STATE OF MICHIGAN

MICHIGAN OFFICE OF ADMINSTRATIVE HEARINGS AND RULES

FOR THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission's own motion, regarding the regulatory reviews, revisions, determinations, and/or approvals necessary for **Northern States Power Company-Wisconsin** to fully comply with Public Act 295 of 2008 as amended by Public Act 342 of 2016.	)))))))	Case No. U-20375

NOTICE OF PROPOSAL FOR DECISION

The attached Proposal for Decision is being issued and served on all parties of record in the above matter on April 29, 2020.

Exceptions, if any, must be filed with the Michigan Public Service Commission, 7109 West Saginaw, Lansing, Michigan 48917, and served on all other parties of record on or before May 20, 2020, or within such further period as may be authorized for filing exceptions. If exceptions are filed, replies thereto may be filed on or before June 3, 2020.

At the expiration of the period for filing exceptions, an Order of the Commission will be issued in conformity with the attached Proposal for Decision and will become effective unless exceptions are filed seasonably or unless the Proposal for Decision is reviewed by action of the Commission. To be seasonably filed, exceptions must reach the Commission on or before the date they are due.

MICHIGAN OFFICE OF ADMINISTRATIVE
HEARINGS AND RULES
For the Michigan Public Service Commission

Kandra K. Robbins

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Kandra K. Robbins
Administrative Law Judge

April 29, 2020
Lansing, Michigan

STATE OF MICHIGAN

MICHIGAN OFFICE OF ADMINSTRATIVE HEARINGS AND RULES

FOR THE MICHIGAN PUBLIC SERVICE COMMISSION

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PROPOSAL FOR DECISION

I.

PROCEDURAL HISTORY

On July 1, 2019, Northern States Power Company-Wisconsin (NSP-W or Company) filed an application requesting the Commission (i) approve its annual report and reconciliation of its electric and natural gas Energy Waste Reduction (EWR) costs and revenues pursuant to 2008 PA 205 (Act 295) for the period which ended December 31, 2018; (ii) authorize NSP-W to implement its biennial 2020-2021 EWR plan including continuing alternative compliance payments; and (iii) approve revised electric and natural gas EWR surcharges.

For its electric service, NSP-W has calculated a net under-recovery including interest through December 31, 2018 of $2,588. For its natural gas service, NSP-W has calculated a net over-recovery including interest through December 31, 2018 of $69,103.

For its 2020-2021 Biennial EWR Plan, the Company is again proposing to continue making alternative payments to the EWR Administrator as authorized by MCL 460.1091. For purposes of estimating the EWR surcharges for a two-year period 2020-2021, NSP-W proposes using the same level of revenue and payments to the EWR Administrator for the calculation of its 2020-2021 levelized surcharges with the understanding that 2021 payments to the EWR Administrator will be based upon actual 2019 revenues, and the revenues collected will be subject to reconciliation. Based on its calculation, NSP-W proposes to pay $293,944 to the EWR Administrator in 2020 and 2021 in connection with electric services provided in Michigan; this constitutes 2% of 2018 electric retail revenues in NSP-W's Michigan jurisdiction. Based on its calculations, NSP-W proposes to pay $116,899 to the EWR Administrator in 2020 and 2021 in connection with natural gas service constituting 2.0% of 2018 natural gas retail revenues.

NSP-W also requests approval of revised EWR surcharges for its electric and natural gas services in Michigan effective January 1, 2020. The revised surcharges are based on historical 2018 revenues and payments to EWR Administrator for 2020 and reflect the net cumulative 2018 over-recoveries as reconciled in its filing.

The Company's filing was accompanied by the testimony of witness Lori J. Drilling.

At the September 11, 2019 prehearing conference, the Company and Staff appeared, and requested a second prehearing conference be held on October 29, 2019. On October 28, 2019, the parties requested to cancel the second prehearing conference and instead would provide an agreed upon schedule. On October 30, 2019, a scheduling memo was entered reflecting the agreed upon schedule.

