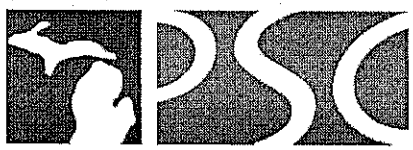
Residential Electric Rates in Michigan

Presentation to the Senate Committee on Energy and Technology

Michigan Public Service Commission

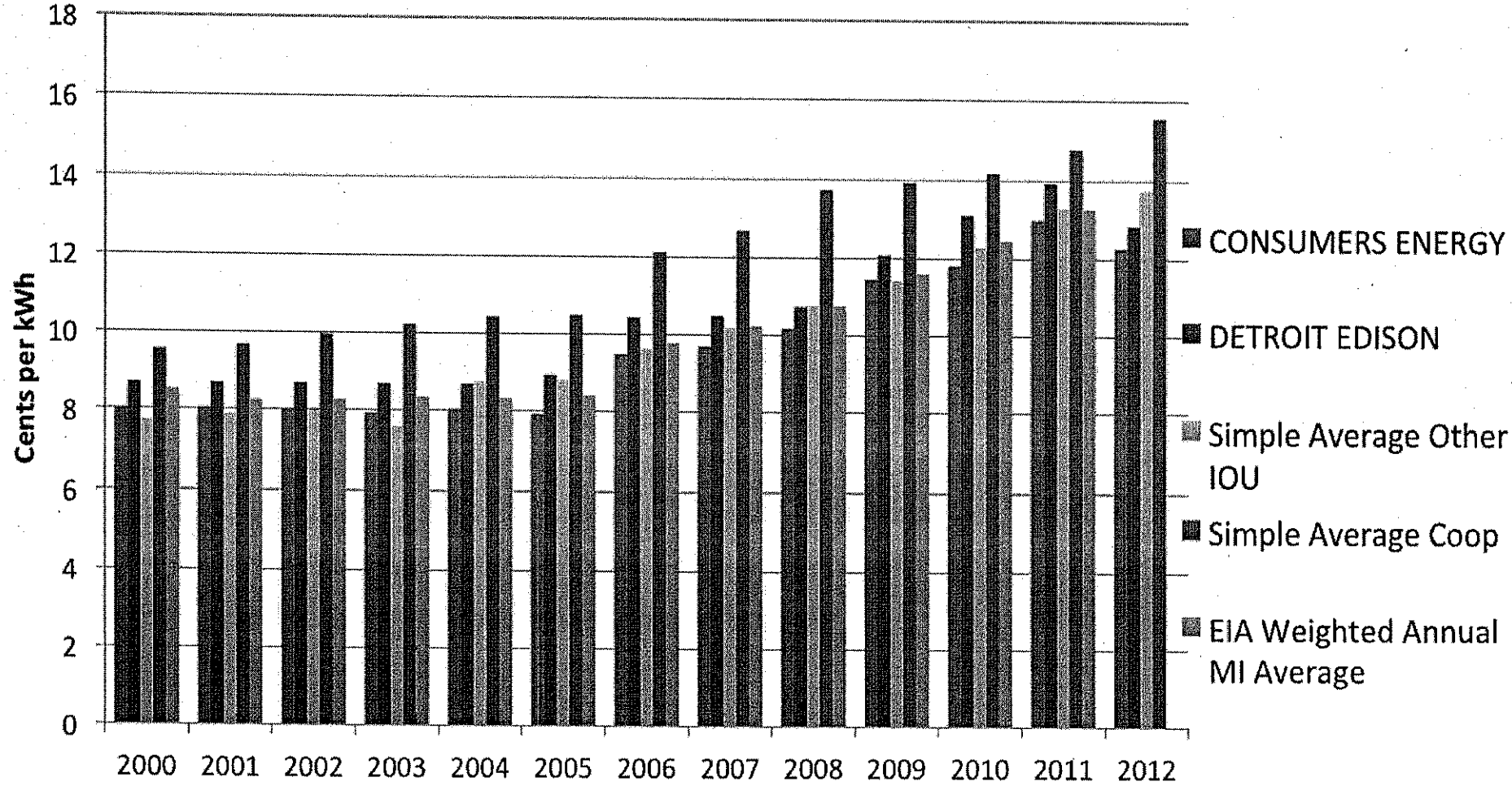
Department of Licensing and Regulatory Affairs

