

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
ALPENA POWER COMPANY)	
for authority to amend its general)	Case No. U-21234
service tariff to provide expanded use of electric)	
vehicle charging stations and related approvals.)	
_____)	

At the July 27, 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 April 28, 2022, Alpena Power Company (Alpena) filed an application requesting *ex parte* approval to amend its General Service tariff to: (1) allow for expanded application to prospective electric vehicle (EV) charging stations through a demand waiver and (2) to create a regulatory asset to support Alpena’s contributions of certain costs in assistance of customer grant applications.

In its application, Alpena addresses studies commissioned by the Michigan Energy Office in 2018, which evaluated the viability of a wide-spread Direct Current Fast Charging (DCFC) infrastructure network throughout the state of Michigan. Application, p. 2. A statewide DCFC network would allow EV owners to travel throughout the state with a lessened probability of finding an area with an insufficient amount of EV charging infrastructure in place. *Id.* Following

these study efforts, the Michigan Department of Environment, Great Lakes, and Energy (EGLE) took the EV charging placement recommendations from the studies commissioned by the Michigan Energy Office and created a grant program, which is intended to encourage the realization of the EV charging roadmap established by the studies. The EGLE grant program, entitled Charge Up Michigan, is structured such that expenses are one-third funded by EGLE, one-third by the owner of the EV charger, and one-third by the utility. *Id.*

Alpena explains that its customers have expressed interest in EVs and the installation of EV charging infrastructure at their premises. Alpena states that, currently, it is believed that there is insufficient EV charging infrastructure to adequately provide for extended EV travel, especially in rural areas of the state. *Id.*, p. 4. Per the company, approval of its application will allow for the expansion of EV charging infrastructure in the service territory, thereby encouraging an increase in tourism and economic development throughout the region. *Id.*

As such, in its application, Alpena requests that the Commission approve the initial phase of the company's EV charging pilot program, thereby granting Alpena the ability to expand and offer its electric customers the opportunity to install EV charging infrastructure and take electric service pursuant to Alpena's General Service tariff for a period of approximately five years. Alpena advises that the five-year effective life of the General Service tariff offer is necessary to allow for an accelerated installation rate of EV chargers throughout the utility's service territory. Once EVs and EV charging infrastructure reach a higher penetration level, Alpena opines that dedicated EV charging installations that are served via a dedicated service should be grouped with similar usage type customers for future ratemaking purposes. *Id.*, p. 3.

Alpena represents that under its proposed structure, the customer is permitted to select one of two options related to installing EV charging infrastructure:

- a. The customer could choose to add the EV charging infrastructure to an existing usage account and receive service under the terms of the tariff structure applicable to the aggregate load.
- b. The customer could choose to install new EV charging infrastructure on its property through a new service request, which would be permitted to take service under the General Service tariff inclusive of the proposed demand waiver.
 - i. The proposed EV Charger installation must have a maximum demand of less than or equal to 150 kW [kilowatts].
 - ii. The EV charger wishing to participate in the General Service Tariff must establish a new, dedicated service for the EV charging system that is being installed.
 - iii. Any EV charging equipment that is aggregated with other material non-EV charging load at existing or new service locations will not be allowed to participate in the General Service demand waiver.
 - iv. The applicant must be an existing Alpena customer or must otherwise be eligible to take service from Alpena at the new EV charging service site.
 - v. Any proposed EV charging project location must be located in an area where the existing distribution network can support the additional load without material modifications, unless explicitly approved by the Company.

Id., p. 3.

In connection with this request, Alpena provided a General Service tariff, attached to its application as Attachment 1, advising that all other applicable rates, surcharges, credits, and tariff riders applicable to the General Service tariff will likewise apply to any EV charging infrastructure installed on the General Service tariff subject to the terms of the demand waiver. *Id.*

Additionally, Alpena requests authority to create a regulatory asset of up to \$500,000, whereby it will record any contribution in aid of a customer's EGLE grant application, inclusive of all costs that are not otherwise addressed through application of Alpena's existing tariff. *Id.*, p. 4. Alpena's total contribution in support of a customer's EGLE grant application will be up to the lesser of \$70,000 or one-third of the total cost of eligible EV charging equipment. *Id.* The

company advises that it will seek recovery of the regulatory asset in a future general rate case proceeding. Alpena states that in advance of its next general rate case proceeding, it will evaluate accommodating new EV charging specific tariff offerings that would be intended to facilitate effective and beneficial EV charging integration for other customer classes. *Id.* The company further states that it will provide an annual report in the instant docket, Case No. U-21234, throughout the proposed five-year General Service demand waiver period that will detail the progress of EV chargers installed, a map of their locations, and project utilization data by month and/or season. *Id.*, p. 5.

Finally, Alpena contends that *ex parte* approval of its application is appropriate as it will not increase its current rates to any existing customer. *Id.*

After reviewing Alpena's application, the Commission finds that the request to amend the company's General Service tariff to allow for expanded EV use is reasonable and in the public interest and should be approved. The Commission also approves the creation of a regulatory asset of up to \$500,000 and authorizes the company to record entries into a regulatory asset account.

Recognizing that the application included only a change to the General Service tariff and the creation of a regulatory asset – and not the details of a full EV charging pilot – the Commission authorizes the company to record entries into the regulatory asset account for up to five years from the date of this order. The company may make a future filing that includes a showing that an extension/expansion would be beneficial to customers. Further, the Commission recognizes Alpena's commitment to include in its next general rate case an analysis of the costs and benefits of this EV program to ratepayers, and to evaluate accommodating new EV charging-specific tariff offerings that would be intended to facilitate effective and beneficial EV charging integration for other customer classes. The Commission directs Alpena to include an evaluation of the impact to

each customer class as part of this cost-benefit analysis to be filed in its next general rate case. Finally, the Commission reminds the company that the approval of a regulatory asset and corresponding accounting treatment is not an approval for the inclusion of these expenditures in customer rates, and that the company will have to demonstrate the reasonableness and prudence of the expenditures as part of future rate cases, including a holistic, forward-looking review of both the rebates and the demand charge holiday.