In accordance with the schedule established on December 12, 2019, Staff filed the testimony of Karen Gould. On January 13, 2020, NSP-W filed rebuttal testimony of Deborah E. Erwin. At the February 18, 2020 hearing, the testimony of the NSP-W and Staff witnesses was bound into the record without the need for them to appear.

II.

OVERVIEW OF THE RECORD AND POSITIONS OF THE PARTIES

The evidentiary record is contained in 34 transcribed pages, in two volumes, and 4 exhibits[1]. The testimony presented by each party is reviewed in the following sections.

A. NSP-W Testimony

Lori J. Drilling is the manager of Demand Side Management and Energy Efficiency Programs for the Customer and Community Services Department of NSP-W[2]. Ms. Drilling provided testimony regarding (a) the reconciliation for 2018 of revenues billed with actual costs for the purposes of determining interest on any over and under recoveries and (b) levelized revenue requirements for purposes of determining EWR surcharges for both natural gas and electric service. She provided testimony concerning the calculations of the total revenue over or under recovery by major customer class for 2018; calculations of interest at the Company's short-term borrowing rate on over or under-recoveries; and calculations of revised EWR surcharges to incorporate the reconciliation balances.

Ms. Drilling testified that the Company will continue to utilize Efficiency United, the Commission-approved EWR program administrator, to comply with the requirements of Act 295. NSP-W payments to the Efficiency United for 2020 will be 2.0% of actual 2018

[1] The transcript references in this PFD are to Volume 2 unless otherwise stated.
[2] Tr. pg. 12

revenues. As shown in Exhibit A-3, the payments will be $293,944 based on 2018 electric revenue and $116,899 based on the 2018 natural gas revenue for a total of $410,844. The amounts to be paid in 2021 will be finalized as actual 2019 revenues become known.[3] The Company is requesting to collect the annual EWR funding through the EWR surcharge.[4]

Ms. Drilling explained that as specified in Act 295, the Company implemented electric and natural gas volumetric surcharges for its residential customers and “per meter” surcharges for each of its other rate classes. The Company then applied the appropriate surcharge rate to the electric and natural gas volumes that were sold during 2018 and on to the number of meters operating during the year, to determine 2018 surcharge revenues.[5] She testified that the 2018 EWR electric revenues actually collected, compared to the amount paid to the EWR Administrator resulted in an under-collection of $2,588 inclusive of the over-recovery associated with the 2017 reconciliation and including ($147) accrued interest.[6] She testified that the 2018 EWR natural gas revenues actually collected, compared to the amount paid to the EWR Administrator resulted in an over-collection of $69,103 inclusive of the under-recovery associated with the 2017 reconciliation and including ($1,345) accrued interest.[7]

Ms. Drilling stated that the Company is proposing revised 2020 electric and natural gas EWR surcharges to include the electric under-collection and the natural gas over-

[3] Tr. pg. 17
[4] Tr. pgs. 13 and 14
[5] Tr. pg. 15
[6] Tr. pg. 16
[7] Tr. pg. 16

collection from 2018 as calculated in Exhibit A-3 and incorporated in the tariff in exhibit A-4.[8]

Ms. Drilling sponsored four exhibits. Exhibit A-1 details the electric and natural gas EWR surcharge revenues collected during 2018 for each major rate class and customer type. It also reflects a comparison of those revenues to the levelized revenue requirement for 2018 based on 2.0% of the Company's 2016 revenues.[9] Exhibit A-2 compares the electric and natural gas EWR surcharge revenue collected in 2018 to the actual payments made to the EWR Administrator during 2018 and calculates interest applicable on the cumulative over-recovery.[10] Exhibit A-3 calculates the 2020 EWR funding obligation based on 2.0% of the Company's 2018 revenues. The funding obligation is adjusted for 2017 and 2018 over/under collections and accrued interest in 2018. A proposed surcharge, based on forecasted volumes for each major rate class and customer type for 2020, is presented as either a cost per kWh factor or a cost per meter, per month factor. The collection expected from each major rate class or customer type are summed and netted against the adjusted EWR funding obligation to show the anticipated net over/under collection of the 2020 EWR surcharge.[11] Exhibit A-4 is the red-lined tariff sheet with proposed 2020 EWR surcharge factors. Cross-examination of Ms. Drilling was waived.