March 20, 2013



MICHIGAN PUBLIC SERVICE COMMISSION

Residential Rates of Michigan Utilities 2000-2012



Source: MPSC and EIA data

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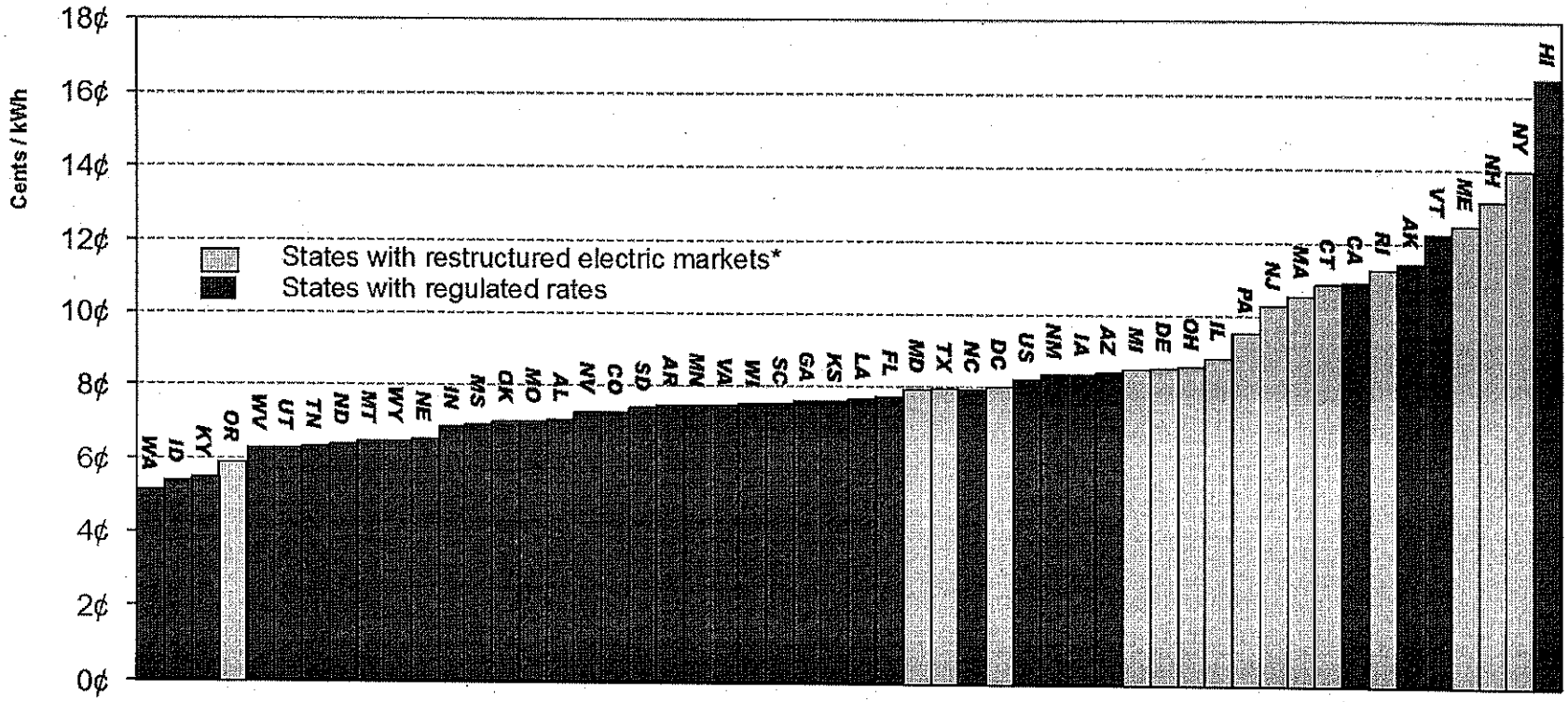
Average Residential Rates by State – 2000



Source, http://www.eia.doe.gov/cneaf/electricity/page/sales_revenue.xls, Current and Historical Monthly Retail Sales, Revenues, Average Retail Price by State and By Sector (Form EIA-826). *Based on 2010 market structure.

