income payment plan (PIPP) pilot relative to the company’s service of natural gas (initial application). On December 3, 2021, Consumers filed an amended application, with revised supporting documentation, seeking similar approval but with the pilot, among other revisions, applicable to both electric and natural gas service (amended application).

In its amended application, Consumers indicates that the origin of its request stems from Case Nos. U-20650 and U-20697 and was developed through collaboratives with interested stakeholders. Consumers states that, in accordance with the terms of the settlement agreement approved in Case No. U-20650 and consistent with the December 17, 2020 order in Case No. U-20697, the company is requesting approval of its PIPP pilot “for its gas, electric, and

combination customers with incomes at or below 150% of the Federal Poverty Level (‘[l]ow-[i]ncome’) and who are in arrears with Consumers Energy with the goal of elimination of their past due balances.” Amended application, p. 3.

Consumers states that its proposed PIPP is a two-year pilot to be implemented at the start of fiscal year 2023 (i.e., October 1, 2022) to coincide with the beginning of the new Michigan Energy Assistance Program (MEAP) year, with the pilot running alongside established MEAP affordable payment plans (APPs) and targeting a maximum of 1,500 low-income customer enrollments. Per Consumers, “[t]he PIPP pilot is intended to determine the effectiveness of percentage of income-based payment plans in comparison to [the] existing income tier structure employed by the APPs.” *Id.*

Following discussion of the administration of the proposed PIPP pilot by agencies selected by the company, Consumers describes bill payments and arrears forgiveness under its proposal.

Consumers states:

The PIPP Pilot will provide qualifying customers with a fixed payment plan. Participants will have flat bill payments equivalent to 6% of their gross income or a minimum monthly payment of \$10. This approach provides low-income customers an affordable, flat, monthly bill payment amount. The difference between the flat monthly bill payment and the actual monthly bill will be covered by the PIPP program credit. This flat bill program offering closely aligns with the current state of the Consumers Affordable Resource for Energy (“CARE”) Program. In order to address pre-existing arrears, the pilot will automatically provide for arrears forgiveness each month at a rate of 1/24<sup>th</sup> over the two-year pilot. This approach mimics the CARE Program arrears forgiveness schedule and will support customers['] efforts to complete the pilot with zero dollars in arrears upon successful completion.

*Id.*, pp. 3-4. As part of enrollment in the PIPP pilot, Consumers states that customers will also be invited to participate in energy waste reduction (EWR) programs or other educational services to promote long-term energy efficiency strategies, with access to free home energy audit and premium intervention measures. *Id.*, p. 4.

Consumers next describes the pilot's dunning process. Notably, Consumers states that, "[o]nce a participant's past due balance is the equivalent of two missed monthly payments, the customer will be de-enrolled from the pilot," which the company indicates will mimic the dunning process used for its CARE program. *Id.*, p. 4.

After discussion on the tracking of several key performance indicators to determine the success of the program, Consumers sets forth details on costs associated with the pilot.

Consumers states:

The PIPP Pilot includes the costs associated with the participant's bill credit and arrears forgiveness. Based on the average low-income family, the PIPP Pilot's projected costs over the two-year program are estimated to be \$3.5 million (approximately \$1.75 million annually). As agreed to in Case No. U-20650, the Company's PIPP proposal will use current funds and not cause an increase in rates for ratepayers. Accordingly, the Company will be allocating \$3.5 million in corporate dollars to enrollment agencies to fund customer credit and arrears costs.

In addition to the assistance related costs associated with operating the PIPP Pilot, there is a one-time IT [information technology] cost of approximately \$1 million associated with implementing the pilot. These costs are for the development and testing of impacted systems, including the agency portal (CE Pass), SAP Customer Relationship & Billing System, IVR [interactive voice response], e-services/CE website, and ISIS bill printing system. The Company already received recovery for the IT costs in the Company's Voluntary Refund Proceeding, Case No. U-20932.

*Id.*, p. 5.

The Commission Staff (Staff) reviewed the matter and recommends *ex parte* approval, subject to conditions.

The Commission has reviewed the amended application with attached support, along with the Staff's recommendation, and finds that the amended application is reasonable, is in the public interest, and should be approved, subject to the recommendations made by the Staff. First, the Commission underscores that, as agreed to in Case No. U-20650,<sup>1</sup> current funds will be used to

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<sup>1</sup> See, September 10, 2020 order in Case No. U-20650, Exhibit A, p. 6.

