

S S T A T E O F M I C H I G A N
B E F O R E T H E M I C H I G A N P U B L I C S E R V I C E C O M M I S S I O N

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In the matter of the application of)	
DTE ELECTRIC COMPANY)	
for approval of a regulatory asset and other)	Case No. U-20935
authority to implement Phase Two of its)	
Electric Vehicle Charging Forward program.)	
_____)	

At the March 19, 2021 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 December 3, 2020, DTE Electric Company (DTE Electric) filed an application, along with supporting affidavits, requesting *ex parte* approval of regulatory asset treatment and deferral authority for costs associated with the company’s proposed Phase Two of its Electric Vehicle (EV) Charging Forward pilot program (Phase Two).

On January 21, 2021, the Michigan Propane Gas Association (MPGA) filed comments in the case. MPGA states that DTE Electric’s proposal shifts excessive electric supply costs to ratepayers to finance EV infrastructure through the proposed rebate provision. *See*, MPGA’s comments, pp. 2-3. MPGA further indicates that the transitioning of fleets to propane autogas (rather than electric power) would also result in the benefit of reducing dependence on foreign oil. *Id.*, p. 3.

On May 2, 2019, the Commission issued an order in Case No. U-20162 (May 2 order) which approved the company's EV Charging Forward Pilot (Phase One) program including regulatory asset treatment, which it again requests for Phase Two of the pilot program. In the instant case, DTE Electric requests authority to record a regulatory asset of not more than \$10.3 million for estimated Phase Two costs to be incurred in 2021 through 2025. Application, pp. 2-3. The company notes that its regulatory asset request does not include the anticipated capital costs of \$3.1 million, related to Phase Two, some of which it contends will contribute to full implementation. *Id.* DTE Electric further requests authority to record the non-capital costs, including but not limited to the rebates and operating costs, in account 182.3, Other Regulatory Assets, until they can be reviewed by the Commission in a future general rate case proceeding. *Id.*, p. 3.

DTE Electric indicates that within Phase One's Charging Infrastructure Enablement component, the fleet element is fully subscribed and no additional funding remains. Benjamin J.H. Burns's affidavit (Burns's affidavit), p. 3. In order to avoid interrupting adoption and to continue facilitating an expansion of fleet electrification, DTE Electric proposes that Phase Two will include three primary components: (1) Customer Education and Outreach, (2) Fleet Advisory Services, and (3) Charging Infrastructure Enablement. The company states that these three components will support target education and fleet electrification adoption outcomes.

DTE Electric indicates that the Customer Education and Outreach component builds upon the established Phase One component and will establish a Commercial & Industrial (C&I) Customer Education and Outreach plan across multiple channels targeting the education of fleet operators on the benefits of electric fleets, the promotion of the Phase Two program to drive interest, and the solicitation of C&I customer leads. *Id.*, p. 13. The company notes that advisory services are

common among utility fleet programs, and that the proposed Fleet Advisory Services component will offer support to create an electrification roadmap for fleet operators assisting with the complexities of electrifying their fleets. *Id.*, pp. 13-15. Finally, the company contends that the Charging Infrastructure Enablement component will build upon the previously approved Phase One component to partially or fully fund service connection upgrades through the existing line extension policy plus an additional credit toward customer-owed contribution in aid of construction (CIAC), and will offer rebates for supply infrastructure. *Id.*, p. 15.

DTE Electric further provided detailed projected costs as Attachment 1 to Mr. Burns’s affidavit, with a high-level breakdown of costs per component, as follows:

Table 4. Estimated 5-Year Spend for CFP2 eFleets

	Customer Education and Outreach	Fleet Advisory Services	Charging Infrastructure Enablement
5-year Program ~634 ports	eFleet awareness campaign	Electrification Roadmap	Deploy ~100 DCFC ports ~534 Level 2 ports
Capital \$3.1M	None	~\$0.5M for DO Labor/Shared services	~\$2.6M (service connection)
Regulatory Asset \$10.3M	~\$1.3M	~\$2.9M	~\$6.1M in rebates (supply infrastructure)
Total \$13.4M	~1.3M	~\$3.4M	~\$8.7M

Burns’s affidavit, p. 21. The company also provided the estimated per year spend, as follows:

Table 5. Estimated 5-Year Annual Spend for CFP2 eFleets (in millions)

	2021	2022	2023	2024	2025	Total
Capital	\$0.4	\$0.5	\$0.6	\$0.8	\$0.8	\$3.1
Regulatory Asset	\$1.6	\$1.9	\$2.1	\$2.3	\$2.4	\$10.3
Total	\$2.0	\$2.4	\$2.7	\$3.1	\$3.2	\$13.4

Id., p. 22. DTE Electric states that, in developing Phase Two, it sought input from stakeholders across the state and provided numerous letters in support of Phase Two as part of its application. *See*, Burns’s affidavit, Attachment 2.

