AMERICAN ECONOMIC LIBERTIES PROJECT

A Governor's Agenda To Tackle Utility Profits and Influence

A Utility Accountability Primer for Michigan

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AN AGENDA FOR MICHIGAN GOVERNOR-ELECT BENSON
TO TACKLE UTILITY PROFITS AND INFLUENCE

SIGNATURE BILLS TO CHAMPION

Fair returns
» Tie authorized ROE to the utility's cost of equity, in place of HB 6095's fixed cap, with a presumptive equity ratio and an annual earnings review that returns excess earnings to customers.

Rate case reform
» Build on SB 768 and HB 5675 to limit how often utilities ask for rate hikes, repeal the 10-month "deemed approved" provision, limit new riders and surcharges, and require strict safeguards for any multi-year rate plan.

End perks and influence spending
» Expand HB 6094 to cover affiliate and rate case litigation costs, require sworn annual disclosures, scale penalties to the improper recovery, and require public reporting of utility payments to politically active groups.

Regulatory integrity
» Strengthen the Commission's independence, expand support for consumer advocates, and create a utility whistleblower program.

REFORMS TO ENDORSE

Distribution system audits
» Endorse HB 6093, with amendments, that put the Commission in the driver's seat.

Closing loopholes
» Endorse the Commission's recommendations to close the loopholes through which utilities over-earn (including the financial compensation mechanism and in the treatment of retiring plants).

Proposal 2
» Support full implementation and defense of the voter-approved ban on utility political contributions.

EARLY EXECUTIVE ACTIONS

» **Set expectations for utility returns.** Call on DTE and Consumers to withdraw their pending requests to raise their authorized ROEs to 10.25 percent.

» **Model an open appointment process** for the July 2027 Commission appointment, and ask any nominee to commit to a two-year post-service restriction on utility employment.

» **Order a cumulative rate impact review** of a decade of DTE and Consumers rate increases.

» **Request Commission use its existing authority** to align utility incentives with affordability outcomes.

» **Strengthen Commission staff and consumer advocates** in the first executive budget.

» **Prepare to enforce Proposal 2** with the Secretary of State and Attorney General, and fund enforcement in the first budget.

Table of Contents

Executive Summary....1

Part One: Why Utility Accountability, and Why Now....3

Part Two: Assessment of Pending Legislation....8

A. Utility Profits: House Bill 6095....8

B. Ratepayer-Funded Influence and Perks: House Bill 6094....11

C. Utility Political Contributions: Proposal 2 and the Taking Back Our Power Bills.. 14

D. Rate Case Frequency: Senate Bill 768 and House Bill 5675....15

E. Distribution System Audits: House Bill 6093....19

F. Elected Commissioners: House Bills 5676 and 5677 and House Joint Resolution R....21

Part Three: Proposals Not Yet Introduced....21

1. Protect the Commission's Independence....22

Close the revolving door....22

Codify an open appointment process....23

Narrow the ex parte exemption....23

Adopt a clear bias standard....23

2. Level the Playing Field for Consumer Advocates....24

3. Close the Cost Loopholes the Commission Has Identified....25

4. Make Executive Pay Answerable to Customers....26

5. Create a Utility Whistleblower Program....28

6. Give Shareholders a Stake in Uncollectible Costs....29

Part Four: Putting It Together....30

Signature Bills to Champion....31

Reforms to Endorse....32

Early Executive Actions....32

Executive Summary

Governor-elect Jocelyn Benson will take office in January as Michigan's two largest utilities seek another round of rate increases. DTE Energy's and Consumers Energy's pending requests would, taken together, raise customer bills by more than $900 million,[1] and both companies filed them soon after the Michigan Public Service Commission (MPSC or Commission) approved their last increases.[2] Each company is also asking to raise its authorized return on equity (ROE) to 10.25 percent, even though an administrative law judge concluded earlier this year that the evidence in Consumers' last case supported 8.2 percent.[3]

Michigan families, meanwhile, continue to pay some of the highest energy costs in the Midwest while going without power longer than customers almost anywhere else in the country.[4] DTE and Consumers, along with the political organizations they fund, also remain among the most influential interests in Lansing, which makes each of these problems more challenging to address. On Nov. 3, voters made clear that they want that to change, approving Proposal 2 by a wide margin.[5]

Governor-elect Benson's Energy Affordability Agenda ("the Agenda") already commits to ending profit-driven rate hikes, tying utility profits to performance, auditing the grid, banning utility political contributions, and opening up the process

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[1] Robert Walton, "DTE proposes $474M Michigan electric rate hike," Utility Dive (Apr. 24, 2026), https://www.utilitydive.com/news/dte-to-propose-474m-electric-rate-hike-followed-by-2-year-freeze/818403/; Consumers Energy Co., "Electric Rate Case U-22070: Investor Summary, Initial Filing," (June 2026), https://s26.q4cdn.com/888045447/files/doc_downloads/2026/06/U-22070_Investor-Summary_Initial-Filing.pdf.

[2] DTE Energy Co., Form 10-Q for the quarterly period ended June 30, 2026, Note on Regulatory Matters, U.S. Securities and Exchange Commission (2026), https://www.sec.gov/Archives/edgar/data/28385/000093634026000146/R20.htm; Michigan Department of Attorney General, "Consumers Energy Announces Another New Rate Hike Case 7 Days After Last Rate Hike Approved," (Apr. 6, 2026), https://www.michigan.gov/ag/news/press-releases/2026/04/06/consumers-energy-announces-another-new-rate-hike-case.

[3] Dan Lowrey, "Law judge proposes significantly lower return for Consumers Energy in Michigan," S&P Global Market Intelligence (Feb. 13, 2026), https://spglobal.com/market-intelligence/en/news-insights/research/2026/02/law-judge-proposes-significantly-lower-return-for-consumers-energy-in-michigan; DTE Energy Co., Form 10-Q for the quarterly period ended June 30, 2026, Note on Regulatory Matters, U.S. Securities and Exchange Commission, https://www.sec.gov/Archives/edgar/data/28385/000093634026000146/R20.htm; Consumers Energy Co., "Electric Rate Case U-22070: Investor Summary, Initial Filing," (June 2026), https://s26.q4cdn.com/888045447/files/doc_downloads/2026/06/U-22070_Investor-Summary_Initial-Filing.pdf.

[4] Citizens Utility Board of Michigan, "Utility Performance Report, 2025 Edition," (Sept. 2025), https://cubofmichigan.org/reports/utility-performance-report-2025-edition/; Tracy Samilton, "Michigan last in nation in 2023 for restoring power after outages, says utility watchdog report," Michigan Public (Sept. 5, 2025), https://www.michiganpublic.org/transportation-infrastructure/2025-09-05/michigan-last-in-nation-in-2023-for-restoring-power-after-outages-says-utility-watchdog-report.

[5] Kelly House, "Michigan elections: Voters approve Proposal 2 Money Out of Politics question," Bridge Michigan (Nov. 3, 2026), https://bridgemi.com/michigan-politics/michigan-elections-voters-decide-on-proposal-2-money-out-of-politics-question/.

for appointing Michigan's utility regulators.[6] This primer, prepared by the American Economic Liberties Project (AELP), is intended to build on those commitments. It evaluates the bills introduced during the 2025-2026 legislative session that would rein in utility profits and political influence, recommends how each could be strengthened, and identifies additional proposals that the incoming governor should consider for a legislative package in the 2027-2028 session. This primer's focus is the corporate accountability side of the Agenda: utility profits, ratepayer-funded influence, and the integrity of the regulatory process.

AELP's recommendations are summarized below.

Proposal	**Status (2025-2026 session)**	**Recommendation**
Utility profits (HB 6095)	In House Energy Committee	**Endorse** the goal and **champion** a fair returns bill in place of the fixed cap: an ROE aligned with the utility's cost of equity, a presumptive equity ratio, and an annual earnings review that returns excess earnings to customers.
Rate case frequency (SB 768; HB 5675)	In committee	**Champion** a rate case reform bill built around a stay-out. Repeal the 10-month "deemed approved" provision (or restore a 12-month deadline with good-cause extensions), with no return to interim rates, and limit riders and surcharges between cases. Multi-year rate plans should be considered only alongside a risk-adjusted ROE and downward-only reconciliation.
Ratepayer-funded political, advertising, and executive costs (HB 6094)	In House Energy Committee	**Champion**, with amendments covering affiliate and allocated costs and rate case litigation costs, sworn annual disclosure, and penalties scaled to the improper recovery.
Utility political contributions (Proposal 2)	Approved by voters, Nov. 3, 2026	**Support** full implementation and defense, paired with annual reporting of utility, affiliate, and foundation payments to politically active organizations.
Distribution system audits (HB 6093)	In House Energy Committee	**Endorse** only if amended so that the Commission selects and directs the auditor, the audit covers the cost-effectiveness of capital spending, shareholders pay, and findings carry consequences.
Elected Public Service Commission (HB 5676; HB 5677; HJR R)	In committee	**Do not prioritize.** Pursue commissioner appointment and ethics reforms instead.

[6] Jocelyn Benson for Governor, "Affordability Agenda: Energy," (2026), https://www.jocelynbenson.com/jocelyn-benson-energy-affordability-agenda.pdf.

Proposal	Status (2025-2026 session)	Recommendation
New: Commission independence and ethics	Not introduced	**Champion** as part of a regulatory integrity package: a longer and broader revolving-door restriction, a statutory open appointment process, a narrower ex parte exemption, and a clear bias standard.
New: Resource parity for consumer advocates	Not introduced	**Champion** as part of the regulatory integrity package: increase the Utility Consumer Representation Fund's base amounts, broaden grant eligibility, and apply ethics restrictions evenhandedly.
New: Close cost loopholes identified by the MPSC	Recommended by the MPSC; not introduced	**Endorse** the Commission's recommended statutory changes.
New: Executive pay	Not introduced	**Champion** legislation, paired with HB 6094, that codifies the bar on recovering incentive pay tied to financial metrics and caps ratepayer-funded executive compensation at a public benchmark.
New: Utility whistleblower program	Not introduced	**Champion** as part of the regulatory integrity package.
New: Shareholder share of uncollectible costs	Not introduced	**Ask the Commission** to open a proceeding on design and implementation.

Part Four sets out how Governor-elect Benson can advance these reforms as a single agenda, by championing four signature bills, by endorsing measures that others are carrying forward, and by taking early executive actions while the pending rate cases are decided.

Part One: Why Utility Accountability, and Why Now

Consumers Energy has asked for an electric rate increase every year for the past six years, and DTE Energy has filed five rate cases in the past seven years. Both companies filed sizable new requests in 2026, soon after their last approvals. Consumers announced its latest case seven days after the Commission approved the utility's previous one, and DTE filed about 10 weeks after its own.[7]

[7] Consumer Reports, "Consumer Reports urges Michigan regulators to reject DTE Energy and Consumers Energy rate hikes," (Sept. 10, 2026), https://advocacy.consumerreports.org/press_release/consumer-reports-urges-michigan-regulators-to-reject-dte-energy-and-consumers-energy-rate-hikes/; Michigan Department of Attorney General, "Consumers Energy Announces Another New Rate Hike Case 7 Days After Last Rate Hike Approved," (Apr. 6, 2026),

Michigan electricity prices have risen more than 17 percent over the last three years,[8] and Michigan families and businesses pay some of the highest energy bills in the Midwest.[9] If approved, DTE's and Consumers' pending requests would each raise residential electric rates by more than 9 percent, adding an estimated $155 to $180 per year to a typical customer's bill.[10] Many households already cannot afford their bills. In 2025 alone, DTE disconnected more than 213,000 residential customers for nonpayment.[11]

Customers have not gotten better reliability in return for paying more. According to the Citizens Utility Board of Michigan (CUB), Michigan's utilities ranked last among all 50 states and the District of Columbia in 2023 for the average time required to restore power after an outage.[12] The MPSC's 2024 independent audit of DTE and Consumers reached a similar conclusion, finding that neither utility had substantially improved reliability despite significant increases in capital spending over the preceding seven to eight years.[13] The Commission has reported improvement in outage duration under normal operating conditions (a reduction of more than 23 percent between 2019 and 2023), but those figures exclude major storm events.[14]

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https://www.michigan.gov/ag/news/press-releases/2026/04/06/consumers-energy-announces-another-new-rate-hike-case; DTE Energy Co., Form 10-Q for the quarterly period ended June 30, 2026, Note on Regulatory Matters, U.S. Securities and Exchange Commission, https://www.sec.gov/Archives/edgar/data/28385/000093634026000146/R20.htm.