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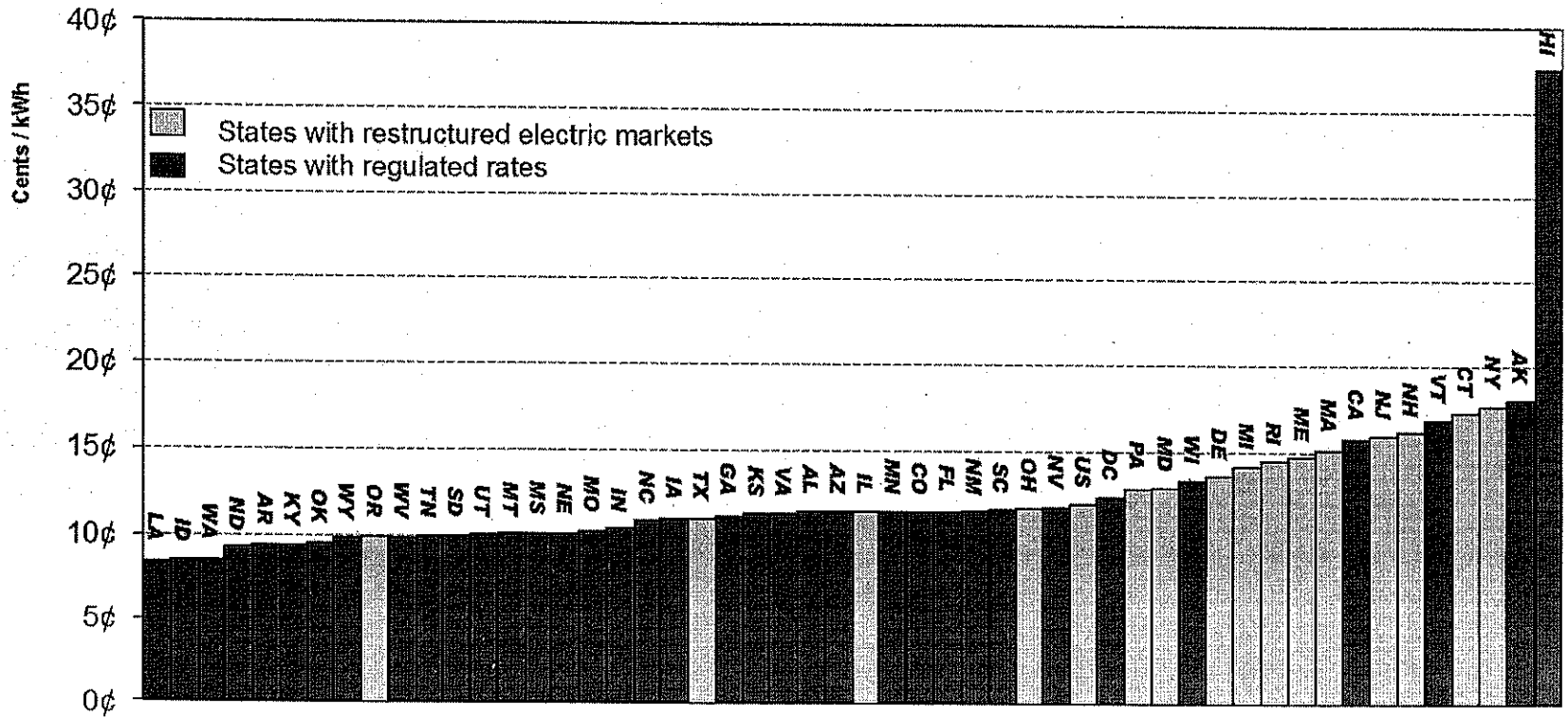
