

MINUTES OF THE REGULAR COMMISSION MEETING OF THE MICHIGAN PUBLIC
SERVICE COMMISSION HELD IN ITS OFFICES ON OCTOBER 17, 2019

Commission Chairman Sally A. Talberg called the meeting to order at 1:30 p.m.
Executive Secretary Lisa Felice called the roll and declared there was a quorum.

PRESENT

Commission: Sally A. Talberg, Chairman
Daniel C. Scripps, Commissioner
Tremaine L. Phillips, Commissioner

Staff: Kelly Barber-Dodge
Matt Helms
Lisa Felice
Brianna Brown
Al Freeman
Kevin Spence
Staci Sova
Ryan Wilson
Jill Rusnak
Paul Proudfoot
Lynn Beck
Ryan Laruwe
Mike Byrne

Public: Mike Torrey, Consumers Energy
Michael Delaney, Consumers Energy
Candace Gonzales, Consumers Energy
Karen Wienke, Consumers Energy
David Binkley, DTE

- I.** Commissioner Scripps moved to approve today's agenda, Commissioner Phillips seconded.

Vote: Yeas – Talberg, Scripps, Phillips
Nays – None

The agenda was approved.

- II.** Commissioner Scripps moved to approve the minutes of the Regular Commission Meeting of October 7, 2019, Commissioner Phillips seconded.

Vote: Yeas – Talberg, Scripps, Phillips
Nays – None

The minutes were approved.

III. CONSENTED ORDERS

A. ELECTRIC

1. U-20205 IN THE MATTER OF THE APPLICATION OF NORTHERN STATES POWER COMPANY, A WISCONSIN CORPORATION, FOR RECONCILIATION OF ITS POWER SUPPLY COST RECOVERY PLAN (CASE NO. U-18405) FOR THE 12 MONTHS ENDED DECEMBER 31, 2018
(final order)
2. U-20516 IN THE MATTER OF THE JOINT COMPLAINT OF THE CYPRESS CREEK QFS AGAINST CONSUMERS ENERGY COMPANY FOR UNJUST, UNREASONABLE AND IMPROPER PRACTICES UNDER FEDERAL AND STATE LAW
(final order)
3. U-20558 IN THE MATTER OF THE COMPLAINT OF BOBOLINK SOLAR, LLC; CORMORANT SOLAR, LLC; CROSSBILL SOLAR, LLC; FLYCATCHER SOLAR, LLC; KINGFISHER SOLAR, LLC; OE LONGSPUR SOLAR, LLC; OE MEADOWLARK SOLAR, LLC; OE MERLIN SOLAR, LLC; ORIOLE SOLAR, LLC; SANDPIPER SOLAR, LLC; SHEARWATER SOLAR, LLC; SISKIN SOLAR, LLC; TANAGER SOLAR, LLC; TOWHEE SOLAR, LLC; TURNSTONE SOLAR, LLC; VIOLETEAR SOLAR, LLC; VIREO SOLAR, LLC; WAXWING SOLAR, LLC; AND WHIMBREL SOLAR, LLC AGAINST CONSUMERS ENERGY COMPANY CONCERNING VIOLATIONS OF THE PUBLIC UTILITY REGULATORY POLICIES ACT OF 1978, MCL 460.6v, AND RELATED COMMISSION ORDERS
(final order)
4. U-20565 IN THE MATTER OF THE COMPLAINT OF BINGHAM SOLAR, LLC; BURLINGTON SOLAR, LLC; WHITE PINE SOLAR, LLC; TEMPERANCE SOLAR, LLC; AND GENESEE SOLAR, LLC AGAINST CONSUMERS ENERGY COMPANY CONCERNING VIOLATIONS OF THE PUBLIC UTILITY REGULATORY POLICIES ACT OF 1978, MCL 460.6v, AND RELATED COMMISSION ORDERS
(final order)

5. U-20575 IN THE MATTER OF THE COMPLAINT OF ARGENTINE SOLAR, LLC; BURR OAK SOLAR, LLC; BURTON SOLAR, LLC; DAVISON SOLAR, LLC; DIXIE HIGHWAY SOLAR, LLC; FIFE SOLAR, LLC; FIFTEEN MILE ROAD SOLAR, LLC; FRUITPORT SOLAR, LLC; IONIA SOLAR, LLC; IRISH ROAD SOLAR, LLC; KING ROAD SOLAR, LLC; KNOX SOLAR, LLC; LONG ROAD SOLAR, LLC; ONION CREEK SOLAR, LLC; PEWAMO SOLAR, LLC; VERMONTVILLE SOLAR, LLC; AND WHITE STAR SOLAR, LLC AGAINST CONSUMERS ENERGY COMPANY CONCERNING VIOLATIONS OF THE PUBLIC UTILITY REGULATORY POLICIES ACT OF 1978, MCL 460.6v, AND RELATED COMMISSION ORDERS
(final order)