[8] Tr. pg. 16
[9] Tr. pg. 14
[10] Tr. pg. 15
[11] Tr. pg. 15

B. Staff Testimony

Karen M. Gould, manager of the Energy Waste Reduction Section of the Energy Resources Division of the Michigan Public Service Commission, testified regarding the energy waste reduction savings.[12]

Ms. Gould testified that the Company proposed to select the state EWR plan administrator, Efficiency United, to meet its energy waste reduction plan requirements. The Company has utilized the state administrator since 2009 to meet its EWR goals. She testified that Efficiency United has been able to implement programs and measures with savings at a level of at least the 1% legislative target or greater since 2009.

Ms. Gould recommends increasing the level of energy waste reduction savings NSP-Wisconsin offers to its customers based on the cost effective achievable potential presented in the 2017 Michigan Upper Peninsula Base Case Energy Efficiency Potential Study Memo.[13] Staff is recommending that the energy savings targets be increased to 1.30% for 2020 and 1.5% for 2021.

Ms. Gould testified the Act 295 has a minimum target of 1% annually. She quoted Section 1.(1) through (3) as follow to show the intent of the Act:

> (1) This act shall be known and may be cited as the "clean and renewable energy and energy waste reduction act".
>
> (2) The purpose of this act is to promote the development and use of clean and renewable energy resources and the reduction of energy waste through programs that will cost-effectively do all of the following:
>
> > (a) Diversify the resources used to reliably meet the energy needs of consumers in this state.

[12] Tr. pg. 27

[13] Tr. pg. 30

(b) Provide greater energy security through the use of indigenous energy resources available within the state.

(c) Encourage private investment in renewable energy and energy waste reduction.

(d) Coordinate with federal regulations to provide improved air quality and other benefits to energy customers and citizens of this state.

(e) Remove unnecessary burdens on the appropriate use of solid waste as a clean energy source.

> (3) As a goal, not less than 35% of this state's electric needs should be met through a combination of energy waste reduction and renewable energy by 2025, if the investment in energy waste reduction and renewable energy are the most reasonable means of meeting an electric utility's energy and capacity needs relative to other resource options.[14]

She also cited Sec. 91 of Act 295 which states:

> Sec. 91. (1) Except for section 89(5), sections 71 to 89 do not apply to a provider that each year pays **not less than** 2.0% (emphasis added) of total utility sales revenues for the second year preceding, including electricity or natural gas commodity costs, to an independent energy waste reduction program administrator selected by the commission.[15]

Cross-examination of Ms. Gould was waived. She did not sponsor any exhibits.

C. Rebuttal Testimony

In rebuttal, the Company presented testimony from Deborah E. Erwin. Ms. Erwin is the Manager of Regulatory Policy at Northern States Power Company.[16]

Ms. Erwin testified that the Company does not agree with Staff's proposal to increase the level of EWR saving beyond the statutory 1% goal. She testified that the

[14] Tr. pg. 33
[15] Tr. pg. 33
[16] Tr. pg. 20

amount collected by NSP-W from its customers is then passed through and paid to the state program administrator for purposes of administering EWR programs; this is the process for all utilities that make alternative compliance payments. The state program administrator, not the Company, is responsible for using that money to achieve EWR savings in the Company's Michigan service territory.[17]

Ms. Erwin testified that since NSP-W does not implement the EWR programs itself, it does not have sufficient knowledge to determine a level of achievable EWR in its service territory nor does it have the type of detailed information available to it to determine how much it would cost the state administrator to achieve any level of EWR above the statutory goal of 1%.