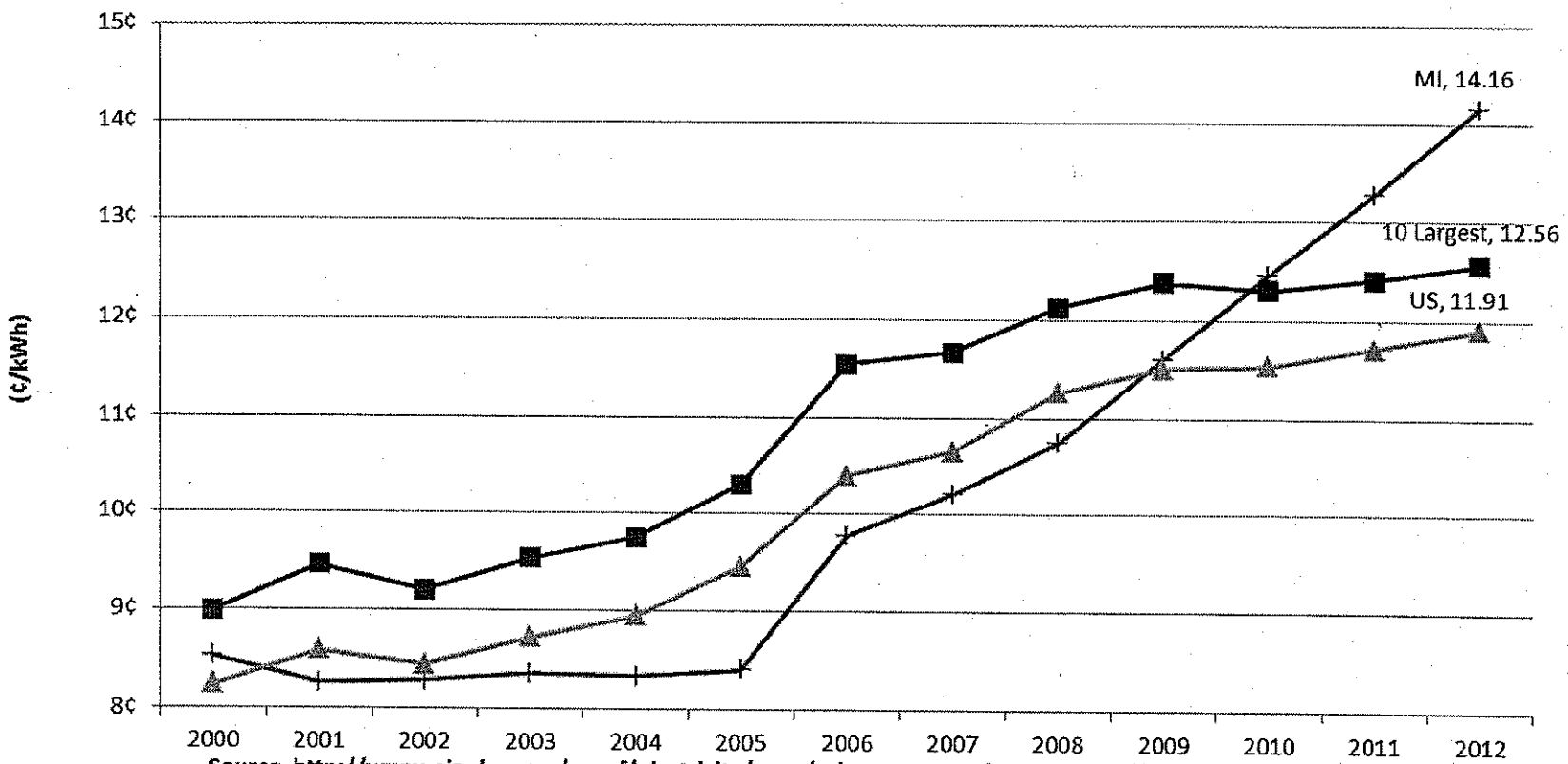
Average Residential Rates by State – 2012