cover the costs for the pilot.<sup>2</sup> Second, while the Commission does not find that customers in the pilot should be required to participate in EWR programs as a condition of participating in the PIPP, the Commission does however believe that a better balance to the promotion and use of such programs by PIPP participants should be more than simply by invitation. As shown in the Commission's Energy Affordability and Accessibility Collaborative,<sup>3</sup> EWR and energy assistance are closely tied together, in that EWR can play an important role in assisting utility customers in reducing their energy consumption and thereby reduce their energy burden over the long-term. Further, it is a priority of the collaborative and its stakeholders to ensure that customers use EWR services to decrease their energy needs. The Commission thus finds that, wherever practicable, Consumers should automatically refer PIPP participants, upon enrollment, to the company's EWR program servicers to do an assessment on each participant's needs and recommend appropriate EWR services. Recommendations should include, but are not limited to, EWR weatherization kits, if appropriate based on the assessment. With this, the Commission finds that Consumers should also document which EWR services are delivered to each PIPP participant using the reporting template developed for the Low-Income Home Energy Assistance Program Direct Support Program and work with the Staff to determine the correct data elements to specifically

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<sup>2</sup> While the body of Consumers' amended application and attached revised support no longer mention the use of MEAP funds to financially support the pilot, as did the company's initial application and attached support, the amended application still requests, in its requested relief paragraphs, for the Commission to "[a]pprove the Company's request to fund the Percent of Income Payment Plan Pilot through the Michigan Energy Assistance Program." Amended application, p. 6. Although the Commission believes this to be in error, the Commission nevertheless finds it necessary to explicitly indicate that current funds will be used to cover the costs of the pilot approved in this order.

<sup>3</sup> See, [https://www.michigan.gov/mpsc/0,9535,7-395-93307\\_93312\\_93320\\_94834-558075--00.html](https://www.michigan.gov/mpsc/0,9535,7-395-93307_93312_93320_94834-558075--00.html) (accessed February 9, 2022). See also, the February 18, 2021 order in Case No. U-20757.

include in this report. Third, it is the Commission's understanding that costs for this pilot will also include administrative funding for the experienced, community-based human service agencies that will be administering this proposal in this case, as such agencies have many benefit programs to administer with increased commitments during the continuation of the COVID-19 pandemic.

The Commission finds that Consumers' proposal, with the above conditions, will provide meaningful insight into the current status of energy affordability for low-income customers, along with possible modifications to existing energy assistance programs that could lead to more successful and/or diversified options moving forward. Additionally, given the approval of the company's voluntary refund request in the May 13, 2021 order in Case No. U-20932 (May 13 order), including Consumers' specific request to use \$1 million of the voluntary refund to partially fund the implementation of the PIPP once approved,<sup>4</sup> the Commission finds that the company can now, in conjunction with the approval provided in this order, use its requested voluntary refund funds for PIPP-related IT costs. Lastly, because approval of the company's request in the instant case will not result in an increase in the cost of service for any customer, the Commission finds *ex parte* review and approval to be appropriate. *See*, MCL 460.6a(3).

THEREFORE, IT IS ORDERED that Consumers Energy Company's amended application for a percent of income payment plan pilot for both electric and natural gas service is approved, as set forth in the order.

The Commission reserves jurisdiction and may issue further orders as necessary.

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<sup>4</sup> *See*, May 13 order, p. 23.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, under MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at [mpscedockets@michigan.gov](mailto:mpscedockets@michigan.gov) and to the Michigan Department of the Attorney General – Public Service Division at [pungpl@michigan.gov](mailto:pungpl@michigan.gov). In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General – Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

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Daniel C. Scripps, Chair

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Tremaine L. Phillips, Commissioner

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Katherine L. Peretick, Commissioner

By its action of February 10, 2022.

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Lisa Felice, Executive Secretary


# PROOF OF SERVICE

STATE OF MICHIGAN )

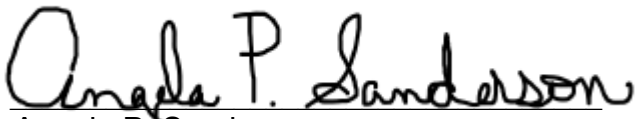
Case No. U-21021

County of Ingham )

Brianna Brown being duly sworn, deposes and says that on February 10, 2022 A.D. she electronically notified the attached list of this **Commission Order via e-mail transmission**, to the persons as shown on the attached service list (Listserv Distribution List).

  
Brianna Brown

Subscribed and sworn to before me  
this 10<sup>th</sup> day of February 2022.



Angela P. Sanderson  
Notary Public, Shiawassee County, Michigan  
As acting in Eaton County  
My Commission Expires: May 21, 2024

**Service List for Case: U-21021**

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| Name                            | Email Address                |
|---------------------------------|------------------------------|
| Anne M. Uitvlugt                | anne.uitvlugt@cmsenergy.com  |
| Consumers Energy Company 1 of 2 | mpsc.filings@cmsenergy.com   |
| Consumers Energy Company 2 of 2 | michael.torrey@cmsenergy.com |