Ms. Erwin testified that the Company does not select the state program administrator; rather, the Commission makes this selection, contracts with the state administrator and audits their performance. As such NSP-W cannot speak for the state program administrator and does not feel comfortable in this circumstance committing additional monetary resources of its customers, absent the Commission directing the state program administrator to pursue a different EWR goal. Because the Commission selects, contracts and monitors the state program administrator, NSP-W believes that any increased EWR savings goal is a matter for the Commission to determine.[18]

Ms. Erwin testified that NSP-W's primary interest in this proceeding is to protect its customers and to ensure that any increase in savings goals is achieved at a reasonable cost to its customers and results in the pursuit of only cost-effective savings. NSP-W also

[17] Tr. pg. 21

[18] Tr. pgs. 21 and 22

seeks to ensure that if the Commission determines a higher EWR goal should be achieved by the state program administrator, which presumably requires an increase in EWR revenue collection from customers, NSP-W will be able to recover the costs associated with the state program administrator achieving that higher EWR goal. Ms. Erwin testified that at this time, NSP-W does not know what it would cost to achieve the higher EWR goals recommended by Ms. Gould or whether or how the state administrator could achieve the higher EWR goals as there is no specific evidence in the record on this account.[19]

Ms. Erwin testified that NSP-W believes the Commission would benefit from requesting additional information from the state program administrator to address these matters or by having the state program administrator be a party to the proceeding.[20]

Ms. Erwin testified that NSP-W appreciates the Commission's attention to differences between the Upper and Lower Peninsula. NSP-W further asks the Commission to consider its particular customer base when establishing EWR savings goals applicable to its service territory. NSP-W's customer base is approximately 85% residential, with about 7,600 out of the less than 9,000 customers being residential. With non-residential customers only accounting for approximately 15% of the Company's total electric customers, the number of potential EWR projects and initiatives that can target non-residential customers is limited. NSP-W requests the Commission take this into account if it establishes a higher EWR savings goal for the state program administrator to achieve in this EWR proceeding.[21]

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[19] Tr. pg. 22
[20] Tr. pg. 22
[21] Tr. pg. 23

III.

DISCUSSION

Based on the foregoing, Section A will discuss the 2018 EWR Reconciliation. Section B will address the 2020-2021 plan and the dispute regarding the appropriate energy savings targets. Section C will address using EWR credits for renewable energy compliance.

A. 2018 EWR Reconciliation

There was no dispute regarding NSP-W's reconciliation of 2018 EWR costs and revenues. NSP-W's July 1, 2019 filing in this matter sought Commission approval of the reconciliation of the alternative payments made to the program administrator and the revenues collected from customers pursuant to the Company's natural gas and electric EWR surcharges. For electric service, the reconciliation resulted in a net under-recovery (including interest through December 31, 2018) of $2,588. For natural gas service, the reconciliation resulted in a net over-recovery (including interest through December 31, 2018) of $69,103.

Staff performed an audit and recommends approval of the 2018 electric and natural gas EWR reconciliation.[22]

As such, the record evidence in this case supports a finding that NSP-W experienced (i) a net under-recovery of $2,588 in connection with its provision of electric service and (ii) a net over-recovery of $69,103 in connection with its provision of natural gas service, and, as such, should be approved.

