

Michigan Public Service Commission Overview

Presentation to the House Energy Policy Committee
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John D. Quackenbush, Chairman
Michigan Public Service Commission
Department of Licensing and Regulatory Affairs



MICHIGAN PUBLIC SERVICE COMMISSION

Commission

The Michigan Public Service Commission (MPSC) is composed of three members appointed by the Governor with the advice and consent of the Senate. Commissioners are appointed to serve staggered six-year terms. No more than two Commissioners may represent the same political party. One Commissioner is designated chair by the Governor.

- Chairman John D. Quackenbush
- Commissioner Greg R. White
- Commissioner Sally A. Talberg



MICHIGAN PUBLIC SERVICE COMMISSION

Mission

The mission of the Michigan Public Service Commission is to grow Michigan's economy and enhance the quality of life of its communities by assuring safe and reliable energy, telecommunications, and transportation services at just and reasonable rates.



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Authority – 1939 PA 3

MPSC Enabling Act

“The public service commission is vested with complete power and jurisdiction to regulate all public utilities in the state except a municipally owned utility, the owner of a renewable resource power production facility as provided in section 6d, and except as otherwise restricted by law. **The public service commission is vested with the power and jurisdiction to regulate all rates, fares, fees, charges, services, rules, conditions of service, and all other matters pertaining to the formation, operation, or direction of public utilities. The public service commission is further granted the power and jurisdiction to hear and pass upon all matters pertaining to, necessary, or incident to the regulation of public utilities, including electric light and power companies, whether private, corporate, or cooperative; water, telegraph, oil, gas, and pipeline companies; motor carriers; private wastewater treatment facilities; and all public transportation and communication agencies other than railroads and railroad companies.**” MCL 460.6 (1).



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Electricity

The MPSC oversees:

- 8 Investor-owned Utilities (e.g., DTE Electric Co., Consumers Energy)
- 9 Electric Cooperatives – MPSC oversight vs. member regulation

The MPSC licenses:

- Alternative Electric Suppliers

The MPSC does not oversee:

- Municipally-owned Utilities



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Electricity

- 1939 PA 3 – Gives MPSC broad authority over regulated electric utilities:
 - 1982 PA 304 – Power Supply Cost Recovery
 - 2000 PA 141 – Electric Industry Restructuring – “Customer Choice”
 - 2008 PA 286 – Placed 10% Cap on Choice; allows for Certificate of Need, Integrated Resource Plan
 - 2014 PA 169 – Cost Allocation Proceedings
- 2008 PA 295 – “Clean, Renewable, and Efficient Energy Act”
- 1995 PA 30 – Electric Transmission Line Siting



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Electric Rates

- Rate Cases
 - Set “base rates” for utility: rates designed to recover non-fuel costs
 - Request for rate increase initiated by utility
 - Provides MPSC Staff, other interveners (Attorney General, ABATE, MCAAA, MEC, etc.) ability to scrutinize requests through contested case proceeding
 - MPSC determines final rates based on record of evidence
- Power Supply Cost Recovery (PSCR) Cases
 - Annual proceeding in which recovery factor for fuel costs/power purchase agreements is set
 - Subject to reconciliation
- Cost Allocation Proceedings
 - PA 169 of 2014 set process for modifying existing cost allocation and rate design methods used to set existing rates



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PA 286 of 2008

- Rate Case Processing
 - 12-month limit
 - Self-implementation of rates after 6 months
- Cost of Service
 - Rate “de-skewing”
- Electric Choice
 - 10% cap
- Mergers & Acquisitions
- Certificate of Necessity
 - Integrated Resource Plan



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PA 295 of 2008

- PA 295 of 2008: “Clean, Renewable, and Efficient Energy Act”
- Purpose of the act is to cost-effectively do all of the following:
 - Diversify Michigan’s generation portfolio.
 - Increase energy security through the use of Michigan-based resources.
 - Encourage private investment in renewable energy.
 - Provide environmental benefits.
- 10% by 2015 Renewable Energy Standard
- Energy Efficiency Targets for Electric and Natural Gas Providers:

1% annually (electric)/.75% annually (gas)



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Other MPSC Responsibilities

- Energy:
 - Natural gas utility rates/safety
 - Pipeline safety
 - Low-Income Energy Assistance Fund
 - MISS DIG
- Telecommunications
- Motor Carrier



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Thank You!

Questions?

michigan.gov/mpsc



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