[8] Consumer Reports, "Consumer Reports urges Michigan regulators to reject DTE Energy and Consumers Energy rate hikes," (Sept. 10, 2026), https://advocacy.consumerreports.org/press_release/consumer-reports-urges-michigan-regulators-to-reject-dte-energy-and-consumers-energy-rate-hikes/.

[9] Citizens Utility Board of Michigan, "Utility Performance Report, 2025 Edition," (Sept. 2025), https://cubofmichigan.org/reports/utility-performance-report-2025-edition/.

[10] Consumer Reports, "Consumer Reports urges Michigan regulators to reject DTE Energy and Consumers Energy rate hikes," (Sept. 10, 2026), https://advocacy.consumerreports.org/press_release/consumer-reports-urges-michigan-regulators-to-reject-dte-energy-and-consumers-energy-rate-hikes/.

[11] Briana Rice, "Michigan set an affordability goal for utility bills. For some Detroiters, help can't come soon enough," Outlier Media (June 23, 2026), https://outliermedia.org/dte-energy-shut-off-electricity-utility-affordability/.

[12] Citizens Utility Board of Michigan, "Utility Performance Report, 2025 Edition," (Sept. 2025), https://cubofmichigan.org/reports/utility-performance-report-2025-edition/; Tracy Samilton, "Michigan last in nation in 2023 for restoring power after outages, says utility watchdog report," Michigan Public (Sept. 5, 2025), https://www.michiganpublic.org/transportation-infrastructure/2025-09-05/michigan-last-in-nation-in-2023-for-restoring-power-after-outages-says-utility-watchdog-report.

[13] Michigan Department of Attorney General, "AG Nessel Recommends Accountability for Utilities and Affordability for Customers in Response to MPSC Audit of Consumers Energy and DTE Electric Distribution System," (Dec. 20, 2024), https://www.michigan.gov/ag/news/press-releases/2024/12/20/ag-nessel-recommends-accountability-for-utilities-and-affordability-for-customers.

[14] Michigan Public Service Commission, "MPSC highlights improvements to reliability performance," (Sept. 5, 2025), https://www.michigan.gov/mpsc/commission/news-releases/2025/09/05/mpsc-highlights-improvements-to-reliability-performance.

DTE's and Consumers' rate increases have also been inflated by authorized returns that exceed what the evidence supports. The MPSC awarded both Consumers and DTE a 9.9 percent return on equity (ROE) in their most recent rate cases, even though the Administrative Law Judge (ALJ) assigned to Consumers' rate case recommended reducing the company's ROE to 8.2 percent.[15] CUB has appealed the Commission's decision to retain the 9.9 percent ROE.[16] An analysis prepared for the Natural Resources Defense Council (NRDC) and the Evergreen Collaborative illustrates the cost to customers: applying the ALJ's 8.2 percent recommendation to DTE would save the company's residential customers $133 million to $146 million per year between 2027 and 2030, or roughly $64 to $71 per household.[17] Although the Commission's 9.9 percent awards roughly align with the 9.84 percent national average for vertically integrated electric utilities in 2025,[18] that average is itself a poor benchmark, given that authorized utility returns across the country have long exceeded independent, market-based estimates of what investors actually require.[19] Both companies are nevertheless requesting 10.25 percent ROEs in their pending rate cases.[20]

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[15] Dan Lowrey, "Law judge proposes significantly lower return for Consumers Energy in Michigan," S&P Global Market Intelligence (Feb. 13, 2026), https://spglobal.com/market-intelligence/en/news-insights/research/2026/02/law-judge-proposes-significantly-lower-return-for-consumers-energy-in-michigan; Kyle Davidson, "Energy watchdog group appeals electrical rate increase sought by Consumers Energy," Michigan Advance (Apr. 27, 2026), https://michiganadvance.com/2026/04/27/energy-watchdog-group-appeals-electrical-rate-increase-sought-by-consumers-energy/.

[16] Kyle Davidson, "Energy watchdog group appeals electrical rate increase sought by Consumers Energy," Michigan Advance (Apr. 27, 2026), https://michiganadvance.com/2026/04/27/energy-watchdog-group-appeals-electrical-rate-increase-sought-by-consumers-energy/.

[17] Pat Knight et al., "Making Energy More Affordable in Michigan," Synapse Energy Economics, prepared for the Natural Resources Defense Council and Evergreen Collaborative (Apr. 2026), https://www.synapse-energy.com/sites/default/files/Synapse%20-%20Making%20Energy%20Affordability%20in%20Michigan%2025-082.pdf. The estimated savings equal 4.5 to 4.9 percent of the average annual residential bill.

[18] Dan Lowrey, "Law judge proposes significantly lower return for Consumers Energy in Michigan," S&P Global Market Intelligence (Feb. 13, 2026), https://spglobal.com/market-intelligence/en/news-insights/research/2026/02/law-judge-proposes-significantly-lower-return-for-consumers-energy-in-michigan.

[19] Mark Ellis, "Rate of Return Equals Cost of Capital: A Simple, Fair Formula to Stop Investor-Owned Utilities From Overcharging the Public," American Economic Liberties Project (Jan. 2025), https://www.economicliberties.us/wp-content/uploads/2025/01/20250102-aelp-ror-v5.pdf.

[20] DTE Energy Co., Form 10-Q for the quarterly period ended June 30, 2026, Note on Regulatory Matters, U.S. Securities and Exchange Commission, https://www.sec.gov/Archives/edgar/data/28385/000093634026000146/R20.htm; Michigan Department of Attorney General, "Consumers Energy Announces Another New Rate Hike Case 7 Days After Last Rate Hike Approved," (Apr. 6, 2026), https://www.michigan.gov/ag/news/press-releases/2026/04/06/consumers-energy-announces-another-new-rate-hike-case; "Consumers brings another electric rate case in Mich. of same magnitude as last," S&P Global Market Intelligence (June 12, 2026), https://www.spglobal.com/market-intelligence/en/news-insights/research/2026/06/consumers-brings-another-electric-rate-case-in-mich-of-same-magnitude-as-last.

Inflated returns also raise bills indirectly. Because a utility earns its authorized return on every dollar of capital it invests, an ROE set above the cost of equity rewards additional capital spending whether or not that spending is the least-cost way to serve customers. The MPSC itself has acknowledged this "capital bias," observing that the existing regulatory model "incentivizes capital expenditures as the main profit motive for the utilities."[21] DTE Electric alone plans to spend $30 billion between 2026 and 2030, a 25 percent increase over its prior five-year investment plan.[22]

Michigan law lets a utility file a new general rate case 12 months after its last one, and deems the request approved if the Commission does not issue a final order within 10 months.[23] This framework has produced back-to-back rate cases that require Commission staff and intervenors to evaluate billions of dollars in proposed spending under tight deadlines, often while the rates approved in the prior case are only beginning to take effect. The Commission has denied $1.9 billion in requested electric utility costs since 2020,[24] yet both utilities have continued to secure substantial rate increases nearly every year. Moreover, because each rate case is evaluated on its own terms, no proceeding examines the cumulative effect of successive base rate increases, plus the riders and surcharges layered on top, in terms of what customers ultimately pay.

Consumers and DTE also spend heavily on Michigan politics, and at least 119 of 148 legislators accepted utility political donations in the prior electoral cycle.[25] Between 2014 and 2017 alone, Consumers Energy contributed $43.5 million to Citizens for Energizing Michigan's Economy, a 501(c)(4) organization that is not required to disclose its donors and that spends on lobbying and political advertising.[26] Court filings in a 2025 criminal case brought by the attorney general showed that a senior DTE government affairs employee, using her company email account, processed a

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[21] Dan Scripps, Chair, Michigan Public Service Commission, Letter to Governor Gretchen Whitmer (July 16, 2026), at 3, https://www.michigan.gov/mpsc/-/media/Project/Websites/mpsc/activity/07162026_MPSC_Affordability_Letter_to_Governor_Whitmer.pdf.

[22] Robert Walton, "DTE proposes $474M Michigan electric rate hike," Utility Dive (Apr. 24, 2026), https://www.utilitydive.com/news/dte-to-propose-474m-electric-rate-hike-followed-by-2-year-freeze/818403/.

[23] MCL 460.6a(5)-(6), as reproduced in HB 6095, 103rd Michigan Legislature (introduced June 16, 2026), https://www.legislature.mi.gov/documents/2025-2026/billintroduced/House/htm/2026-HIB-6095.htm.

[24] Dan Scripps, Chair, Michigan Public Service Commission, Letter to Governor Gretchen Whitmer (July 16, 2026), at 3, https://www.michigan.gov/mpsc/-/media/Project/Websites/mpsc/activity/07162026_MPSC_Affordability_Letter_to_Governor_Whitmer.pdf.

[25] Kyle Davidson, "Lawmakers resurrect legislation to end political spending from utilities and government contractors," Michigan Advance (Apr. 25, 2025), https://michiganadvance.com/2025/04/25/lawmakers-resurrect-legislation-to-end-political-spending-from-utilities-and-government-contractors/.

[26] Energy and Policy Institute, "Citizens for Energizing Michigan's Economy," https://energyandpolicy.org/category/front-groups/citizens-for-energizing-michigans-economy/.

$100,000 contribution in 2020 from Michigan Energy First, a 501(c)(4) organization whose board has been controlled by DTE executives and lobbyists since its founding, to a group led by then-Senate Majority Leader Mike Shirkey.[27] Michigan Energy First has received more than $51 million in contributions since 2014 and has made significant contributions of its own, including to accounts affiliated with officials of both parties.[28] DTE alone gave the group $8 million between September 2024 and August 2025, according to an annual disclosure the company agreed to publish under a 2023 settlement negotiated by the attorney general.[29] During the 2026 election cycle, both companies, directly or through affiliated groups, helped fund opposition to Proposal 2, the measure voters approved on Nov. 3 to bar political contributions by major utilities and large state contractors.[30]

The Commission itself has acknowledged that near-annual rate requests have spurred "frustration among customers and a sense of fatigue," and that this fatigue "undermines customer confidence."[31] Voters approved Proposal 2 on Nov. 3 with over 80 percent of the vote, according to unofficial results,[32] and nationally, 75 percent of voters blame utility companies for overcharging customers to boost profits, while 79 percent blame state utility regulators for allowing it.[33]

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[27] Karlee Weinmann, "DTE dark money ties revealed in criminal court filings," Energy and Policy Institute (June 23, 2025), https://energyandpolicy.org/dte-dark-money-ties-revealed/.

[28] Karlee Weinmann, "DTE dark money ties revealed in criminal court filings," Energy and Policy Institute (June 23, 2025), https://energyandpolicy.org/dte-dark-money-ties-revealed/; Energy and Policy Institute, "Michigan Energy First," https://energyandpolicy.org/category/front-groups/michigan-energy-first/.

[29] DTE Energy Co., "Corporate Non-Profit Contributions," (2026), at 6, https://www.dteenergy.com/content/dam/dteenergy/deg/website/common/about-us/company-information/corporate-governance/political-participation/DTECorporatePoliticalContributions.pdf; Tom Perkins, "New settlement agreement aims to put spotlight on DTE-linked dark money," Planet Detroit (Aug. 28, 2023), https://planetdetroit.org/2023/08/new-settlement-agreement-aims-to-put-spotlight-on-dte-linked-dark-money/.

[30] According to the committee's October 2026 campaign finance filing, Michigan Energy First had contributed $100,000, and Consumers' parent company, CMS Energy, $115,000, to Protect MI Free Speech, the committee formed to oppose the measure. Karlee Weinmann, "Michigan utility interests spend $215K to fight political spending ban," Energy and Policy Institute (Oct. 26, 2026), https://energyandpolicy.org/dte-consumers-oppose-political-spending-ban/.