B. GAS

1. U-20245 IN THE MATTER OF THE APPLICATION OF SEMCO ENERGY GAS COMPANY FOR APPROVAL OF A GAS COST RECOVERY PLAN AND AUTHORIZATION OF GAS COST RECOVERY FACTORS FOR THE 12 MONTHS ENDING MARCH 31, 2020
(final order)

Commissioner Scripps moved that the Commission approve all the orders on the consent agenda. Commissioner Phillips seconded that motion.

Vote: Yeas – Talberg, Scripps, Phillips
Nays – None

The orders were adopted.

IV. OTHER ORDERS

A. ELECTRIC

1. U-20068 IN THE MATTER OF THE APPLICATION OF CONSUMERS ENERGY COMPANY FOR RECONCILIATION OF ITS POWER SUPPLY COST RECOVERY PLAN (CASE NO. U-18142) FOR THE 12-MONTH PERIOD ENDED DECEMBER 31, 2017
(final order)

Case No. U-20068 involves an application filed by Consumers Energy Company for reconciliation of power supply cost recovery expenses and revenues for calendar year 2017. The order before you

approves an overrecovery of \$31,730,557 as the 2018 power supply cost recovery reconciliation beginning balance. Commissioner Scripps moved that the Commission approve the order at its October 17, 2019 meeting. Commissioner Phillips seconded that motion.

Vote: Yeas – Talberg, Scripps, Phillips
Nays – None

The order was adopted.

2. U-20183 IN THE MATTER, ON THE COMMISSION’S OWN MOTION, TO CONSIDER CHANGES IN THE RATES OF ALL THE MICHIGAN RATE-REGULATED ELECTRIC, STEAM AND NATURAL GAS UTILITIES TO REFLECT THE EFFECTS OF THE FEDERAL TAX CUTS AND JOBS ACT OF 2017: UPPER MICHIGAN ENERGY RESOURCES CORPORATION FILES AN APPLICATION FOR DETERMINATION OF CREDIT B AS DESCRIBED IN ORDER U-18494
(amended report)
- U-18494 IN THE MATTER, ON THE COMMISSION'S OWN MOTION, TO CONSIDER CHANGES IN THE RATES OF ALL MICHIGAN RATE-REGULATED ELECTRIC, STEAM, AND NATURAL GAS UTILITIES TO REFLECT THE EFFECTS OF THE PENDING FEDERAL TAX CUTS AND JOBS ACT. ALPENA POWER COMPANY, *ET AL*
- U-20110 IN THE MATTER, ON THE COMMISSION'S OWN MOTION, TO CONSIDER CHANGES IN THE RATES OF ALL OF THE MICHIGAN RATE-REGULATED ELECTRIC, STEAM, AND NATURAL GAS UTILITIES TO REFLECT THE EFFECTS OF THE FEDERAL TAX CUTS AND JOBS ACT OF 2017: UPPER MICHIGAN ENERGY RESOURCES CORPORATION FILES AN APPLICATION FOR DETERMINATION OF CREDIT A AS DESCRIBED IN ORDER U-18494

Case No. U-20183 involves a proceeding on the Commission’s own motion for determination of a Credit B calculation resulting from the federal Tax Cuts and Jobs Act of 2017 for Upper Michigan Energy Resources Corporation. The order before you approves an amended report and authorizes Upper Michigan Energy Resources Corporation to implement a credit for the company’s WPSC Rate Zone customers. Commissioner Scripps moved that the Commission approve the order at its October 17, 2019 meeting. Commissioner Phillips seconded that motion.

Vote: Yeas – Talberg, Scripps, Phillips
Nays – None

The order was adopted.

3. U-20332 IN THE MATTER OF THE COMPLAINT OF FRED CHAPMAN
AGAINST DTE ENERGY COMPANY
(final order)

Case No. U-20332 involves a complaint filed by Fred Chapman against DTE Energy Company. The order before you finds a violation of the Technical Standards for Electric Service and requires DTE Electric Company, the proper respondent in this matter, to pay a fine and to provide power quality meter data. Commissioner Scripps moved that the Commission approve the order at its October 17, 2019 meeting. Commissioner Phillips seconded that motion.

