

**To:** Mayor and City Council  
**From:** Melissa Marsh, City Manager  
**Date:** March 28, 2023  
**Subject:** Michigan Municipal Association for Utility Issues (MAUI) Membership

## **BACKGROUND**

Local governments and the communities they serve have little influence over the rates, regulations and business practices that determine one of their most significant expenses—what they pay for energy. A growing number of local governments also want to reduce their energy footprints but are again at the mercy of complex rules and regulations that often hinder what they can achieve. By joining together in the Michigan Municipal Association for Utility Issues (MI-MAUI), local governments and public agencies gain collective clout, focus and expertise to influence regulatory processes and utility practices. MI-MAUI connects municipal leaders, aligns them along common interests, and produces energy cost savings and innovative solutions to community challenges. Thank you for the City of Farmington Hills' interest in the Michigan Municipal Association for Utility Issues and in joining the municipal intervention in DTE's electric rate case, U-20836

I'm writing in response to your request for information on our programs, membership requirements and costs. I'm also including information on our 2022 priorities, so you'll have a sense of what the dues support.

## **MEMBERSHIP DUES AND BENEFITS**

Annual dues are figured as 0.3% of a municipality's annual billings from regulated energy utilities (in your case, DTE) for electric and gas usage but not project-related payments (e.g. LED streetlight conversion fees). For Madison Heights this fee is calculated at \$1,887.

MAUI represents local governments and other independent public agencies served by investor-owned utilities throughout Michigan, focusing on municipal operations including:

- municipal street lighting tariffs, technologies and maintenance practices;
- electric/gas tariffs and utility practices affecting municipal buildings, water treatment plants;
- tariffs and policies related to solar PV and microgrids serving municipal facilities;
- rates and rules for utility green-power programs.

MAUI also addresses issues not directly related to municipal costs and operations, including issues that affect residential ratepayers such as cost, reliability, energy efficiency and renewable energy programs.

## **DTE PRIORITIES**

*DTE Electric rate case U-20836*

MAUI has two general priority areas in this rate case:

For municipal operations and costs, we are focused on street lighting rates and tariffs. Our top concern is that DTE is requesting to raise street lighting rates an average of 18%. Even worse, the

Company proposes to increase rates for company-owned lights served by overhead wires an average of 24%. Aside from cost, we are also focused on reliability – lights fail too often, DTE takes too long to repair them, and no improvements have occurred despite widespread installation of LEDs.

For residential electric issues, we will focus on reliability and cost of service. DTE customers suffered through multiple, extended power outages this past summer. DTE has significantly below-average reliability performance nationally, but significantly above-average residential rates. The Company proposes to raise residential rates about 10%, citing the cost of improving reliability. MAUI will work to make sure the investments make sense, are cost-effective and that costs are fairly allocated. Our work on residential issues in this case is funded by the state Utility Customer Protection Board, so there are no incremental costs to members; but we do need municipalities to be members to increase our representative power in the case.

### **RECOMMENDATION**

The City of Madison Heights individually lacks the staffing capacity, technical and legal knowledge and economic or political power to consistently and effectively monitor and influence proceedings of the MPSC and other regulatory bodies, or to influence the business policies and practices of regulated utilities to insure better reliability of electricity services. By joining other municipalities in the Michigan Municipal Association for Utility Issues (MI-MAUI), we will hopefully have a more powerful, consistent, informed, and unified voice in regulatory and utility matters. Therefore, staff and I recommend City Council adopt the MAUI membership resolution and authorize members due not to exceed \$2,000.