Source, http://www.eia.doe.gov/cneaf/electricity/page/sales_revenue.xls, Current and Historical Monthly Retail Sales, Revenues, Average Retail Price by State and By Sector (Form EIA-826). 2012*, 2012 data is only through August and will change .

Average Residential Rates for 10 Largest States 2000-2012



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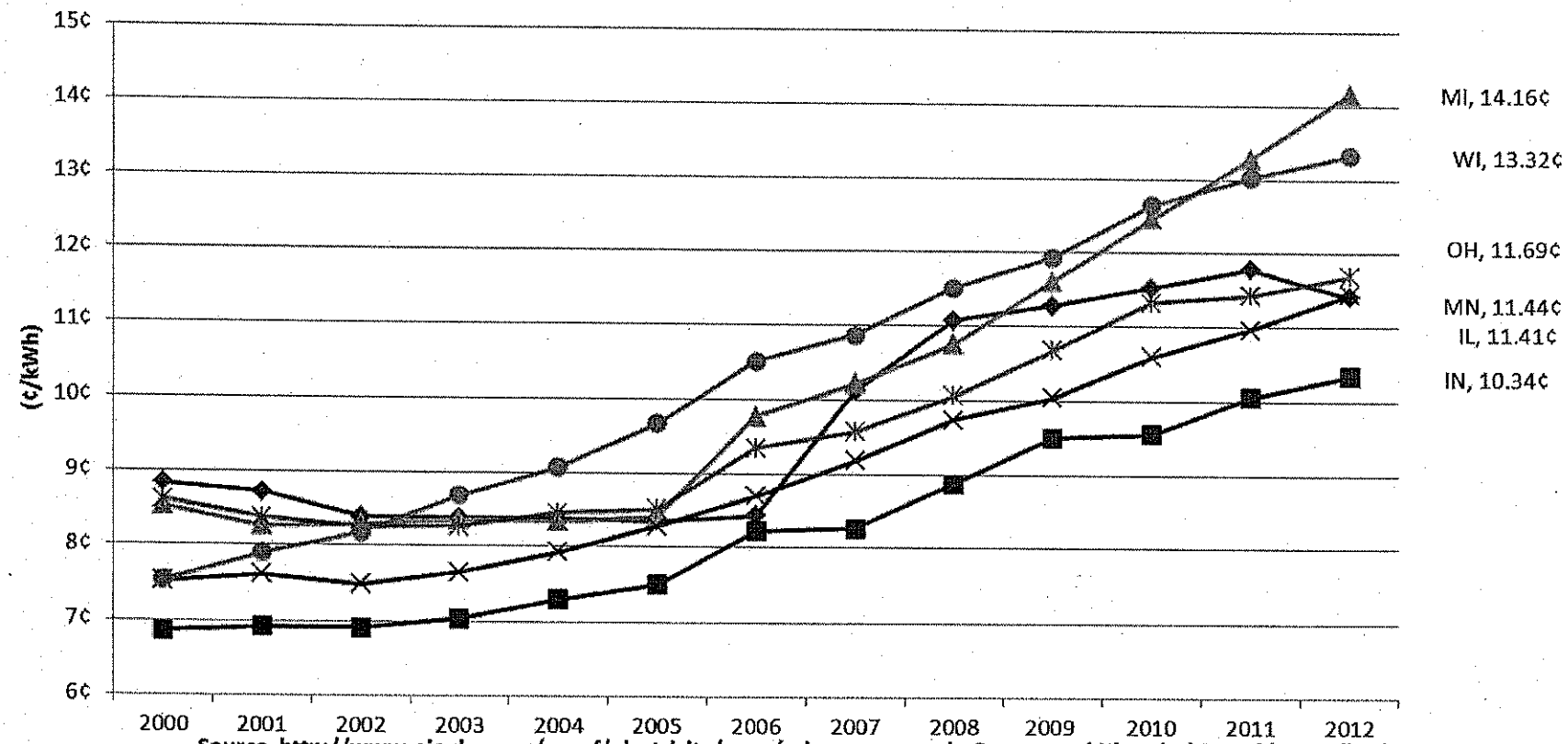
Average Residential Rates for Midwest States 2000-2012



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PA 286 of 2008

- Rate Case Processing
- Cost of Service – "Rate De-Skewing"
- Electric Choice
- Mergers & Acquisitions
- Certificate of Necessity/Integrated Resource Plan

PA 295 of 2008

- Renewable Energy Standard – 10% by 2015
- Energy Optimization Standard
- Wind Zones
- Net Metering

Rate De-Skewing

- Sec. 11 of PA 286 requires electric rates of DTE and Consumers to be phased in to true cost of service by 2013
- Commission is on pace to meet deadline
- Electric rates for other companies moved toward cost of service
- Maximum residential rate impact due to de-skewing limited to 2.5% annually

Average Annual Rate Impact of De-Skewing

Category	Consumers Energy Co.	DTE Electric
Residential	1.44%	1.47%
Commercial	-1.02%	-1.08%
Industrial	-1.12%	-1.04%

Renewable Energy Standard

- PA 295 of 2008 requires 10% of electricity generated to come from renewable resources by 2015
- MI on pace to meet requirement
- Allows surcharges for utilities to recover incremental costs of compliance
- DTE: $3 per residential meter per month
- CE: $0.52 per residential meter per month

Energy Optimization

- PA 295 of 2008 requires utilities to meet Energy Optimization targets (reductions in energy use) of 2% of sales by 2012, and years thereafter
- Utility company surcharges fund efficiency programs
- Customer Benefit of $3.44 for every $1 spent on EO
- Average impact on residential customer bills:
  - ❖Consumers Energy