[31] Dan Scripps, Chair, Michigan Public Service Commission, Letter to Governor Gretchen Whitmer (July 16, 2026), at 3-4, https://www.michigan.gov/mpsc/-/media/Project/Websites/mpsc/activity/07162026_MPSC_Affordability_Letter_to_Governor_Whitmer.pdf.

[32] Rebecca Williams, "Proposal 2 for 'money out of politics' passes in Michigan," Michigan Public (Nov. 3, 2026), https://www.michiganpublic.org/politics-government/2026-11-03/did-proposal-2-pass-michigan-election-2026; Kelly House, "Michigan elections: Voters approve Proposal 2 Money Out of Politics question," Bridge Michigan (Nov. 3, 2026), https://bridgemi.com/michigan-politics/michigan-elections-voters-decide-on-proposal-2-money-out-of-politics-question/.

[33] Hart Research and Workbench Strategy for LCV and Climate Power, "Utility Bills, Clean Energy & Electoral Opportunity in 2026," (Feb. 18, 2026), https://www.lcv.org/wp-content/uploads/2026/02/IP-Memo_-Utility-Bills-Clean-Energy-Electoral-Opportunity-in-2026.pdf.

Governor-elect Benson will take office with public frustration high and little time to act. The utility accountability legislation now pending in the Legislature will expire at the end of the 2025-2026 session, and the incoming administration will need to decide early which of them to reintroduce and strengthen as its own and which to support as others carry them forward. The incoming governor will also face an early appointment decision. Commissioner Katherine Peretick, an engineer who has served on the Commission since 2021 and sits on the board of the National Association of Regulatory Utility Commissioners, holds a term that expires on July 2, 2027.[34]

Part Two: Assessment of Pending Legislation

This Part assesses the principal utility accountability measures pending before the Michigan Legislature, several of which were introduced in June 2026 as part of a renewed Ratepayer Bill of Rights. The package, led by Representatives Natalie Price, Erin Byrnes, and Betsy Coffia, and supported by the Michigan League of Conservation Voters and Evergreen Action, has drawn many additional cosponsors, including Republican support for HB 6093 and HB 6094, and builds on Ratepayer Bill of Rights legislation introduced in the prior year.[35] For each measure, this Part describes what the bill would do, assesses its strengths and vulnerabilities, and recommends amendments to close loopholes and make its protections harder to undo.

A. Utility Profits: House Bill 6095

Recommendation:

Endorse the goal, and champion a fair returns bill in place of the fixed cap. This legislation should set ROE in line with the utility's cost of equity, establish a presumptive equity ratio, and return excess earnings to customers.

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[34] Michigan Public Service Commission, "Katherine Peretick, Commissioner," https://www.michigan.gov/mpsc/about/Commissioners/katherine-peretick.

[35] Nick Dodge, "New Ratepayer Bill of Rights legislation would cap monopoly utility profits, protect ratepayer dollars," Michigan League of Conservation Voters (June 11, 2026), https://www.michiganlcv.org/new-ratepayer-bill-of-rights-legislation-would-cap-monopoly-utility-profits-protect-ratepayer-dollars/; Zachariah Simon, "State lawmakers introduce key pieces to Ratepayer Bill of Rights, expanding outage credits and stopping energy shutoffs," Michigan League of Conservation Voters (Sept. 18, 2025), https://www.michiganlcv.org/state-lawmakers-introduce-key-pieces-to-ratepayer-bill-of-rights-expanding-outage-credits-and-stopping-energy-shutoffs/; Kyle Davidson, "Michigan lawmakers forge ahead on energy issues as frustrations with utilities remain," Michigan Advance (June 11, 2026), https://michiganadvance.com/2026/06/11/michigan-lawmakers-forge-ahead-on-energy-issues-as-frustrations-with-utilities-remain/; HB 6093, 103rd Michigan Legislature (introduced June 16, 2026), https://www.michiganvotes.org/legislation/2026/house/bill-6093; HB 6094, 103rd Michigan Legislature (introduced June 16, 2026), https://www.michiganvotes.org/legislation/2026/house/bill-6094.

What it does:

House Bill (HB) 6095 would amend MCL 460.6a to prohibit the Commission from authorizing an ROE above 8.2 percent for any electric or natural gas utility. If the Commission determines that a utility's ROE has exceeded that level, the utility must refund the excess to customers with interest and pay a fine of $1,000 to $20,000 for a first offense, up to 0.1 percent of annual revenue for a second offense, and between 0.1 and 0.5 percent of annual revenue for each subsequent offense, with fines deposited in the state's low-income energy assistance fund.[36]

Analysis:

HB 6095 could deliver meaningful savings to Michiganders. An independent analysis found that reducing DTE's ROE to 8.2 percent would save the company's residential customers roughly $64 to $71 per household each year.[37] The 8.2 percent figure is also supported by the ALJ's recommendation in Consumers' most recent completed rate case, which rested on a full evidentiary record.[38]

The Legislature's instinct that the MPSC is unlikely to lower authorized returns without additional statutory guidance is well founded; however, HB 6095's flat ROE cap carries several risks. First, because a fixed number cannot track capital markets, a utility could challenge the cap as confiscatory if capital costs rise above it. Second, HB 6095 does not impose any guardrails on the equity ratio, or the share of a utility's capital structure financed with equity rather than debt. The Commission currently sets the capital structure of both DTE Electric and Consumers Energy at 50 percent equity, although DTE sought a higher equity ratio in its most recent rate case.[39] Because equity is more expensive than debt, and because returns on equity (unlike interest payments) are grossed up for income taxes in rates, each additional percentage point of equity raises the revenue requirement customers pay. Without a corresponding guardrail, a utility facing a lower ROE cap could recover much of the lost revenue by asking the Commission for a higher equity ratio, eroding the savings the cap was meant to deliver.

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[36] HB 6095, "Public utilities: rates; return on equity rates; limit," 103rd Michigan Legislature (introduced June 16, 2026), https://www.legislature.mi.gov/documents/2025-2026/billintroduced/House/htm/2026-HIB-6095.htm.

[37] Pat Knight et al., "Making Energy More Affordable in Michigan," Synapse Energy Economics, prepared for the Natural Resources Defense Council and Evergreen Collaborative (Apr. 2026), https://www.synapse-energy.com/sites/default/files/Synapse%20-%20Making%20Energy%20Affordability%20in%20Michigan%2025-082.pdf.

[38] Dan Lowrey, "Law judge proposes significantly lower return for Consumers Energy in Michigan," S&P Global Market Intelligence (Feb. 13, 2026), https://spglobal.com/market-intelligence/en/news-insights/research/2026/02/law-judge-proposes-significantly-lower-return-for-consumers-energy-in-michigan.

[39] Rick Charmoli, "MPSC approves $242.4M DTE rate increase," Cadillac News (Feb. 21, 2026), https://www.cadillacnews.com/news/mpsc-approves-242-4m-dte-rate-increase-average-residential-bill-to-rise-about-5-per/article_be0038c0-d71c-47a9-9384-537a758c0271.html; Consumers Energy Co., "Electric Rate Case U-21870: Investor Summary, Final Order," (Mar. 2026), https://s26.q4cdn.com/888045447/files/doc_governance/2026/Apr/07/U-21870-Investor-Summary-Final-Order.pdf.

Finally, the bill's penalties are unlikely to deter a utility from overearning. Even at the maximum, the fines are small relative to the multimillion-dollar earnings at stake for a utility the size of DTE or Consumers. The penalty provision also leaves key questions unresolved. It applies when a utility's ROE "has exceeded" the cap, but the bill does not say whether that means the authorized return, which the bill already bars from exceeding 8.2 percent, or the return the utility actually earns. Nor does the bill specify the period over which earnings are measured or what constitutes a separate offense.

Proposed alternatives:

AELP has published model legislation, the Just and Reasonable Utility Prices for Consumers and Businesses Act, which sets forth a process by which a state utility commission would determine a range of reasonableness for a utility's authorized return.[40] Specifically, the model act:

- Directs regulators to use the cost of equity as a benchmark for ROE, and to adjust ROE to reflect reductions in risk encountered by the specific regulated utility.
- Places the burden on the utility to justify higher returns using market-based methods.
- Requires utilities to competitively source new incremental equity, to lower financing costs, and to provide regulators with market-based data to inform authorized ROEs moving forward.

Pennsylvania lawmakers are pursuing a version of this approach. In June 2026, the Pennsylvania House unanimously passed House Bill 2224, which would allow a utility or the Pennsylvania Public Utility Commission to trigger a competitive auction for a portion of a utility's equity financing, with qualified investors bidding the return they would actually require and the resulting "auction-clearing" rate applied to the whole class of equity. Governor Josh Shapiro has also acted on his own. In an April 2026 letter, he told the state's utilities that future rate requests must either justify the requested ROE through a competitive, market-based process or accept a return no higher than the 10-year Treasury yield plus the Federal Reserve's five-year median equity risk premium.[41]

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[40] American Economic Liberties Project, "Model Legislation: The Just and Reasonable Utility Prices for Consumers and Businesses Act," (Feb. 17, 2026), https://www.economicliberties.us/our-work/model-legislation-utility-prices/.
[41] American Economic Liberties Project, "AELP Applauds Pennsylvania House's Unanimous Passage of Utility Affordability Bill," (June 23, 2026), https://www.economicliberties.us/press-release/aelp-applauds-pennsylvania-houses-unanimous-passage-of-utility-affordability-bill/; American Economic Liberties Project, "Economic Liberties Applauds Gov. Shapiro's Call to Rein In Excessive Utility Profits," (Apr. 30, 2026), https://www.economicliberties.us/press-release/economic-liberties-applauds-gov-shapiros-call-to-rein-in-excessive-utility-profits/.

Separate from the method used to set the authorized return, the Michigan Legislature should also adopt guardrails that limit a utility's ability to earn more than its authorized return or to offset a lower ROE through other parts of the rate case:

- A presumptive equity ratio, with the burden on the utility to demonstrate that any higher ratio reduces the overall cost of capital to customers, so that a utility cannot offset a lower ROE by increasing the share of equity in its capital structure.
- An annual earnings review that automatically returns to customers any earnings above the authorized level, with no corresponding surcharge when earnings fall short.
- Performance standards that reduce the authorized return when a utility fails to meet reliability or customer service benchmarks, and preclude bonuses for meeting baseline expectations.

B. Ratepayer-Funded Influence and Perks: House Bill 6094

Recommendation: Champion with amendments covering affiliate and allocated costs and rate case litigation costs, sworn annual disclosure, and penalties scaled to the improper recovery.

What it does: HB 6094 would bar recovery in rates of costs that shareholders should bear, including officer and director compensation, fines and damage awards, travel and entertainment, corporate aircraft, investor relations, influence advertising, lobbying, charitable contributions, trade association dues, and campaign contributions. A utility that recovers a prohibited cost would be required to refund it with interest and pay fines on the same escalating schedule as HB 6095.[42]

Analysis: The bill would likely produce real savings for customers. Between 2013 and 2018, for example, DTE included nearly $80 million of its roughly $84 million in corporate membership expenses in the rates customers pay.[43] The prohibitions are comparable to laws enacted in recent years in Connecticut and Colorado, where

[42] HB 6094, "Public utilities: public service commission; filing of rate cases for recovery of certain costs; prohibit," 103rd Michigan Legislature (introduced June 16, 2026), https://www.legislature.mi.gov/documents/2025-2026/billintroduced/House/htm/2026-HIB-6094.htm.
[43] Michigan Department of Attorney General and Citizens Utility Board of Michigan, Joint Comments, Rate Recovery, Reporting and Accounting Treatment of Industry Association Dues and Certain Civic, Political and Related Expenses, FERC Docket No. RM22-5-000 (Feb. 22, 2022), at 3, https://stateimpactcenter.org/files/Agaction20220222-5289.PDF.

regulators have used them to disallow costs that utilities sought to recover from customers.[44]

Proposed amendments: The governor should champion amendments to HB 6094 to close two gaps involving costs that distort utility incentives when recovered through rates.