[22] MPSC Staff Initial Brief, pg. 5

B. Energy Savings Targets

NSP-W's filing also advised of its plan for the 2020-2021 calendar years. The Company committed to continue to make alternative compliance payments to the state program administrator pursuant to MCL 460.1091(1), proposing to make in connection with electric service, annual payments to the administrator of $293,944, constituting 2.00% of its Michigan electric retail revenues for 2018, and in connection with natural gas service, annual payments to the administrator of $116,899, constituting 2% of its Michigan natural gas retail revenues for 2018. Further, NSP-W requested approval of revised EWR surcharges for its electric and natural gas service reflective of the reconciled amounts and the proposed payments to the state program administrator.[23]

NSP-W's plan continues its current practice of setting its energy savings target at the statutory 1.0% level. Staff is recommending that the energy savings targets be increased to 1.30% for 2020 and 1.5% for 2021. In support of its recommendation, Staff relies on the testimony of Karen Gould discussed above. In its initial brief, Staff argues that NSPW's energy savings targets should be 1.3% for 2020 and 1.5% for 2021, with the clarification that this applies only to the electric targets. The natural gas target remains unchanged at 0.75%.

Ms. Gould testified that since the release of the 2017 Upper Peninsula Base Case Energy Efficiency Study,[24] Staff has seen other utilities increase their commitment above the 1% legislative target. Utility companies, along with their customers, are realizing the greater benefits of energy efficiency in their homes. Customers who implement energy

[23] NSP-W Initial Brief, pgs. 3-5
[24] Studies: 2017 UP Base Case EE Potential study Memo

efficient measures in their homes and businesses realize greater comfort and reduced bills due to lower energy usage. All customers reap the benefits of lower bills due to lower cost of service charged by utilities, less line losses, and subsequently reduced transmission and distribution upgrades. Overall, the cheapest energy is the energy we don't use.[25]

Ms. Gould testified that Staff is proposing the Company continue to pay the traditional 2% of previous year's revenues to the administrator beginning in January 2020 but following a final order in this case, the Company should be required to meet savings targets at a level of 1.30% for 2020. This target would be a prorated dependent upon the date of the final order. Within 30 days of an order, the Company could work with Staff and Efficiency United to develop costs associated with the increased EWR.[26]

Ms. Gould testified that Staff believes for program year 2021, the Company, through Efficiency United, could achieve savings levels of 1.5%. The most current study shows potential savings of around 1.69% annually through 2026.[27] Ms. Gould testified that Staff believes 1.3% and 1.5% are conservative numbers that the Company, and the implementor, Efficiency United, could ramp up to from the 1% level in 2019 for 2020 and 2021.[28]

Ms. Gould testified that the potential study is suggesting an annual revenue percentage of 2.37% of revenues to achieve a cost-effective level of energy efficiency for the 1.69% savings target. This number could be adjusted up or down dependent on

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[25] Tr pgs. 30 and 31
[26] Tr. pg. 31
[27] Tr. pg. 31
[28] Tr. pg. 32

analysis of programs and measures along with discussions between the Company, Staff, and Efficiency United.[29]

Ms. Gould testified that according to the Report on the Implementation of PA 295 EWR Plans Program Year 2017, every $1 spent on EWR programs and measures equates to a realized savings of $3.51. As a result, the additional surcharge would not be a burden to the Company's customers.[30]

Staff bases its recommendation on the 2017 UP Base Case Energy Efficiency Memo, and that other utilities have increased their EWR targets beyond the 1% legislative target.

In rebuttal, NSP-W presented the testimony of Deborah E. Erwin. Ms. Erwin testified that NSP-W has a small footprint in the Upper Peninsula, serving less than 9,000 electric customers with a peak demand of about 20 MW. She testified that NSP-W has elected pursuant to MCL 460.1091 to make alternative compliance payments to the state program administrator, currently Efficiency United. Under this legislative provision, the Company has collected from its customers amounts dictated by the legislation and implemented by the Commission in the Company's EWR plan cases. The state program administrator, not the Company, is responsible for using that money to achieve EWR savings in the Company's Michigan service territory.[31]

Staff argues that, while the Efficiency United contract is indeed administered by the State, it is done on behalf of the Company to meet the Company's obligations under the statute. "An alternative compliance payment received from a provider by the energy