    $1.12 per month on residential electric bill
  - ❖DTE

    $1.33 per month on residential electric bill

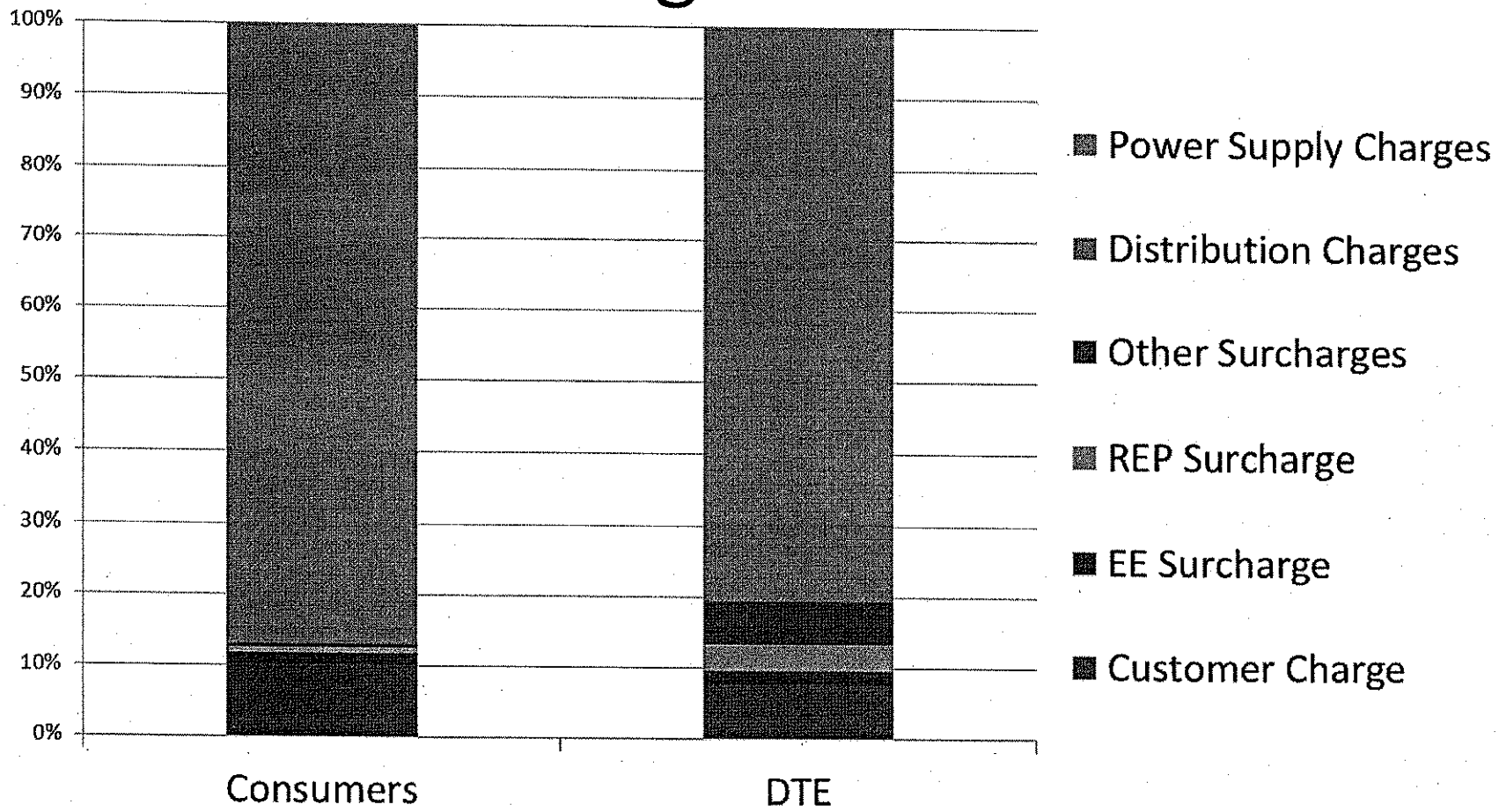
Other Major Cost Drivers

Examples:

- Size of Load/Reduction in Sales
- Fuel Costs
- Transportation Costs
- Environmental Compliance Costs

Generally outside of the Legislature's Control

500 kWh Monthly Residential Bill Percentage Breakdown



Source: MPSC data

Michigan Energy Public Forums

- Ongoing around the state
- Looking at issues related to Renewable Energy, Energy Efficiency, and Electric Choice
- Timeline
  - Forums/submissions through April 25
  - Gathering data through the summer
  - First draft of reports out in the Fall
  - Final reports before the end of the year
- www.michigan.gov/energy

Questions?

www.michigan.gov/mpsc