The first gap concerns costs incurred by a utility's parent company, service company, or other affiliate businesses, which are then allocated to the Michigan utility. As introduced, HB 6094 applies only to "the utility's" board of directors and officers and does not address affiliate or allocated costs.[45] Because DTE Electric and Consumers Energy are subsidiaries of publicly traded holding companies (DTE Energy and CMS Energy, respectively), executive compensation, investor relations, lobbying, and similar expenses are frequently incurred at the parent or service company level and allocated to the regulated utility. Allowing these costs in rates also creates an opportunity to shift costs from other jurisdictions or unregulated affiliates onto the utility's captive customers. The amendment would extend each of the bill's prohibitions to those costs, including the labor of parent and affiliate employees who perform covered activities, while leaving ordinary shared services, such as information technology and payroll, subject to the Commission's existing review process.

The second gap concerns rate case litigation costs. HB 6094 should bar their recovery, so that shareholders, not customers, bear the cost of a utility's efforts to raise its own rates. Michigan customers currently bear these costs. In DTE's last electric rate case, an expert witness for the attorney general estimated that the company's rate case costs could reach $14.3 million, with spending on outside consultants alone rising from roughly $170,000 in 2022 to an estimated $1.3 million. The Commission's February 2026 order did not adopt the attorney general's proposal to assign half of the estimated costs to shareholders; it instead directed DTE to justify its consultant spending and to track all of its rate case costs in future

[44] Akielly Hu, "Colorado and Connecticut lowered utility bills by reining in lobbying," Canary Media (Feb. 13, 2025) (originally published by Grist), https://www.canarymedia.com/articles/utilities/colorado-and-connecticut-lowered-utility-bills-by-reining-in-lobbying; Itai Vardi, "New Laws Curbing Utility Political Spending Saving Ratepayers Millions of Dollars," Energy and Policy Institute (Feb. 28, 2025), https://energyandpolicy.org/new-laws-curbing-utility-political-spending-saving-ratepayers-millions-of-dollars/.

[45] HB 6094, 103rd Michigan Legislature (introduced June 16, 2026), https://www.legislature.mi.gov/documents/2025-2026/billintroduced/House/htm/2026-HIB-6094.htm.

cases.[46] When a utility can seek a rate increase at no cost to its shareholders, it has little incentive to space out its filings beyond the 12-month minimum interval. Allowing rate recovery of litigation costs also deepens the resource asymmetry between utilities and the parties who intervene to challenge them.

Connecticut offers a model for Michigan lawmakers to consider. In 2023, it barred utilities from recovering the costs of preparing for, participating in, or appealing any contested proceeding before its regulators, including attorneys' fees and expert witness fees.[47] If the Legislature prefers a narrower measure, it can draw from California. Under a 2025 law, utilities may not charge customers for attorneys and expert witnesses in rate cases at rates higher than those paid to consumer advocates intervening in Commission proceedings.[48]

Other additions could help the MPSC more effectively enforce the bill, including:

- A requirement that utilities file a sworn annual itemized disclosure.[49]
- A presumption that any cost falling within a prohibited category is unrecoverable.
- Penalties set as a multiple of the improper recovery, in place of the bill's fixed fine schedule.
- A requirement that utilities disclose foundation grants to groups that are active before the Commission.[50]

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[46] Lucas Smolcic Larson, "Michigan customers pay their utilities to argue for higher rates. Few realize," MLive (Jan. 25, 2026), https://www.mlive.com/news/2026/01/michigan-customers-pay-their-utilities-to-argue-for-higher-rates-few-realize.html; Michigan Public Service Commission, "Commission approves additional $242.4M for DTE Electric Co. investments to upgrade grid as utility shows gains in reliability," (Feb. 19, 2026), https://www.michigan.gov/mpsc/commission/news-releases/2026/02/19/commission-approves-additional-242m-for-dte-electric-grid-upgrades.

[47] Connecticut Office of Legislative Research, Bill Analysis, sSB 7, "An Act Strengthening Protections for Connecticut's Consumers of Energy," (2023), https://cga.ct.gov/2023/BA/PDF/2023SB-00007-R000338-BA.PDF.

[48] Stephanie Chase, "California passes bill curbing utilities use of ratepayer money for political spending," Energy and Policy Institute (Sept. 16, 2025), https://energyandpolicy.org/california-limits-utilities-use-of-customer-money-for-political-spending/; Bill McEwen, "Ratepayers Score a Big Win Over PG&E, Other Public Utility Giants," GV Wire (Oct. 13, 2025), https://gvwire.com/2025/10/13/ratepayers-score-a-big-win-over-pge-other-public-utility-giants/.

[49] Akielly Hu, "Connecticut bans utilities from billing customers for lobbying efforts," Grist (July 3, 2023), https://grist.org/politics/connecticut-bans-utilities-from-billing-customers-for-lobbying-efforts/.

[50] Tom Perkins, "DTE Energy is quietly funding Detroit community leaders who publicly support the company," Metro Times (July 4, 2025), https://www.metrotimes.com/news/dte-energy-is-quietly-funding-detroit-community-leaders-who-publicly-support-the-company-23312366/.

C. Utility Political Contributions: Proposal 2 and the Taking Back Our Power Bills

Recommendation: Support full implementation of Proposal 2.

What it does: Proposal 2, the Michiganders for Money Out of Politics initiative, bars political contributions by major regulated utilities and large state contractors.[51] Because it is an initiated law, any later amendment would require a three-fourths vote of each chamber of the Legislature.[52]

Background: The initiative followed an unsuccessful legislative effort. The Taking Back Our Power bills (HBs 4381-4384), introduced in April 2025, would have restricted political spending by regulated utilities, including donations of utility revenues to politically active 501(c)(4) organizations, but never received a vote.[53] After the campaign submitted more than 500,000 signatures, the House passed a version of the proposal, but the Senate declined to act, sending the measure to the November ballot. Senate Majority Leader Winnie Brinks, now lieutenant governor-elect, said the Senate would not be "subverting the will of the voters." [54] In September 2026, the Michigan Supreme Court rejected a challenge by Protect MI Free Speech, the committee opposing the measure, which sought to remove it from the ballot.[55] On election night, the Mackinac Center for Public Policy filed suit in federal court to block parts of the law, arguing that it violates the First

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[51] Colin Jackson, "Michigan's November 2026 ballot is official, and includes two questions for all voters," Michigan Public (Sept. 4, 2026), https://www.michiganpublic.org/politics-government/2026-09-04/michigans-november-2026-ballot-is-official-includes-two-questions-for-all-voters; Katherine Dailey, "Campaign finance reform proposal heads to Michigan voters after Senate declines to act," Michigan Advance, republished by Planet Detroit (Aug. 26, 2026), https://planetdetroit.org/2026/08/utility-political-contributions-ban-ballot-proposal/.

[52] Brian Allnutt, "Michiganders for Money Out Of Politics faces final hurdles: Lawsuit, Legislature," Michigan Advance (Aug. 20, 2026) (originally published by Planet Detroit), https://michiganadvance.com/2026/08/20/michiganders-for-money-out-of-politics-faces-final-hurdles-lawsuit-legislature/.

[53] HB 4381, "Public utilities: other; use of revenues as donation to a 501(c)(4) that engages in campaign or lobbying activities; prohibit," 103rd Michigan Legislature (introduced Apr. 23, 2025), https://www.michiganvotes.org/legislation/2025/house/bill-4381; Kyle Davidson, "Lawmakers resurrect legislation to end political spending from utilities and government contractors," Michigan Advance (Apr. 25, 2025), https://michiganadvance.com/2025/04/25/lawmakers-resurrect-legislation-to-end-political-spending-from-utilities-and-government-contractors/.

[54] Katherine Dailey, "Campaign finance reform proposal heads to Michigan voters after Senate declines to act," Michigan Advance, republished by Planet Detroit (Aug. 26, 2026), https://planetdetroit.org/2026/08/utility-political-contributions-ban-ballot-proposal/.

[55] "Supremes allow MMOP proposal to go to voters," MIRS News (Sept. 4, 2026), https://home.mirs.news/post/supremes-allow-mmop-proposal-to-go-to-voters; Colin Jackson, "Michigan's November 2026 ballot is official, and includes two questions for all voters," Michigan Public (Sept. 4, 2026), https://www.michiganpublic.org/politics-government/2026-09-04/michigans-november-2026-ballot-is-official-includes-two-questions-for-all-voters.

Amendment.[56] Two days later, DTE and Consumers, the two companies the law most directly affects, filed their own federal lawsuit seeking to block it.[57]

Proposed next steps: Governor-elect Benson should implement Proposal 2 promptly, ensure that enforcement is adequately funded, defend the law in court, and oppose efforts to weaken it. Her administration should also work with the Legislature to require annual public reporting of payments by utilities, their parent companies, affiliates, and foundations to 501(c)(4) organizations, 527 committees, and trade associations, which a contribution ban alone would not reach. DTE already publishes a limited version of this disclosure under a 2023 settlement with the attorney general, but the disclosure reaches only direct corporate contributions. DTE's most recent report states that the company did not support or oppose any ballot question committee between September 2025 and August 2026, even though Michigan Energy First, a 501(c)(4) whose board DTE executives and lobbyists control, contributed to the committee opposing Proposal 2 during that period.[58] Legislation should make the requirement permanent, extend it to Consumers and other utilities, and require reporting of contributions made by organizations that a utility or its executives control.

D. Rate Case Frequency: Senate Bill 768 and House Bill 5675

Recommendation: Endorse the goal, and champion a rate case reform bill centered on a stay-out between cases, paired with ROE reform, limits on surcharges, and repeal of the 10-month "deemed approved" provision. Allow multi-year rate plans only with strict conditions.

What they do: Senate Bill (SB) 768 and HB 5675 would require utilities to wait three years between general rate case filings (a "stay-out"), up from the current statutory requirement of 12 months.[59]

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[56] Kelly House, "Michigan elections: Voters approve Proposal 2 Money Out of Politics question," Bridge Michigan (Nov. 3, 2026), https://bridgemi.com/michigan-politics/michigan-elections-voters-decide-on-proposal-2-money-out-of-politics-question/.

[57] Beth LeBlanc, "Consumers Energy, DTE file federal lawsuit against Prop 2," The Detroit News (Nov. 5, 2026), https://www.detroitnews.com/story/news/politics/2026/11/05/consumers-energy-dte-federal-lawsuit-proposal-2-money-out-politics/92628383007/.

[58] DTE Energy Co., "Corporate Non-Profit Contributions," (2026), at 1-4, https://www.dteenergy.com/content/dam/dteenergy/deg/website/common/about-us/company-information/corporate-governance/political-participation/DTECorporatePoliticalContributions.pdf; Karlee Weinmann, "Michigan utility interests spend $215K to fight political spending ban," Energy and Policy Institute (Oct. 26, 2026), https://energyandpolicy.org/dte-consumers-oppose-political-spending-ban/.

[59] SB 768, "Energy: other; utility filing a rate case earlier than 3 years after the utility's last rate case: prohibit," 103rd Michigan Legislature (introduced Jan. 15, 2026), https://www.michiganvotes.org/legislation/2026/senate/bill-768; HB 5675, "Energy: other; utility filing a rate case earlier than 3 years after the utility's last rate case: prohibit," 103rd Michigan Legislature (introduced Mar. 5, 2026), https://www.michiganvotes.org/legislation/2026/house/bill-5675.