[29] Tr. pg. 32
[30] Tr. pg. 32
[31] Tr. pg. 21

waste reduction program administrator under subsection (1) shall be used to administer energy efficiency programs **for the provider**." MCL 460.1091(2) (emphasis added).[32]

NSP-W states that it not opposed to the Commission increasing the "EWR savings goals to be achieved **by the state program administrator** which should be accomplished by amending the state contract" (emphasis added).[33] NSP-W argues there is no record evidence which supports a finding that increasing the state administrator's savings goals applicable to NSP-W, and correspondingly the Company's customer contributions, would be cost effective specifically for NSP-W's customers, and that the charges collected from one rate class would be devoted to EWR programs and services for that rate class as required by Section 91(4).[34]

NSP-W contends that Staff's statement that it "is confident the savings can be delivered in a cost effective manner" is unsupported.

Section 460.1077(1) provides:

> Except as provided in section 81 and subject to section 97, an electric provider's energy waste reduction programs under this subpart shall collectively achieve incremental energy savings each year through 2021 equivalent to 1.0% of total annual retail electricity sales in megawatt hours in the preceding year.

I can find nothing in the Statute to support Staff's recommendation to increase NSP-W's energy waste reduction from the statutory requirement of 1% over the Company's objection. Staff argues that other companies have voluntarily agreed to increase their energy waste reduction percentages. I note that the key term is

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[32] MPSC Staff Initial Brief, pg. 7
[33] NSP-W Reply Brief, pg. 6
[34] NSP-W Reply Brief, pg. 6

"voluntarily". In this instance, the Company is not voluntarily agreeing to increase its percentage, rather Staff is arguing that the Commission force the company to increase their savings. NSP-W has elected to continue its energy savings at 1.0% as required by the Statute. Therefore, this ALJ recommends rejecting Staff's argument and approve NSP-W's target of 1.0%. This does not preclude Staff from working with NSP-W and the plan administrator to evaluate the costs of an increased savings target.

C. EWR Credits for Renewable Energy Compliance

NSP-W requested Commission approval to use EWR credits for renewable compliance in its 2018 Renewable Energy ("RE") reconciliation (2 Tr 23, L 12 – p 24, L 11). The Company argues that Staff has not opposed this request and the Commission's March 5, 2020 Order in Case No. U-20486 approved a settlement of NSP-W's RE reconciliation which also contemplated the use of EWR credits for the Company's 2018 renewable energy standard compliance.[35]

Ms. Erwin testified that on July 1, 2019 in Case No. U-20486, NSP-W filed its 2018 renewable energy reconciliation application (RE Reconciliation). The RE Reconciliation included supporting testimony that among other things noted that, consistent with MCL 460.1028(5), the Company retired 1,411 excess Energy Waste Reduction (EWR) credits from 2017 for purposes of 2018 renewable energy standard compliance. NSP-W believed that it could reach a settlement in the RE Reconciliation that would address the use of the EWR credits for renewable compliance. The Company has settled all of its previous renewable energy reconciliation cases with Commission Staff, and NSP-W believed it

[35] NSP-W Initial Brief, pgs. 3-5

would also reach a settlement in the 2018 RE Reconciliation with Staff. However, Staff has indicated it would prefer for the Commission to approve the use of the EWR credits for renewable energy compliance prior to executing a settlement in the RE Reconciliation docket. Therefore, the Company is asking the Commission to approve of the use of EWR credits for renewable compliance in its 2018 RE Reconciliation. The Company would also like to request approval to use excess EWR credits for renewable compliance in future renewable reconciliation proceedings. The Company has more than enough renewable energy to comply with renewable requirements without the use of EWR credits, so if the Commission would prefer that it not use EWR credits for renewable compliance, NSP-W requests that the Commission provide that direction.[36]