Vote: Yeas – Talberg, Scripps, Phillips
Nays – None

The order was adopted.

4. U-20470 IN THE MATTER OF THE APPLICATION OF UPPER MICHIGAN
ENERGY RESOURCES CORPORATION FOR APPROVAL OF ITS
INTEGRATED RESOURCE PLAN PURSUANT TO MCL 460.6t AND
FOR OTHER RELIEF
(final order)

Case No. U-20470 involves the application of Upper Michigan Energy Resources Corporation for approval of its integrated resource plan. The order before you approves a corrected revised settlement agreement resolving all issues in the case. Commissioner Scripps moved that the Commission approve the order at its October 17, 2019 meeting. Commissioner Phillips seconded that motion.

Commissioner Scripps commented:

“As we take up this integrated resource plan, I wanted to add some context to today’s decision. With this IRP in particular, it has not been a simple journey. The history of how we got to today involved the creation of a new utility, the retirement of the last coal-fired power plant in the Upper Peninsula (a story in itself!), and construction of a fleet of new gas-fired reciprocating internal combustion engine (RICE) plants.

This prologue eases to some degree the issues involved in the plan before us.

Given this context, and the record before us, it makes sense to approve this corrected revised settlement agreement.

That said, the energy situation in the Upper Peninsula continues to evolve. For example, the UP Energy Task Force created by Governor Whitmer in June is charged with delivering by the end of March 2021 a

report that includes an assessment of the UP's overall energy needs and recommendations for any potential changes.

In addition, the Statewide Energy Assessment issued last month included a number of provisions likely to affect future IRP filings, including recommendations relating to modeling parameters, a recognition of the benefits of broader, long-term regional transmission, and a recommendation to quantify the value of generation diversity – an issue also included in the MI Power Grid initiative being launched today. Given these developments, it makes sense to review UMERC's long-term plans sooner rather than later. As such, consistent with statute and the terms of the settlement agreement, today's order directs UMERC to file its next IRP in two years.

In addition, we remind UMERC of the filing requirements to be included in an IRP and expect UMERC to include a more fulsome analysis of these elements in its next plan case. We also note that while the addition of the nine RICE units now in operation ensures UMERC will enjoy sufficient capacity for the foreseeable future, resource adequacy and capacity is just one of the elements included in statute by which the Commission evaluates the prudence of an IRP.

Finally, at the same time we commend UMERC and Staff for reaching an acceptable settlement, I'd also express my hope to see a broader range of parties involved in UMERC's next case.

These cases provide a special opportunity to evaluate short- and long-term utility plans, and the participation of additional parties would aid in the development of a more robust record on which to base a decision. This will ensure that the Upper Peninsula's unique energy issues continue to receive the attention they deserve."

Chairman Talberg thanked Commissioner Scripps for his contributions to the Governor's Task Force.

Vote: Yeas – Talberg, Scripps, Phillips
Nays – None

The order was adopted.

5. U-20494 IN THE MATTER OF THE APPLICATION OF INDIANA MICHIGAN POWER COMPANY FOR *EX PARTE* APPROVAL OF A REVISED ECONOMIC DEVELOPMENT RIDER TO TARIFFS GS, LGS AND LP (petition for rehearing)

Case No. U-20494 involves an application filed by Indiana Michigan Power Company for *ex parte* approval to revise the company's economic development rider. The order before you grants a petition for rehearing and grants the requested relief. Commissioner Scripps moved that the Commission approve the order at its October 17, 2019 meeting. Commissioner Phillips seconded that motion.

Vote: Yeas – Talberg, Scripps, Phillips
Nays – None

The order was adopted.

6. U-20645 IN THE MATTER, ON THE COMMISSION’S OWN MOTION, TO
ESTABLISH MI POWER GRID
(order opening docket for initiative)

Commission Staff Mike Byrne, Chief Operating Officer, presented a brief synopsis of the case listed above. Commissioner Scripps moved that the Commission approve the order at its October 17, 2019 meeting. Commissioner Phillips seconded that motion.

Chairman Talberg commented:

“We are excited to partner with Governor Whitmer on this important initiative, and to see all these activities come together under a strategic vision.

MI Power Grid is timely and necessary. The energy industry is on the cusp of transformational change with the move to clean and more distributed energy resources such as solar and storage, as well as the electrification of the transportation sector.