Discussion

The Commission recognizes the company’s ongoing stakeholder engagement as part of Phase One and anticipates that it will continue as the company pursues an expanded transportation electrification program. DTE Electric has demonstrated its critical role in supporting expanded transportation electrification in its electric service territory as part of the justification for increased fleet electrification as part of its Phase Two request.

The Commission anticipates many expected benefits of DTE Electric’s Phase Two proposal, including improved total cost of ownership to participating customers, improved grid utilization, reduced emissions, and a more favorable business environment in Michigan. The Commission also finds that the Phase Two proposal, and the resulting benefits, are consistent with Phase One of the pilot program, as previously approved. Moreover, the continued growth of EV adoption and carbon reduction is consistent with Governor Gretchen Whitmer’s “MI Healthy Climate Plan” as announced in Executive Directive 2020-10 and Executive Order 2020-182.

Finally, the Commission concludes that DTE Electric’s Phase Two proposal is reasonable and in the public interest as it will develop a better understanding regarding how C&I customers are incentivized to make the transition to clean EV technology, how the increased electrical load

associated with EVs impacts electrical system usage and grid requirements, as well as the expected operational impacts of a wider commercial EV rollout. As such, the Commission authorizes DTE Electric to create a regulatory asset, not to exceed \$10.3 million, to recognize deferred Phase Two program costs with the amortization of those costs over five years beginning the year after the costs are incurred.

As noted in the May 2 order, “Regulatory asset treatment balances the company’s interest with customer protection, by not requiring customers to pay for expenses that may not be incurred and by allowing the company to recover the actual costs incurred” and that “the program costs will not actually be recovered until they have undergone a future reasonableness-and-prudence review in a rate case.” May 2 order, p. 115. In addition, the Commission reiterates that the company has noted “estimated capital costs reported in this application are for informational purposes only and not to request recovery” and that approval in this case does not signal future authorization of the projected \$3.1 million in capital costs. Burns’s affidavit, p. 22. Rather, the company will also be required to present those costs for a future reasonableness-and-prudence review in a future general rate case.

Finally, on February 4, 2021, the Commission issued an order in Case No. U-20645 (February 4 order) adopting a pilot definition and objective criteria to be included in a comprehensive pilot plan that utilities are required to file for all proposals meeting the pilot definition. The Commission acknowledges that the application in the instant case was filed prior to the issuance of the February 4 order. Nevertheless, the Commission emphasizes the importance of the information to be included in the objective criteria as adopted in the February 4 order, including assessing the scalability of and increasing transparency and learning from pilot programs. Therefore, the Commission finds that DTE Electric shall file a long-term

comprehensive plan pertaining to Phase Two in its next general rate case. In addition to providing greater transparency in the company's Phase Two proposal, including a long-term plan in DTE Electric's next rate case will also inform the Commission's review of the company's plans to implement its EV Charging Forward program at full-scale.

The Commission finds that the regulatory asset and accounting authority requested by the company will not cause alteration or amendment to DTE Electric's current rates or rate schedules or result in an increase in the cost of service to the company's customers. Therefore, the Commission concludes that *ex parte* review and approval are appropriate. *See*, MCL 460.6a(3).

THEREFORE, IT IS ORDERED that:

A. DTE Electric Company is authorized to implement Phase Two of the Charging Forward Electric Vehicle pilot program, as described in this order.

B. DTE Electric Company is authorized to record operation and maintenance costs associated with Phase Two of the Charging Forward pilot program, in an amount not to exceed \$10.3 million, in account 182.3 Other Regulatory Assets.

C. DTE Electric Company shall include reporting on Phase Two in its Charging Forward quarterly update reports and in its Annual Status Report filed in the docket for Case No. U-20162, beginning with expenditures for 2021, and shall further include Phase Two in its annual Charging Forward technical conference.

D. DTE Electric Company shall file a comprehensive pilot plan, including the objective criteria adopted in the February 4, 2021 order in Case No. U-20645, and as described in this order, as part of its next general 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 notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungp1@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 March 19, 2021.

Lisa Felice, Executive Secretary

PROOF OF SERVICE

STATE OF MICHIGAN)

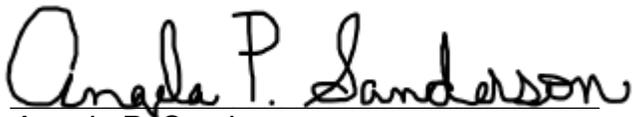
Case No. U-20935

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on March 19, 2021 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 19th day of March 2021.



Angela P. Sanderson
Notary Public, Shiawassee County, Michigan
As acting in Eaton County
My Commission Expires: May 21, 2024

Service List for Case: U-20935

Name

Email Address

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