Analysis: By limiting how often DTE, Consumers, and other regulated companies may seek rate increases, these bills could ease the customer frustration and "sense of fatigue" that the Commission has attributed to near-annual rate requests, a cycle the Commission has asked the Legislature to end.[60] A stay-out provision of this kind could, however, be undermined by the existing statute that deems a rate request approved if the Commission does not act within 10 months. As discussed in Part One, that deadline already constrains the Commission's ability to fully scrutinize utility requests, and the constraint would grow more acute if utilities responded to a longer stay-out by filing larger requests.[61]

The utilities and the Commission have taken differing positions on how to reduce the frequency of rate cases. Consumers opposed the bills as introduced and indicated that it would instead support legislation authorizing multi-year rate plans (MYRPs).[62] The Commission, in its July 2026 letter to the governor, separately asked the Legislature for authority to approve MYRPs tied to utility performance.[63] DTE, for its part, has said it will not file another rate case until at least 2028, provided its first data center project comes online by the end of 2027 and it receives other regulatory approvals, a pause that would follow the $474 million increase it is now seeking.[64] On its November 2026 earnings call, DTE's chief executive said the company is continuing to discuss multi-year ratemaking with the Commission and expects MYRP legislation to be taken up, likely toward the end of 2027, even as she told analysts that DTE does not need an MYRP to reduce how often it files.[65]

Although an MYRP and a stay-out may appear similar, a stay-out requires no new ratemaking mechanism and reduces the total number of rate cases a utility may file over a prescribed time horizon. An MYRP, by contrast, sets rates for several years in advance on the basis of a utility's own forecasts, which are difficult for regulators and intervenors to scrutinize and which amplify the incentive to inflate requests. Michigan already permits forecasted test years, but an MYRP would extend

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[60] Dan Scripps, Chair, Michigan Public Service Commission, Letter to Governor Gretchen Whitmer (July 16, 2026), at 3-4, https://www.michigan.gov/mpsc/-/media/Project/Websites/mpsc/activity/07162026_MPSC_Affordability_Letter_to_Governor_Whitmer.pdf.

[61] Robert Walton, "DTE proposes $474M Michigan electric rate hike," Utility Dive (Apr. 24, 2026), https://www.utilitydive.com/news/dte-to-propose-474m-electric-rate-hike-followed-by-2-year-freeze/818403/. DTE's proposed pause in rate filings, which would follow a $474 million request, illustrates this dynamic.

[62] Jaden Hawkins, "Michigan lawmakers consider legislation to limit utility rate increases," WNEM (Apr. 16, 2026), https://www.wnem.com/2026/04/16/michigan-lawmakers-consider-legislation-limit-utility-rate-increases/.

[63] Dan Scripps, Chair, Michigan Public Service Commission, Letter to Governor Gretchen Whitmer (July 16, 2026), at 3-4, https://www.michigan.gov/mpsc/-/media/Project/Websites/mpsc/activity/07162026_MPSC_Affordability_Letter_to_Governor_Whitmer.pdf.

[64] Robert Walton, "DTE proposes $474M Michigan electric rate hike," Utility Dive (Apr. 24, 2026), https://www.utilitydive.com/news/dte-to-propose-474m-electric-rate-hike-followed-by-2-year-freeze/818403/.

[65] DTE Energy Co., "Third Quarter 2026 Earnings Conference Call," (Nov. 5, 2026), https://www.dteenergy.com/investors.

forecasting several years into the future, where costs are more difficult to predict. In practice, an MYRP locks in a series of annual rate increases and shifts risk from the utility to its customers. An MYRP adopted at today's authorized returns would also lock in returns above the cost of capital for the length of the plan, and performance incentives layered on top of an inflated ROE would pay utilities more for service that customers are already entitled to receive.

Rate riders would also undermine both a stay-out and an MYRP. Like an MYRP, riders stabilize utility revenues by allowing utilities to recover substantial costs outside of a general rate case. Consumers received approval to recover $24 million through a surcharge in its most recent electric rate case, and DTE received approval for a $348.8 million infrastructure recovery mechanism in 2026.[66] Without limits, these mechanisms would allow DTE and Consumers to keep raising rates during a stay-out or over the life of an MYRP.

Maryland's experience shows how quickly costs can escape a multi-year rate plan through mechanisms of this kind. Beginning in 2020, the Maryland Public Service Commission approved MYRPs for Baltimore Gas and Electric Company (BGE) and, later, Potomac Electric Power Company (Pepco), both of which included reconciliations, rider-like mechanisms that allowed the utilities to recover spending above their forecasts. BGE's reconciliation requests ultimately more than doubled the $213.8 million in increases approved for its first plan, and in 2023 alone, BGE spent $323 million more on capital than the Commission had authorized.[67] In December 2025 and March 2026, the commission cut BGE's final-year reconciliation request from $152.3 million to $77.2 million and Pepco's from $30.6 million to $13.36 million, citing "questionable forecasting" followed by budget overruns.[68] The Maryland General Assembly has since responded by passing the Next Generation Energy Act of 2025, which prohibits reconciliations that increase bills, and the 2026 Utility RELIEF Act, which limits reconciliations to refunds, bars cost-sharing mechanisms that add charges, and pauses the use of forecasted test

[66] Consumers Energy Co., "Electric Rate Case U-21870: Investor Summary, Final Order," (Mar. 2026), https://s26.q4cdn.com/888045447/files/doc_governance/2026/Apr/07/U-21870-Investor-Summary-Final-Order.pdf; Brian Allnutt, "DTE Energy secures $242 million electric rate increase," BridgeDetroit (Feb. 19, 2026), https://www.bridgedetroit.com/dte-energy-secures-242-million-electric-rate-increase/.

[67] Maryland Office of People's Counsel, Statement on BGE Multiyear Rate Plan Reconciliation Order (Dec. 22, 2025), https://content.govdelivery.com/accounts/MDOPC/bulletins/40125ff.

[68] Maryland Public Service Commission, "Maryland Public Service Commission Substantially Reduces BGE's Multi-Year Rate Plan Reconciliation Request," Order No. 92106, Case No. 9645 (Dec. 22, 2025), https://psc.maryland.gov/wp-content/uploads/2026/01/MD-PSC-Substantially-Reduces-BGE-Y3-Reconciliation-Request_12222025.pdf; Maryland Public Service Commission, "PSC Substantially Reduces Pepco's Multi-Year Rate Plan Reconciliation Request," Order No. 92264, Case No. 9655 (Mar. 31, 2026), https://psc.maryland.gov/news/2026/psc-substantially-reduces-pepcos-multi-year-rate-plan-reconciliation-request/.

years pending a commission study.[69] Maryland's Office of People's Counsel has also argued that proposals for symmetric "earnings risk sharing" are reconciliations under another name, and that forecast-based MYRPs reduce prudence review to a limited after-the-fact check.[70]

Proposed amendments: The governor should endorse the goal of SB 768 and HB 5675, and champion a version built around the stay-out that includes the following provisions:

- A minimum interval between general rate cases.
- Repeal of the 10-month "deemed approved" provision, so that existing rates remain in effect until the Commission issues a final order, or, at a minimum, restoration of the 12-month deadline that applied before 2016, with authority for the Commission to extend it for good cause. Neither change should be accompanied by a return to self-implemented or interim rates, which the Legislature eliminated in 2016.[71] Although interim rates can ease a utility's cash flow during a longer stay-out, they would allow utilities to collect requested increases before the Commission reviews them, weakening the cost discipline a stay-out is intended to create.
- Limits on new riders and surcharges between cases.
- A directive to the Commission to study how existing riders affect rates, bills, and cost containment, and to recommend to the Legislature which riders should be narrowed or sunset.
- A Commission study modeled on Maryland's, comparing forecasted, historic, and hybrid test years to determine which best protects customers.
- Performance metrics that can reduce, but not increase, what a utility earns, with broader performance-based ratemaking treated as a later-stage question and deferred until the ROE and rider reforms are in place.

A stay-out achieves the goal of fewer rate cases without the risks of an MYRP. The governor should not seek MYRP authority. If the Legislature moves to authorize

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[69] Maryland Public Service Commission, "PSC Substantially Reduces Pepco's Multi-Year Rate Plan Reconciliation Request," Order No. 92264, Case No. 9655 (Mar. 31, 2026), https://psc.maryland.gov/news/2026/psc-substantially-reduces-pepcos-multi-year-rate-plan-reconciliation-request/; Maryland Department of Legislative Services, Fiscal and Policy Note, HB 1532, "Utility RELIEF Act," (2026 Session), https://mgaleg.maryland.gov/2026RS/fnotes/bil_0002/hb1532.pdf.

[70] Maryland Office of People's Counsel, "Multi-year rate plans harm customers with or without Exelon's proposed tweaks, OPC tells regulators," (Sept. 9, 2025), https://content.govdelivery.com/accounts/MDOPC/bulletins/3f1d473.

[71] 2016 PA 341, SB 437, 98th Michigan Legislature (approved Dec. 21, 2016; effective Apr. 20, 2017), https://www.legislature.mi.gov/documents/2015-2016/publicact/htm/2016-PA-0341.htm; House Fiscal Agency, Legislative Analysis, SB 437, "Regulation of Utilities," 98th Michigan Legislature (2015-2016 session), https://www.legislature.mi.gov/documents/2015-2016/billanalysis/House/pdf/2015-HLA-0437-77408248.pdf.

MYRPs, however, the governor should insist that any authorizing legislation include, at a minimum:

- An ROE reduced to reflect the lower risk the plan affords the utility.
- A downward-only annual reconciliation that refunds unspent capital and never imposes a surcharge for overruns.
- No earnings-sharing or cost-sharing mechanism that can add charges.
- No rider recovery for costs the plan already covers.
- A prohibition on recovering overruns disallowed in reconciliation through a subsequent rate case, rider, or deferral.

E. Distribution System Audits: House Bill 6093

Recommendation: Endorse only with amendments to strengthen MPSC oversight.

What it does: HB 6093 builds on the Commission's 2024 third-party audit of DTE's and Consumers' distribution systems.[72] The bill would require each electric utility in Michigan to fund an independent engineering audit of its distribution system by March 1, 2027, and every five years thereafter. Each audit would examine the physical condition of the utility's infrastructure, including comparisons with other utilities, as well as its programs for emergency preparedness, storm restoration, maintenance, accounting, and management. The Commission would then report the findings, and their implications for rates, reliability, and distribution planning, to the Legislature.[73]

Analysis: HB 6093 would make regular distribution audits a statutory requirement, but it leaves the utilities in control of the process. The bill directs each utility to "consult with" an independent third party, without specifying who selects the auditor, who sets the work plan, or to whom the auditor reports. It does not require utilities to act on the findings, and although it requires each utility to pay for its audit, it does not prevent the utility from seeking to recover that cost from customers. The audit's scope is broad on engineering and operations, but it does not expressly require an assessment of whether a utility's capital spending has been

[72] Michigan Public Service Commission, "MPSC orders reliability improvements guided by major audit of Consumers Energy Co., DTE Electric Co.," (June 12, 2025), https://www.michigan.gov/mpsc/commission/news-releases/2025/06/12/mpsc-orders-reliability-improvements-guided-by-major-audit-of-consumers-energy; Michigan Department of Attorney General, "AG Nessel Recommends Accountability for Utilities and Affordability for Customers in Response to MPSC Audit of Consumers Energy and DTE Electric Distribution System," (Dec. 20, 2024), https://www.michigan.gov/ag/news/press-releases/2024/12/20/ag-nessel-recommends-accountability-for-utilities-and-affordability-for-customers.

[73] HB 6093, "Public utilities: electric utilities; engineering audits; require," 103rd Michigan Legislature (introduced June 16, 2026), https://www.legislature.mi.gov/documents/2025-2026/billintroduced/House/htm/2026-HIB-6093.htm.

cost-effective, which was the central concern raised by the 2024 audit. Finally, the provision that audits "must be completed only in 5-year cycles" could be read to limit the Commission's existing authority to order audits more often or on its own terms.[74]

Proposed amendments: The governor should support HB 6093 only with amendments that reinforce the Commission's authority over the audit process, extend the audit to the cost-effectiveness of utility spending, and require utilities to act on audit findings and recommendations. These amendments should include:

- Commission selection and supervision of the auditor, with the auditor reporting directly to the Commission.
- An expanded scope requiring the auditor to assess whether the utility's capital spending has been cost-effective and how that spending relates to reliability outcomes.
- A requirement that shareholders bear the cost of each audit, with no recovery from customers.
- Publication of each final audit report.
- A requirement that utilities file corrective action plans, subject to Commission review and approval, and report regularly on their progress.
- Direction that the Commission consider audit findings in rate cases, including when evaluating the prudence of related spending.
- Affirmation that the Commission retains its existing authority to order audits at any time and on its own terms.