Staff does not believe that this reconciliation is the proper place for this subject. Staff states that the utilized practice for substituting EWR credits to RECs is allowed by statute with limitations. Staff argues that EWR credits must be created before they are substituted and the annual EWR reconciliation, with the annual report, is the proceeding that determines a "provider's compliance with the energy waste reduction standards". MCL 460.1074(3)(a). Staff contends that EWR credits do not exist until the Commission approved order is issued in the EWR reconciliation. Once the EWR credits are confirmed by an approved Commission order, they may be eligible for substitution for RECs subject to MCL 460.1083 and MCL 460.1028.[37]

In rebuttal, NSP-W contends that as part of settlement reached in Case No. U-20486, Staff and the Company agreed in pertinent part as follows:

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[36] Tr. pgs. 23 and 24

[37] MPSC Staff's Initial Brief, pgs. 7 and 8

b. Staff and NSP-W support the substitution of 1,411 excess Energy Waste reduction (EWR) credits for renewable energy credits for purposes of 2018 renewable energy standard compliance, and pursuant to MCL 460.1028(5) request the Commission approve the transfer of these EWR credits for the purpose of NSP-W's renewable energy standard compliance.

d. NSP-W and Staff agree that if the Commission approves the transfer of EWR credits in Case No. U-20375, NSP-W would meet the 2018 renewable energy credit portfolio requirements.

e. If the transfer of EWR credits is not approved by the Commission for the purpose of meeting NSP-W's renewable energy standards in Case No. U-20375, NSP-W agrees that it will file to reopen this proceeding and amend its 2018 RE reconciliation proposal to include retiring 1,411 additional eligible renewable energy credits.

The Commission approved the settlement reached in Case No. U-20486 in its March 5, 2020 Order. NSP-W argues that as the basis for its position, Staff suggests that the proper procedure would be for (i) NSP-W to have sought approval of the use of the EWR credits in its 2017 EWR reconciliation; (ii) have the Commission approve same in the 2017 EWR reconciliation; (iii) enter credits into MIRECs, and (iv) then seek to substitute the credits in the 2018 RE reconciliation. NSP-W understands this approach may have been preferable, but the Company was not aware that this approach was desired by Staff at the time of its 2017 EWR reconciliation proceeding. NSP-W believes there is no legal or rational basis to conclude that NSP-W's request cannot be taken up by the Commission in this case and either accepted or rejected as envisioned by the terms of the Amended Settlement Agreement approved in Case No. U-20486. NSP-W argues that should the Commission decide not to take up the issue in this case as Staff now argues and in effect not approve NSP-W's request, the Company will seek to reopen

Case No. U-20486 in accordance with the terms of the Amended Settlement Agreement.[38]

Based on the settlement agreement in Case No. U-20486, it seems that both the Company and Staff contemplated that the Commission would approve the transfer of EWR credits to meet the 2018 renewable energy credit portfolio requirements. Staff has not presented any testimony or argument disputing NSP-W's calculations. Rather than re-open Case No. U-20486, it seems more efficient to approve the Company's request to use EWR credits for renewable compliance in its 2018 Renewable Energy ("RE") reconciliation at this time. This approval is not inconsistent with statutory requirements.

IV.

CONCLUSION

Based on the foregoing discussion, this PFD recommends that the Commission approve the Company's filed application including (i) its 2018 EWR reconciliation, (ii) its plan to continue to make annual contributions to the state program administrator of 2% of its Michigan natural gas and electric retail revenues, and (iii) its proposed surcharges.

In addition, this PFD recommends that the Commission approve the Company's request to use EWR credits for renewable compliance in its 2018 RE reconciliation.

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[38] NSP-W's Reply Brief, pgs. 5 and 6

Finally, this PFD recommends that the Commission reject Staff's recommendation that that the energy savings targets be increased to 1.30% for 2020 and 1.5% for 2021 and approve the Company's plan to comply with the 1.0% Statutory target.

MICHIGAN OFFICE OF ADMINISTRATIVE HEARINGS AND RULES
For the Michigan Public Service Commission

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Kandra Robbins
Administrative Law Judge

April 29, 2020
Lansing, Michigan