The Commission also finds that *ex parte* review and approval are appropriate as approval will not increase the cost of service to customers. *See*, MCL 460.6a(3).

THEREFORE, IT IS ORDERED that:

- A. Alpena Power Company's application is approved.
- B. Alpena Power Company is authorized to amend its General Service tariff to allow for expanded application of the General Service tariff to prospective electric vehicle charging stations through a demand waiver as set forth in its application and its revised General Service tariff, as attached to this order as Exhibit A, and to create a regulatory asset to support contributions of certain costs in assistance of customer grant applications as addressed in its application. Alpena Power Company shall record entries into the regulatory asset account for up to five years from the date of this order.
- C. Within 30 days from the date of this order, Alpena Power Company shall file tariff sheets substantially similar to Exhibit A of this order.
- D. Alpena Power Company shall file in the instant docket an annual report on or before July 1 throughout the duration of the General Service tariff demand waiver period that provides details on the electric vehicle chargers that are installed, a map of their locations, and project utilization data by month and/or season.

E. Alpena Power Company shall file an analysis of the costs and benefits to ratepayers, as well as an evaluation of new electric vehicle charging-specific tariff offerings that would be intended to facilitate effective and beneficial electric vehicle charging integration for other customer classes in the company's next general electric rate case.

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

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to 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 notification should be sent to the Executive Secretary at mpscdockets@michigan.gov and to the Michigan Department of Attorney General - Public Service Division at 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

Daniel C. Scripps, Chair

Tremaine L. Phillips, Commissioner

Katherine L. Peretick, Commissioner

By its action of July 27, 2022.

Lisa Felice, Executive Secretary

M.P.S.C. No. 9
Alpena Power Company
(Reformatted Rate Book)

First Revised Sheet No. D-10.00
Cancels Original Sheet No. D-10.00

GENERAL SERVICE
(Continued from Sheet No. D-9.00)

Auxiliary Power Provision:

Customers desiring electric service as an auxiliary source of power to wind- or solar-powered generating equipment may take service under this rate schedule under special agreement with the Company.

A customer taking auxiliary power under this rate shall pay all reasonable direct costs of metering, controlling, and protective equipment necessitated by the presence of a source of power on his premises. Minor modifications off the premises of the customer shall be the responsibility of the Company. The customer shall pay the monthly rate set forth above. The customer may elect to sell energy to the Company at the Company's Average Avoided Energy Cost.

Average Avoided Energy Cost:

Average Avoided Energy Cost is the average cost of Supplemental Energy, including both energy and capacity charges, billed to the Company by Consumers Energy Company, based on the rolling average of the six consecutive months ending on the last day of the second month prior to the month that purchases are made by the Company (e.g., the August billing month cost will be calculated using the avoided energy costs for the six months ending in June).

The power supply bills used to determine avoided costs will be kept on file at the Company's office. Personnel shall be available, during normal business hours, to explain how this methodology is applied to these bills to obtain the avoided energy costs for any particular month.

Rules and Regulations:

Service under this rate is governed by the Company's Standard Rules and Regulations. The charges under this rate are subject to the General Terms and Conditions of Rate Schedules (Sheet No. D-1.00 through Sheet No. D-4.00).

(continued on Sheet No. D-10.10)

Issued XXX XX, 2022, by
Kenneth A. Dragiewicz, President
Alpena, MI 49707

Effective for service rendered on
and after XXX, XX 2022

Issued under authority of the
Michigan Public Service Commission
dated XXX XX, 2022,
in Case No. U-XXXXXX

GENERAL SERVICE
(Continued from Sheet No. D-10.00)

Demand Waiver for Electric Vehicle Chargers:

An Electric Vehicle Charging ("EVC") customer may take service under rate schedule General Service if one of the following criteria are met:

- (1) The maximum monthly demand must not exceed 150 kW, measured on a 15-minute interval basis.
- (2) The EVC installations taking service under rate schedule General Service pursuant to the terms of the demand waiver are required to establish a new, dedicated service for the EVC system.
- (3) EVC equipment load that is aggregated with other material non-EVC load at existing or new service locations are not permitted to participate in the Demand Waiver for Electric Vehicle Chargers.
- (4) EVC systems must be installed in locations where the existing distribution system can support the additional load without material modifications or incurrence of atypical interconnection costs, unless otherwise approved by the Company.
- (5) The Demand Waiver for Electric Vehicle Chargers will expire no later than May 1, 2027.

Issued XXX XX, 2022, by
Kenneth A. Dragiewicz, President
Alpena, MI 49707

Effective for service rendered on
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Michigan Public Service Commission
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in Case No. U-XXXXX

PROOF OF SERVICE

STATE OF MICHIGAN)

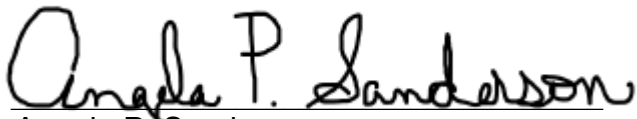
Case No. U-21234

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on July 27, 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 27th day of July 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-21234

Name

Email Address

Alpena Power Company
Timothy M. Gulden

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tmgulden@gillardlaw.com