California law already includes several of these safeguards, requiring an independent audit of electric utilities' processes for connecting new customers and planning for load growth. The California Public Utilities Commission selects the auditor, considering but not bound by the utility's recommendations; the auditor reports to the commission every six months; the reports are made public and transmitted to the Legislature; and the utility may not recover the auditor's costs from ratepayers.[75]

[74] HB 6093, "Public utilities: electric utilities; engineering audits; require," 103rd Michigan Legislature (introduced June 16, 2026), https://www.legislature.mi.gov/documents/2025-2026/billintroduced/House/htm/2026-HIB-6093.htm.
[75] Cal. Pub. Util. Code § 938, https://codes.findlaw.com/ca/public-utilities-code/puc-sect-938/.

F. Elected Commissioners: House Bills 5676 and 5677 and House Joint Resolution R

Recommendation: Do not prioritize, and focus instead on ethics reforms and upcoming commissioner appointments.

What they do: HB 5676, together with HB 5677 and House Joint Resolution (HJR) R, would replace the Commission's three appointed members with five elected commissioners. Elections would begin with the November 2028 general election, with three seats initially filled for four-year terms and two for two-year terms, and all seats filled for four-year terms beginning in 2030.[76] Because HJR R would amend the Michigan Constitution, it would require a two-thirds vote of each chamber and approval by voters.

Analysis: Proponents assert that elected commissions are more accountable to customers and voters. However, races for utility commission seats in states that elect their regulators can attract significant spending and campaign contributions from regulated industries, which can distort election results as well as the priorities of elected commissioners. In Georgia, for example, pro-industry groups were outspending clean energy groups four to one in the weeks before the 2026 Public Service Commission elections.[77]

The governor can more directly address concerns about utility influence over the Commission through the July 2027 appointment and the ethics reforms discussed in Part Three.

Part Three: Proposals Not Yet Introduced

This Part identifies proposals that have not yet been introduced but that Governor-elect Benson should consider for a 2027-2028 legislative package. Some would close remaining pathways through which DTE and Consumers collect more

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[76] Michigan House Democrats, "Miller, Wilson, Jr. Introduce Legislation Requiring Elections for Public Service Commissioners, Removes Appointments," (Mar. 5, 2026), https://housedems.com/miller-wilson-requiring-elections-for-mpsc/; HB 5676, "Public utilities: public service commission; election of members to the Michigan public service commission; provide for," 103rd Michigan Legislature (introduced Mar. 5, 2026), https://www.michiganvotes.org/legislation/2026/house/bill-5676; HJR R, "Public utilities: public service commission; election of members to the Michigan public service commission; provide for," 103rd Michigan Legislature (introduced Mar. 5, 2026), https://app.azure.legiplex.com/mi/legislature/2025/2025-r/bills/hjrr.

[77] Kristi E. Swartz and David Wickert, "Outside groups pump millions into races that will decide control of PSC," Atlanta Journal-Constitution (Oct. 23, 2026), https://www.ajc.com/politics/2026/10/millions-spent-on-georgia-psc-races/; Kristi E. Swartz, "Outside climate groups boost Georgia green group's effort in PSC election," Atlanta Journal-Constitution (Oct. 30, 2026), https://www.ajc.com/business/2026/10/georgia-green-group-psc-election-effort/.

from customers than the cost of service justifies. Others would strengthen the regulatory process itself.

1. Protect the Commission's Independence

Michigan's existing guardrails to protect the Commission's independence are thin, and several have not been revisited in decades. The incoming governor should champion a package that makes it harder for well-resourced interests to influence the Commission through a revolving door, an opaque appointment process, or off-the-record contact.

Close the revolving door.

Michigan law bars commissioners from employment with a regulated utility only while they serve and for six months afterward, a standard that has not changed since 1951.[78] The restriction does not reach senior Commission staff, and it does not prevent a former commissioner from lobbying or appearing before the Commission on a utility's behalf. Other states have gone further. New Hampshire bars its commissioners, as well as the commission's executive director, finance director, and general counsel, from accepting utility employment for one year after leaving, and Massachusetts pairs a one-year employment ban with a one-year lobbying ban for former commissioners.[79] California bars utility executives from appointment to its commission for two years after leaving the utility, and a 2026 bill, AB 2618, proposed barring former commissioners from working for any regulated entity for five years after leaving office.[80] Closer to home, a Wisconsin bill introduced in February 2026 by Republican Representative Amanda Nedweski would bar former members of that state's Public Service Commission from executive positions at utilities and transmission companies for three years.[81] Michigan should extend its post-service restriction to at least two years, apply it to senior Commission staff, cover lobbying and representation as well as employment, and adopt a two-year cooling-off period before a utility officer, employee, or lobbyist may be appointed to the Commission.

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[78] MCL 460.1, "Public service commission; creation; members, appointment, qualifications, terms, vacancies," Michigan Compiled Laws, https://ombudsman.legislature.mi.gov/documents/mcl/pdf/MCL-460-1.pdf.
[79] N.H. Rev. Stat. Ann. § 363:12-b, https://gc.nh.gov/rsa/html/XXXIV/363/363-12-b.htm; Mass. Gen. Laws ch. 268A, § 8B, https://malegislature.gov/Laws/GeneralLaws/PartIV/TitleI/Chapter268A/Section8B.
[80] California Assembly Committee on Utilities and Energy, Bill Analysis, AB 2618 (Connolly) (Apr. 8, 2026), https://autl.assembly.ca.gov/media/1435.
[81] Office of Rep. Amanda Nedweski, "Rep. Nedweski: Introduces legislation to close utility revolving door, protect ratepayers," WisBusiness (Feb. 3, 2026), https://www.wisbusiness.com/2026/rep-nedweski-introduces-legislation-to-close-utility-revolving-door-protect-ratepayers/.

Codify an open appointment process.

Governor-elect Benson's Agenda commits to "an open, transparent, and accountable appointment process" for the Commission.[82] Writing that commitment into statute would help it outlast any single administration. The 2025 appointment of a new commissioner, for example, drew criticism from advocates concerned about utility influence over the selection.[83] The process should include public notice of each vacancy or expiring term, an open application period, publication of the finalists and the questions used to evaluate them, and a public hearing before the Senate acts on the nomination. The first test would come with the expiration of Commissioner Peretick's term in July 2027.

Narrow the ex parte exemption.

Michigan's Administrative Procedures Act generally bars the commissioners and staff who decide a contested case from communicating with any party about the case off the record once a hearing has been noticed. The statute, last amended in 1970, exempts agency employees and party representatives with professional training in accounting, economics, financial analysis, or ratemaking in Commission rate cases.[84] As written, the exemption could let a utility's rate experts talk to decisionmakers outside the record. The Legislature should limit the exemption to Commission staff advising the commissioners, require that any off-the-record communication with a party be disclosed on the docket, and make clear that the prohibition does not restrict commissioners from discussing general policy questions with legislators and the public.

Adopt a clear bias standard.

Commissioners are expected to hold and act on policy views, but a party facing an unfavorable decision can point to a commissioner's public statements and argue disqualifying bias. In December 2025, an Oklahoma utility asked a sitting commissioner to recuse himself from a major rate case after he publicly criticized the company; the commissioner refused, calling the request an attempt "to intimidate and squelch the voice of one of its regulators ... for simply doing his job."[85] The Supreme Court has held that a decisionmaker is not disqualified "simply because he has taken a position, even in public, on a policy issue related to the

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[82] Jocelyn Benson for Governor, "Affordability Agenda: Energy," (2026), https://www.jocelynbenson.com/jocelyn-benson-energy-affordability-agenda.pdf.
[83] Brian Allnutt, "Michigan utility commissioner appointment sparks environmental justice concerns," Planet Detroit (July 23, 2025), https://planetdetroit.org/2025/07/whitmer-myers-mpsc-appointment/.
[84] MCL 24.282, Michigan Compiled Laws, https://www.legislature.mi.gov/documents/mcl/pdf/mcl-24-282.pdf.
[85] Emma Murphy, "Oklahoma Corporation Commissioner Refuses to Recuse, Says OG&E Attempting to Silence Him," Oklahoma Voice (Dec. 4, 2025), https://oklahomavoice.com/briefs/oklahoma-corporation-commissioner-refuses-to-recuse-says-oge-attempting-to-silence-him/.

dispute."[86] California has codified a version of this standard. Its statute provides that a commissioner's past work experience cannot alone establish disqualifying bias, and it limits disqualifying conduct to actions taken in the proceeding itself or, outside the record, actions demonstrating a commitment to grant relief to a particular party.[87] Michigan should adopt a comparable statutory standard.

2. Level the Playing Field for Consumer Advocates

Because the Commission must decide each case on the evidentiary record, the parties representing residential customers largely determine how strong the case against a utility's request will be. A study of more than 1,300 electric rate cases decided between 1980 and 2007 found that states with publicly funded consumer advocate offices authorized returns on equity about 45 basis points lower, on average, than states without them.[88] The two sides are not evenly matched, however. Utilities can retain whatever outside counsel and expert witnesses they choose and recover the cost from customers, while the parties representing residential customers work within fixed budgets. AELP's proposed amendment barring utilities from recovering rate case litigation costs from customers addresses only one side of this asymmetry.

Michigan's Utility Consumer Representation Fund ("the Fund") is the principal source of support for residential intervention, but its resources are limited. Utilities remit payments set by statute and adjusted annually for inflation, and the Fund supports both the attorney general and grants to nonprofit organizations and local governments awarded by the Utility Consumer Participation Board (UCPB).[89] In 2025, utilities remitted roughly $4.1 million to the Fund. Of that amount, $1.9 million went to the attorney general and about $2 million was allocated for intervenor grants.[90] Those funds must cover residential advocacy in every eligible proceeding for every regulated utility in the state, at a time when DTE and Consumers alone have more than $900 million in rate increases pending.

The incoming governor should champion legislation that:

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[86] Hortonville Joint School District No. 1 v. Hortonville Education Ass'n, 426 U.S. 482, 493 (1976), https://supreme.justia.com/cases/federal/us/426/482/.
[87] Cal. Pub. Util. Code § 309.6, https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=PUC&sectionNum=309.6.
[88] Adam R. Fremeth, Guy L. F. Holburn, and Pablo T. Spiller, "The impact of consumer advocates on regulatory policy in the electric utility sector," Public Choice, Vol. 161 (2014), at 157-181, https://ideas.repec.org/a/kap/pubcho/v161y2014i1p157-181.html.
[89] MCL 460.6m, Michigan Compiled Laws, https://ombudsman.legislature.mi.gov/documents/mcl/pdf/MCL-460-6M.pdf.
[90] Utility Consumer Participation Board, "2025 Utility Consumer Representation Fund Annual Report," Michigan Department of Licensing and Regulatory Affairs (June 8, 2026), https://www.michigan.gov/lara/-/media/Project/Websites/lara/about/ucpb/2025/UCPB---2025-Utility-Consumer-Representation-Fund-Annual-Report.pdf.

- Substantially increases the statutory base amounts for both the attorney general and UCPB grants, while retaining the existing inflation adjustment.
- Extends grant eligibility beyond the specific proceedings listed in statute to any contested proceeding before the Commission that affects residential rates.
- Applies ethics restrictions evenhandedly. HB 6282, which passed the House 88 to 15 in September 2026, would bar former legislators from accepting employment with organizations that receive UCPB grants.[91] Any restriction of this kind should apply with at least equal force to employment with utilities, their affiliates, and the firms that lobby on their behalf, which have far more to offer a departing legislator.

3. Close the Cost Loopholes the Commission Has Identified

In its July 2026 letter to Governor Whitmer, the Commission identified two statutory provisions through which utilities collect more than the cost of service justifies. Governor-elect Benson should endorse the Commission's recommendations and work with the Legislature to enact them.