With this initiative, we want to make the most of Michigan’s clean energy transition by proactively engaging a broad range of stakeholders.

Mike, your leadership to work collaboratively with our team to shape MI Power Grid is greatly appreciated. We could not have done this without you and other staff on all three floors of the MPSC. More on this.

I am also humbled and inspired to work alongside two uniquely qualified individuals who can lend their leadership and communication skills and their expertise in clean energy to the MI Power Grid Initiative. Turn it over to Commissioner Scripps and Phillips to give their perspective.”

Commissioner Scripps commented:

“Today is the kind of day that anyone involved in energy policy and regulation dreams of. I mean, we’re getting a shout out during today’s taping of the Energy Gang podcast. That’s pretty close to heaven for us energy nerds!

I want to start by highlighting the work of staff in laying the foundation for the initiative being launched today. As outlined in the MI Power Grid website, this effort flows directly from the many feeder streams on which so many of our staff have been working for a number of years now. Much of this work – from electric vehicles to distribution grid planning to voluntary green pricing programs and others – is already recognized as best in class around the country, and MI Power Grid builds on the work of many hands that’s been done to date. And thank you in advance for your work to come.

I also want to thank my fellow Commissioners.

Commissioner Phillips – your background, expertise, passion, and laser-focus on the customer will be invaluable throughout this process. And indeed, even in the short time since you’ve arrived you’ve put your own definitive stamp on this initiative, and it’s better by far for your contributions.

And Chairman Talberg, you and I have been working on much of this in different capacities for a number of years now. This effort simply wouldn’t happen without your vision and leadership. It’s such an honor to be working with you as we move this project forward.

As I’ve noted on a number of previous occasions, including before I was appointed, the difference between Michigan’s efforts in embracing a modern grid and the work of many other states is our focus on the granular work necessary to truly move things forward.

It’s about actions over words. Not just fancy reports on a shelf, but Commission orders that actually implement change to how the grid works.

That's why today's so exciting. Through the MI Power Grid initiative we're pulling together several years of really thoughtful work, zooming out to find the connective tissue, and plotting a course forward that ensures the many changes happening in the utility space – from DTE's recent announcement to achieve net-zero CO2 emissions by 2050 to Consumers Energy's Clean Energy Plan to the carbon reduction goals of other utilities and the increasing demand for renewables from companies and individuals alike and the price declines and technological advances noted earlier – that all these changes ultimately work to the benefit of customers.

Through this process, I will focus on optimizing grid investments and performance. This will include everything from considering financial incentives and disincentives to better align utility and shareholder interests with the goals of their customers, reviewing grid security and reliability metrics to reduce outages and improve performance, ensuring grid security, and better integrating our various planning processes to manage costs and improve outcomes.

As we launch this initiative, I'm reminded of a quote that Al Freeman on our staff shared from the writer William Gibson, who noted that "the future is already here – it's just not very evenly distributed." The best way to achieve more equitable outcomes is to engage customers directly – to truly involve them and put them right at the center of this discussion.

Given this, the Commission needs to be more than passive onlookers. Experience in other states shows that the pace is always faster than anticipated, and those states that haven't been proactive have been left to deal with the consequences of change, as opposed to reaping the benefits.

We can do better in Michigan. And MI Power Grid is the path to these better outcomes.

It's an exciting day in Michigan. And I'm looking forward to partnering with my colleagues, our staff, the utilities serving this state, other stakeholders and solutions providers, and – most important of all – the individual energy customers to ensure the many potential benefits of the transitions taking place ultimately meet the needs of the people of our state."

Commissioner Phillips commented:

"Thank you, Chair Talberg and Commissioner Scripps, for your ongoing leadership and vision in bringing MI Power Grid to fruition. And thank you to Mike and our staff for continuing to work with us in tackling these complex challenges, while increasingly positioning Michigan as a national leader in the integration and adoption of best practices that will assist us in making the most of Michigan's clean energy future.

As a part of the MI Power Grid effort, I will be focusing on the Customer Engagement section. Through this pillar, the Commission will work with stakeholders to identify and provide Michigan electricity customers with the energy technologies, programs and price signals that will allow customers to be more active and engaged participants in the state's transition to increased clean and distributed energy resources.

We will look to accomplish this in two ways. First, by educating and facilitating increased customer involvement and adoption of programs and technologies. This will include time-based pricing, EWR, and Demand Response programs.