The first relates to the financial compensation mechanism (FCM). Michigan law requires the Commission to authorize an annual financial incentive intended to reward utilities for procuring energy and capacity through lower-cost contracts, calculated by multiplying the year's contract payments by the utility's pre-tax weighted cost of permanent capital.[92] The FCM is meant to offset the incentive that utilities otherwise have to build and own generation, but in practice it often pays them for decisions they would have made, or were required to make, anyway. Since 2019, the Commission has authorized an FCM on more than 150 contracts, adding approximately $868 million in incentive costs. Sixty-three of those contracts were for projects with which the utility was legally required to enter into a power purchase agreement (PPA) under the Public Utility Regulatory Policies Act of 1978 (PURPA), adding $121.7 million in costs even though no incentive was needed to change the utility's behavior.[93] The FCM can also pay a utility twice when a fully depreciated plant is sold and its output is purchased back under a PPA, and it can

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[91] HB 6282, "Public employees and officers: ethics; moratorium on former legislators accepting employment with an entity that receives a grant from the utility consumer participation board; provide for," 103rd Michigan Legislature (passed House Sept. 23, 2026), https://www.michiganvotes.org/legislation/2026/house/bill-6282.

[92] Dan Scripps, Chair, Michigan Public Service Commission, Letter to Governor Gretchen Whitmer (July 16, 2026), at 6, https://www.michigan.gov/mpsc/-/media/Project/Websites/mpsc/activity/07162026_MPSC_Affordability_Letter_to_Governor_Whitmer.pdf.

[93] Dan Scripps, Chair, Michigan Public Service Commission, Letter to Governor Gretchen Whitmer (July 16, 2026), at 7, https://www.michigan.gov/mpsc/-/media/Project/Websites/mpsc/activity/07162026_MPSC_Affordability_Letter_to_Governor_Whitmer.pdf.

be triggered when an existing contract is renegotiated.[94] Utilities may argue that the FCM encourages renegotiations that lower contract prices, but the new incentive payment offsets part of any such savings, and the Commission's recommendation would leave the FCM in place for new contracts. The Commission recommends amending the statute so that the FCM no longer applies to PPAs the utility is legally required to enter, PPAs involving fully depreciated assets, or renegotiated contracts that were not previously entitled to it.[95]

The second concerns retiring power plants. Under a framework first enacted in 2000, Michigan utilities may seek Commission approval to securitize qualified costs, replacing existing debt and equity with lower-cost debt so that the utility recovers its investment "at a lower cost to ratepayers."[96] Utilities are not required to use this tool, however. In some cases, they have instead entered into settlements that allow them to recover the remaining balance of a retiring plant while continuing to earn a return on it, even as they earn a return on the new resources built to replace it. The Commission recommends requiring utilities to file a securitization application for any remaining book balance on retiring assets.[97]

4. Make Executive Pay Answerable to Customers

Although executive compensation is a modest share of any rate case, the metrics that determine it reveal what a utility's leadership is actually rewarded for. In 2019, DTE tied 40 percent of its executives' annual incentive pay to earnings per share and cash flow, measures that reward shareholder returns instead of affordable or reliable service.[98] More recently, DTE tied 40 percent of the incentives for one senior executive, then-Vice Chairman Trevor Lauer, to DTE Electric's three-year

[94] Dan Scripps, Chair, Michigan Public Service Commission, Letter to Governor Gretchen Whitmer (July 16, 2026), at 7, https://www.michigan.gov/mpsc/-/media/Project/Websites/mpsc/activity/07162026_MPSC_Affordability_Letter_to_Governor_Whitmer.pdf.

[95] Dan Scripps, Chair, Michigan Public Service Commission, Letter to Governor Gretchen Whitmer (July 16, 2026), at 7, https://www.michigan.gov/mpsc/-/media/Project/Websites/mpsc/activity/07162026_MPSC_Affordability_Letter_to_Governor_Whitmer.pdf.

[96] Dan Scripps, Chair, Michigan Public Service Commission, Letter to Governor Gretchen Whitmer (July 16, 2026), at 7, https://www.michigan.gov/mpsc/-/media/Project/Websites/mpsc/activity/07162026_MPSC_Affordability_Letter_to_Governor_Whitmer.pdf.

[97] Dan Scripps, Chair, Michigan Public Service Commission, Letter to Governor Gretchen Whitmer (July 16, 2026), at 8, https://www.michigan.gov/mpsc/-/media/Project/Websites/mpsc/activity/07162026_MPSC_Affordability_Letter_to_Governor_Whitmer.pdf.

[98] David Anderson et al., "Pollution Payday: Analysis of executive compensation and incentives of the largest U.S. investor-owned utilities," Energy and Policy Institute (Sept. 2020), https://energyandpolicy.org/utilities-executive-compensation-analysis-dte-energy/.

average return on equity, and awarded him the maximum payout when the utility hit its 10.5 percent target.[99]

The Commission has recognized the problem. It has found that "incentive compensation tied to financial performance measures has not been shown to benefit ratepayers," and it disallowed $44 million in incentive compensation after the attorney general found that DTE had included capitalized incentive pay in its rate base.[100] That policy is applied case by case, however, and a future Commission could revisit it.

The incoming governor should work with the Legislature to make the Commission's policy durable and to build on it:

- Codify the bar on recovering incentive compensation tied to earnings per share or other financial metrics, including amounts capitalized into rate base.
- Require each utility to file, annually, the metrics, targets, and payouts for its incentive compensation plans.
- Cap the executive compensation that customers fund at a transparent public benchmark. The Minnesota Public Utilities Commission has limited ratepayer-funded compensation for each of Xcel Energy's 10 highest-paid executives to the governor's salary, and in June 2026 it capped the combined total for those executives at $2 million per year. Because Minnesota has no statutory benchmark, however, the Commission has had to defend its approach on appeal; a state appeals court found an earlier cap arbitrary and sent it back for further review.[101] Maryland's Utility RELIEF Act, by contrast, writes the benchmark into law, capping recoverable supervisory compensation at 110 percent of the salary of the chair of its Public Service Commission.[102]
- Condition any remaining ratepayer-funded incentive pay on how well the company serves customers, with adjustments that can only reduce recovery

[99] Itai Vardi and Matt Kasper, "As Customers Struggled, Utility CEOs' Pay Spiked Last Year," Energy and Policy Institute (July 18, 2024), https://energyandpolicy.org/as-customers-struggled-utility-ceos-pay-spiked-last-year/.
[100] David Anderson et al., "Pollution Payday: Analysis of executive compensation and incentives of the largest U.S. investor-owned utilities," Energy and Policy Institute (Sept. 2020), at 16, https://energyandpolicy.org/utilities-executive-compensation-analysis-dte-energy/.
[101] Jeffrey Tomich, "Minnesota slaps limits on pay for utility executives," E&E News (Mar. 13, 2026), https://www.eenews.net/articles/minnesota-slaps-limits-on-pay-for-utility-executives/; Minnesota Public Utilities Commission, "Minnesota PUC Reduces Xcel's Electric Rate Request and Expands Customer Protections," (June 24, 2026), https://content.govdelivery.com/bulletins/gd/MNPUBUC-41d2eb6; Citizens Utility Board of Minnesota, "How much should Xcel customers pay to compensate the company's top executives?" (Nov. 19, 2025), https://cubminnesota.org/how-much-should-xcel-customers-pay-compensate-companys-top-executives.
[102] Jamie DeMarco, "Every Single Thing in Maryland's Utility RELIEF Act of 2026," CCAN Action Fund (2026), https://ccanactionfund.org/every-single-thing-in-the-utility-relief-act/.

and at least one metric tied to affordability. Connecticut authorizes its regulator to condition recoverable executive compensation on performance against defined metrics, and California's Legislature passed a bill in 2026 that would link a portion of executive pay to keeping rate increases from outpacing inflation.[103]

5. Create a Utility Whistleblower Program

Utility employees and contractors are often best positioned to know when a company is misrepresenting information to regulators or breaking the law, but Michigan law gives them little reason to come forward. The most significant recent revelations about DTE's political spending came from court filings in a criminal case.[104] Michigan's Whistleblowers' Protection Act prohibits retaliation against employees who report suspected violations of law to a public body and allows them to seek reinstatement, back wages, and damages. However, it also requires an employee to sue within 90 days, places on the employee the burden of proving the protected report by clear and convincing evidence, and offers neither confidentiality nor any financial award.[105]

The U.S. Securities and Exchange Commission's whistleblower program addresses each of these gaps. It pays awards of 10 to 30 percent of the sanctions collected when a whistleblower's tip leads to an enforcement action exceeding $1 million, allows tips to be submitted anonymously through counsel, and protects whistleblowers against retaliation.[106] Maine came close to adopting a utility-specific version in 2025. A bill that would have paid utility whistleblowers 10 to 30 percent of any resulting penalty or ratepayer savings, created a confidential Commission-run hotline, and extended retaliation protections to contractors passed the Maine Senate but failed narrowly in the House.[107] Michigan should enact a comparable program, administered by the Commission with referral to the attorney general where appropriate.

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[103] Public Act No. 20-5, § 4 (the "Take Back Our Grid Act"), Connecticut General Assembly (2020), https://legiscan.com/CT/text/HB07006/2020; Office of California State Senator Josh Becker, "Becker Bill Targets Utility Profits, Links Executive Pay to Controlling Electricity Costs," (Mar. 18, 2026), https://sd13.senate.ca.gov/index.php/news/press-release/march-18-2026/becker-bill-targets-utility-profits-links-executive-pay-to.

[104] Karlee Weinmann, "DTE dark money ties revealed in criminal court filings," Energy and Policy Institute (June 23, 2025), https://energyandpolicy.org/dte-dark-money-ties-revealed/.

[105] Whistleblowers' Protection Act, 1980 PA 469, MCL 15.361-15.369, https://legislature.mi.gov/documents/mcl/pdf/MCL-ACT-469-OF-1980.pdf.

[106] U.S. Securities and Exchange Commission, "Whistleblower Program," https://www.sec.gov/enforcement-litigation/whistleblower-program; 15 U.S.C. § 78u-6.

[107] LD 1963, "An Act To Protect and Compensate Public Utility Whistleblowers" (SP 770), 132nd Maine Legislature (2025), https://legislature.maine.gov/legis/bills/getPDF.asp?paper=SP0770&item=1&snum=132; "Bill tracking in Maine — LD 1963 (132nd Legislature)," FastDemocracy, https://fastdemocracy.com/bill-search/me/132/bills/MEB00015227/.

6. Give Shareholders a Stake in Uncollectible Costs

When Michigan utility customers fall behind on their bills, they face late-payment charges of up to 2 percent of the delinquent balance, collections, or life-threatening power and gas shutoffs.[108] DTE has gone further than its peers: in 2017, it sold the right to collect more than $282 million in old customer debt for $4.8 million, and the buyer went on to file thousands of collection suits in Detroit, in some cases garnishing a quarter of a customer's paycheck.[109] By contrast, shareholders bear little of the cost when customers cannot pay. Because the Commission allows electric and gas utilities to recover uncollectible customer debt in rates, shareholders are largely insulated from rising arrears, and they have correspondingly little financial stake in whether rates are affordable in the first place.

Michigan's regulators or lawmakers could instead require shareholders to absorb a fixed share (such as 10 percent) of arrearage costs, creating a financial consequence that scales alongside rate increases and the magnitude of debt. The sharing threshold should be large enough to register in a utility's earnings. The mechanism should also include safeguards against a utility responding by intensifying collections, such as an automatic increase in the shareholder share if disconnection rates rise above a set ceiling or if enrollment in discount and payment programs falls below a set floor. AELP recommends that the Commission, on its own motion or at the Legislature's direction, open a proceeding to resolve these design questions, including the shareholder percentage and whether sharing should apply to written-off uncollectible debt, to current arrears enrolled in an arrearage management program, or to both.

There is no direct model for this proposal, but the nine states that currently use fuel cost-sharing mechanisms, which require utilities to bear a portion of changes in fuel costs, offer useful precedent.[110] During the COVID-19 pandemic, several utilities also contributed their own funds toward customer arrears. The Public Service Company of New Mexico made a $2 million company contribution to offset past-due bills, and Arizona Public Service and Tucson Electric Power together committed half the cost of a $250 credit for low-income customers with past-due

[108] Mich. Admin. Code R 460.125, https://www.law.cornell.edu/regulations/michigan/Mich-Admin-Code-R-460-125.
[109] Sarah Alvarez and Emily Hopkins, "She Didn't Know She Still Owed Money to Her Utility. Then 25% of Her Paycheck Was Gone," ProPublica and Outlier Media (Aug. 19, 2022), https://www.propublica.org/article/detroit-dte-utilities-lawsuits-debt-collection; Sarah Alvarez, "DTE Energy Facing Oversight of 'Hardship-Inducing' Debt Collection Practices," ProPublica and Outlier Media (Dec. 26, 2023), https://www.propublica.org/article/dte-energy-oversight-debt-collection-sales-michigan.
[110] RMI, "Electricity Affordability Toolkit: Fuel-Cost Sharing," (updated Sept. 1, 2026), https://affordability-toolkit.rmi.org/policies/fuel-cost-sharing.

balances, with APS contributing $2.5 million.[111] DTE pledged $13 million in 2020 for donations to assistance agencies and direct relief for customers in arrears, although it did not specify whether the funds came from shareholders.[112] These contributions were voluntary, however, and small relative to both total arrears and shareholder earnings.

Part Four: Putting It Together

When Benson is sworn in on Jan. 1, two electric rate cases will be pending. Under the 10-month deadline in current law, the Commission must rule on DTE's $474 million request by the end of February 2027 and on Consumers' $481 million request by early April 2027. In both cases, the companies are also asking to raise their authorized ROE to 10.25 percent.[113] Commissioner Peretick's term expires in July 2027, and every utility bill pending in the Legislature will have expired with the end of the 2025-2026 session. What the Benson administration says and does in its first months will set expectations. Clear affordability priorities stated early would give commissioners cover for tough decisions, show legislators which bills will move, and show utilities and the public that affordability is more than a talking point.

This Part sorts the reforms in this primer into three tiers. The governor should champion a limited set of signature bills, announcing them early, securing sponsors in both chambers before introduction, and treating them as the administration's own legislative priorities. The governor should endorse a second set of measures that others are already carrying or that the Commission has proposed, lending public support while legislators and the Commission lead. Finally, the governor should use the tools of the office, including the appointment power, the budget,

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[111] PNM Resources, "PNM Resources Introduces COVID Customer Relief Programs, Raises 2020 Ongoing Earnings Guidance," Cision PR Newswire (Oct. 1, 2020), https://www.prnewswire.com/news-releases/pnm-resources-introduces-covid-customer-relief-programs-raises-2020-ongoing-earnings-guidance-301143598.html; "Low-Income APS, TEP Customers Will Receive $250 Off Past-Due Balance," Arizona Daily Independent (Dec. 10, 2020), https://arizonadailyindependent.com/2020/12/10/low-income-aps-tep-customers-will-receive-250-off-past-due-balance/.

[112] DTE Energy, "DTE Energy creates new assistance programs, pledges $13 million to help customers struggling during pandemic," (Oct. 5, 2020), https://www.dteenergy.com/us/en/newsroom/2020/DTE-Energy-creates-new-assistance-programs,-pledges--13-million-to-help-customers-struggling-during-pandemic.html.

[113] DTE Energy Co., Form 10-Q for the quarterly period ended June 30, 2026, Note on Regulatory Matters, U.S. Securities and Exchange Commission, https://www.sec.gov/Archives/edgar/data/28385/000093634026000146/R20.htm; Consumers Energy Co., "Electric Rate Case U-22070: Investor Summary, Initial Filing," (June 2026), https://s26.q4cdn.com/888045447/files/doc_downloads/2026/06/U-22070_Investor-Summary_Initial-Filing.pdf; MCL 460.6a(5)-(6), as reproduced in HB 6095, 103rd Michigan Legislature (introduced June 16, 2026), https://www.legislature.mi.gov/documents/2025-2026/billintroduced/House/htm/2026-HIB-6095.htm.

and the authority to direct and request action from state agencies, to act on matters that do not need to wait for the Legislature.

Signature Bills to Champion

Pennsylvania Governor Shapiro's "Lightning Plan" is a good example of how to move a signature package. His office secured prime sponsors in both chambers for all six components before the bills were introduced, and it built a coalition spanning industry, labor, and environmental groups, and consumer advocates to support them publicly from the outset.[114] The Benson administration should take the same approach with the following four bills.

1. ***Fair returns***. Legislation tying authorized ROE to the utility's cost of equity, in place of HB 6095's fixed 8.2 percent cap (Part Two, Section A). The bill should direct the Commission to adjust ROE for the risk-reducing mechanisms each utility enjoys. It should place the burden on utilities to justify any higher return with market evidence, and it should include a presumptive equity ratio and an annual earnings review that returns to customers any earnings above the authorized level.

2. ***Rate case reform***. A stay-out bill built on SB 768 and HB 5675 (Part Two, Section D). It should be paired with repeal of the 10-month "deemed approved" provision or, at a minimum, restoration of a 12-month deadline that the Commission may extend for good cause, with no return to self-implemented or interim rates. The bill should also limit new riders and surcharges between cases and direct Commission studies of test year methods and existing riders. If the Legislature moves to grant the MPSC authority for multi-year rate plans, the administration should advocate for strict ratepayer safeguards, including a risk-adjusted ROE, downward-only reconciliation, and a bar on recovering disallowed overruns through later cases, riders, or deferrals.

3. ***Ratepayer protection***. HB 6094, reintroduced with the amendments described in Part Two, Section B: coverage of affiliate and allocated costs and rate case litigation costs, sworn annual disclosure, and penalties scaled to the improper recovery. It should also require annual public reporting of utility, affiliate, and foundation payments to politically active organizations (Part Two, Section C). The governor should pair HB 6094 with separate legislation

[114] Governor Josh Shapiro, "Governor Shapiro Launches Legislative Push for 'Lightning Plan,'" Commonwealth of Pennsylvania, Office of the Governor (Mar. 11, 2025), https://www.pa.gov/governor/newsroom/2025-press-releases/governor-shapiro-launches-legislative-push-for--lightning-plan--; "Legislature Introduces Six Bills to Implement Governor Shapiro's Lightning Plan," Babst Calland (Apr. 23, 2025), https://www.babstcalland.com/news-article/legislature-introduces-six-bills-to-implement-governor-shapiros-lightning-plan/.

on executive pay (Part Three, Section 4) that codifies the Commission's bar on recovering incentive compensation tied to financial metrics and caps the executive compensation that customers fund.

4. ***Regulatory integrity***. A package combining three sets of reforms from Part Three:
    - The Commission independence reforms, including a longer and broader revolving-door restriction, a statutory open appointment process, a narrower ex parte exemption, and a clear bias standard.
    - The consumer advocate reforms, including a larger Utility Consumer Representation Fund and broader grant eligibility.
    - The utility whistleblower program.

None of these reforms are in a pending bill, so the administration would need to carry them itself.

Reforms to Endorse

The governor should publicly endorse the following measures while legislators and the Commission lead:

- Full implementation and defense of Proposal 2, along with the reporting requirements described in Part Two, Section C.
- HB 6093, conditioned on amendments that give the Commission control of the audit, extend its scope to the cost-effectiveness of capital spending, and preserve the Commission's existing audit authority (Part Two, Section E).
- The Commission's recommendations to close the FCM and securitization loopholes (Part Three, Section 3).

The governor should not prioritize the proposals for an elected Commission (HB 5676, HB 5677, and HJR R). Concerns about utility influence over the Commission are better addressed through the appointment and ethics reforms discussed above.

Early Executive Actions

The governor cannot direct the Commission's decision in any particular case. But the office has several tools that do not depend on the Legislature or on the outcome of a pending proceeding:

- ***Set expectations for utility returns.*** Send a public letter to Michigan's regulated utilities, as Governor Shapiro did in Pennsylvania, setting the expectation that any request for a return above the cost of equity be justified

with market evidence.[115] The letter should call on DTE and Consumers to withdraw their pending requests to raise their authorized ROEs to 10.25 percent.

- ***Model an open appointment process.*** Apply the process described in Part Three to the July 2027 appointment by publishing the selection criteria, inviting applications, and identifying the finalists. This process would allow the governor to reappoint Commissioner Peretick or nominate a successor on a public record. The governor should also ask any nominee to commit voluntarily to the two-year post-service restriction on utility employment recommended in Part Three.

- ***Order a cumulative rate impact review.*** Issue an executive order asking the Commission to report to the governor and the Legislature, by a public deadline, the cumulative effect of every rate and revenue increase it has authorized for DTE and Consumers over the past decade. The review should compound the rate impacts of base rate increases, riders, trackers, and surcharges, instead of reporting them year by year. It should present the results in terms of both rates and average residential bills, and compare them against inflation, regional and national benchmarks, and results from utilities with comparable capital spending plans. A complete accounting would give the Legislature the record it needs to evaluate the rate case and multi-year rate plan reforms above. Governor Newsom used a comparable order in California in October 2024, directing the California Public Utilities Commission to identify ways to reduce rates within its existing authority and to recommend statutory changes.[116] The Commission's July 2026 letter, written at Governor Whitmer's request, shows that it will respond to this kind of request.[117]

- ***Request Commission action within its existing authority.*** Ask the Commission to open a proceeding on shareholder sharing of uncollectible costs (Part Three, Section 6). The request should also ask the Commission to apply a

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[115] American Economic Liberties Project, "Economic Liberties Applauds Gov. Shapiro's Call to Rein In Excessive Utility Profits," (Apr. 30, 2026), https://www.economicliberties.us/press-release/economic-liberties-applauds-gov-shapiros-call-to-rein-in-excessive-utility-profits/.

[116] Cal. Exec. Order No. N-5-24 (Oct. 30, 2024), https://www.gov.ca.gov/wp-content/uploads/2024/10/energy-EO-10-30-24.pdf; California Public Utilities Commission, "Response to Executive Order N-5-24," (Feb. 18, 2025), https://www.cpuc.ca.gov/-/media/cpuc-website/industries-and-topics/reports/cpuc-response-to-executive-order-n-5-24.pdf.

[117] Dan Scripps, Chair, Michigan Public Service Commission, Letter to Governor Gretchen Whitmer (July 16, 2026), at 1, https://www.michigan.gov/mpsc/-/media/Project/Websites/mpsc/activity/07162026_MPSC_Affordability_Letter_to_Governor_Whitmer.pdf.

public benchmark to ratepayer-funded executive compensation in rate cases (Part Three, Section 4) and to add affordability measures to the next phase of its performance incentive framework.

- ***Strengthen Commission staff and consumer advocates through the budget.*** Propose additional Commission staff positions and increased spending authority for intervenor grants in the first executive budget. The Commission is funded almost entirely by assessments on regulated utilities, which rise with the amount appropriated for utility regulation, so added staff capacity would not draw on the general fund.[118] Additional Commission staff would help the agency keep pace with back-to-back rate cases that require review of billions of dollars in proposed spending under statutory deadlines (Part One). The enacted FY 2026-27 budget added $1 million in Fund dollars for intervenor grants, bringing the total to $3.1 million.[119] Expanded grant authority would let the Fund's existing balance support more intervention while the Legislature considers the larger statutory increase recommended in Part Three.

- ***Prepare to enforce Proposal 2.*** Work with the secretary of state, whose department administers Michigan's campaign finance law, and the attorney general to prepare to implement and enforce Proposal 2, and include enforcement funding in the first executive budget.

The executive actions can begin in January, while the Commission is still deciding the two pending rate cases. The signature bills will take longer and will likely need most of the 2027-2028 session.

[118] Una Jakupovic, "Budget Briefing: Licensing and Regulatory Affairs," House Fiscal Agency (Dec. 2025), at 16, https://www.house.mi.gov/hfa/PDF/Briefings/LARA_BudgetBriefing_fy25-26.pdf; 1972 PA 299, MCL 460.111-460.120, https://ombudsman.legislature.mi.gov/documents/mcl/pdf/MCL-ACT-299-OF-1972.pdf.
[119] Senate Fiscal Agency, "FY 2026-27 Licensing and Regulatory Affairs Budget: Initial Appropriations," S.B. 878 (P.A. 21 of 2026) (July 21, 2026), https://sfa.senate.michigan.gov/Departments/HighlightSheet/HIlar_web.pdf; House Fiscal Agency, "Licensing and Regulatory Affairs Budget Detail, FY 2026-27," https://www.house.mi.gov/hfa/PDF/Summaries/LARA_Budget_Detail_Part1_Appropriations_fy26-27.pdf.