Our educational and outreach efforts will build off the work already underway and led by the Communications Section here at the Commission, who have recently amplified our outreach capabilities through the launch of a new MPSC website, which includes an entire section entirely devoted to MI Power Grid.

Secondly, we will continue to work with stakeholders to facilitate increased access to the tools, technologies and price signals that will allow customers to be more engaged and active participants in the state's energy system. In particular, the Commission will focus on increasing the availability and

effectiveness of demand response programs, innovate rate offerings, such as time-based pricing and voluntary green tariffs, and utility led-energy program and technology pilots. Once again, I thank our Staff for their continued expertise and invaluable contributions, and I look forward to working with our stakeholders and the Governor's Office to maximize the benefits of this clean energy future while continuing to ensure safe, reliable and accessible energy services for Michigan residents."

Chairman Talberg commented:

"The area I will focus on covers the integration of emerging technologies such as solar, energy storage, electric vehicles, grid-connected buildings, and microgrids.

The objective here is to identify and eliminate regulatory barriers to technology so that we can unlock the potential for customers and provide fair access to the electric grid.

We will do this through several efforts, such as updating our rules for interconnecting new resources to the grid. I say resources, not generation, because this could include energy storage or microgrids that may serve a different and more dynamic role than conventional generation and present new issues as part of the interconnection process. This effort has been ongoing over the course of this year with staff working with stakeholders to formulate a draft set of rules. We look to publish formal rules after the new year.

We also intend to examine best practices in resource procurement to ensure we are not inhibiting certain technologies through bidding or other utility procurement processes. Consumers Energy is undertaking its first tranche of competitive bidding for solar this fall based on the framework approved by the Commission in the company's Integrated Resource Plan, and stakeholder input on the bidding process will be provided thereafter.

There are also ongoing discussions related to data access, whether that is related to the implementation of utility tariffs governing access to customer-level energy consumption data or system data to help inform placement of new generators. This issue of system data ties into both the interconnection rules and the distribution planning effort that Commissioner Scripps touched on.

I would observe that there is a lot of interplay between all three core areas of emphasis, so the swim lanes are meant to be a little blurry. There is also a strong linkage to our telecommunications work at the MPSC as broadband and data will be a necessary enabler of a smarter grid.

Finally, I want to acknowledge the tremendous amount of world-class work by MPSC staff over the past several years to lay the foundation for this effort. This includes implementation of the 2016 energy laws. MI Power Grid seeks to integrate and build upon these efforts.

Our team has been instrumental in shaping the MI Power Grid approach and developing communication materials to prepare for this launch, recognizing that transparency and stakeholder input are critical. It never ceases to amaze me how staff at the MPSC pull together to accomplish great things.

No doubt MI Power Grid is ambitious. But this could not be more necessary or timely given the pace of change in the energy industry. And I have full confidence that the MPSC will do what we are known for — bringing together diverse perspectives on thorny, complicated issues and developing workable solutions.

As we move forward, we look forward to broad stakeholder input and coordination with the Governor, other state agencies such as EGLE, and the legislature."

Vote: Yeas – Talberg, Scripps, Phillips
Nays – None

The order was adopted.

B. GAS

1. U-20608 IN THE MATTER, ON THE COMMISSION'S OWN MOTION, TO
AMEND THE RULES GOVERNING THE TECHNICAL
STANDARDS FOR GAS SERVICE
(rulemaking/public hearing announcement)

Commission Staff Kevin Spence, Energy Operations Division, presented a brief synopsis of the case listed above. Commissioner Scripps moved that the Commission approve the order at its October 17, 2019 meeting. Commissioner Phillips seconded that motion.

Chairman Talberg thanked staff for their efforts and acknowledged the importance of updating the rules.

Vote: Yeas – Talberg, Scripps, Phillips
Nays – None

The order was adopted.

V. PUBLIC COMMENTS

There were no public comments.

Chairman Talberg announced that this week is Careers in Energy Week.

A recording of the proceedings of the October 17, 2019 meeting is archived at:
https://www.michigan.gov/mpsc/0,9535,7-395-93307_93316_93317_93875---Y,00.html .

Chairman Talberg announced that the next regularly scheduled Commission Meeting will be held on November 14, 2019 at 1:30 p.m.

Commissioner Scripps moved that the Commission adjourn, Commissioner Phillips seconded.

Vote: Yeas – Talberg, Scripps, Phillips
Nays – None

The motion was approved.

The meeting adjourned at 2:05 p.m.

Lisa Felice
Executive Secretary