

Public Comments Regarding a Phase II Study of Traditional Municipalization of Electric System

The City would like to thank the 229 individuals and organizational representatives who provided comment regarding the proposed Phase II Municipalization Study. All comments were reviewed and coded into thematic clusters. This approach allowed the City to understand primary areas of interest from commenters. The remainder of this document provides a summary of the findings from the public input as well as a high-level summary of which thematic comments will likely be integrated into the Phase II Traditional Municipalization Request for Proposals.

Question One: Scope of Study

The first question asked for input on the proposed scope of the Phase II feasibility study. The specific wording of the question was: *“A request for proposals for a Phase II Municipalization Study (Phase II Study) is being prepared and includes a request to complete a detailed valuation of DTE’s electric infrastructure needed to serve Ann Arbor (e.g., poles, wires, substations, transformers), an analysis of stranded costs, the identification of any additional or new equipment needed to run the electric system in Ann Arbor and the costs thereof, and an analysis of the costs associated with procuring the “right to serve” Ann Arbor residents. The Phase II Study will be limited to investigating and analyzing the costs of acquiring DTE’s assets necessary to serve Ann Arbor’s electric customers and will not include an assessment of the costs to improve reliability or resilience, or to improve the electric distribution system. Are there other items you think the Phase II Study should include? If yes, please list them below.”*

Of the responses received to this question, 36% indicated this scope of work was appropriate and/or had no additional comments. Over 15% wanted to ensure the study included the costs to rate payers for the transition, inclusive of the costs to finance the acquisition of DTE’s assets. Just over 11% hoped the study would shed insights into the costs to upgrade and enhance the system and just over 6% wanted details on how the utility would procure renewable energy. Nearly 12% had other comments, mostly focusing on statements regarding their thoughts about the City doing the study (supporting it or requesting the City not complete the study). Figure 1 provides a summary of the thematic areas identified in responses to question one.

As the City works to prepare a request for proposals (RFP), it will ensure that the study includes the items identified in this survey question (e.g., detailed valuation of DTE’s electric infrastructure needed to serve Ann Arbor, stranded costs, necessary new equipment, and any costs related to “going concern.”) The RFP will also request an assessment of the legal costs to move forward with municipalization as well as the staffing costs to operate a municipal utility and the costs associated with financing the purchase of the equipment from DTE if authorized to move forward by the voters. The cost of renewable energy will be integrated into the RFP as the City has established the goal of powering the entire community with 100% renewable electricity. An analysis of the condition of the existing equipment is expected to

be included in the study as this will help determine the estimated costs of any equipment the City would need to purchase to support a taking of DTE’s assets.

In addition to the above, the City is exploring adding a task to do a high-level analysis of the costs to upgrade and improve infrastructure. If included, this would not be a detailed improvement study – which would be necessary later. However, this would provide the public with a directional sense of the type of improvements needed and the costs associated with improving the electrical infrastructure to a standard of reliability desired.

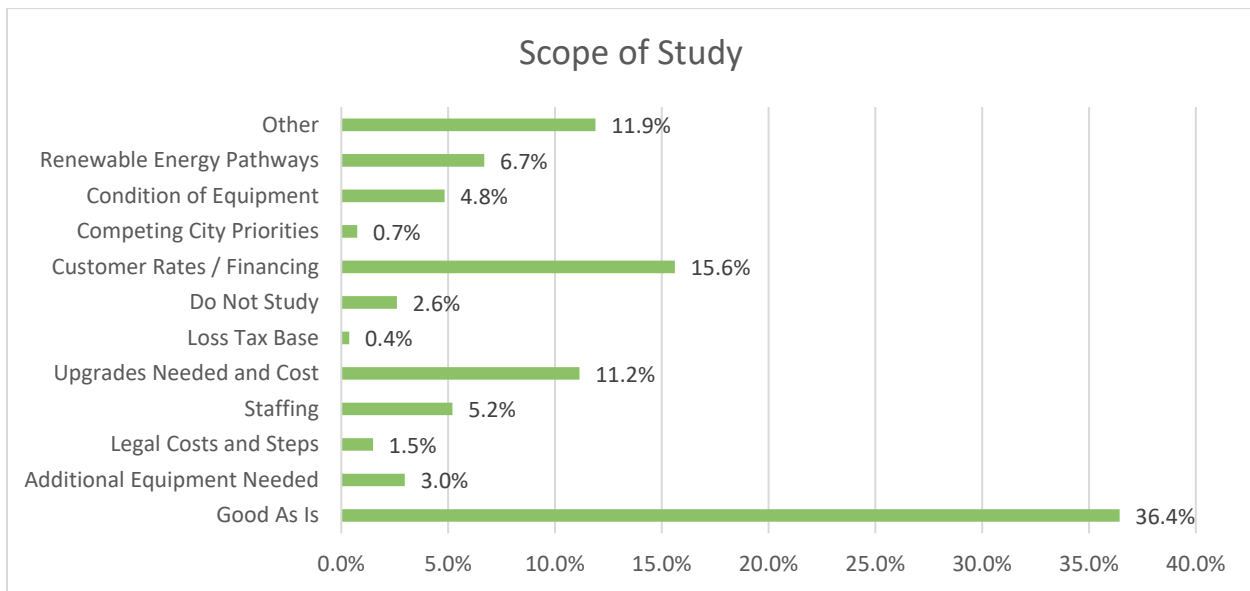


Figure 1: Thematic responses to June 2024 survey questions on the potential scope of a Phase II Traditional Municipalization Process

Question Two: Additional Information Needed

The second question on the survey focused on what additional information residents need to know to assess if moving forward with the purchasing of DTE’s electrical equipment is something they support. The exact wording of this question was: *“The purpose of a Phase II Study is to provide information to help residents decide if the City should move forward with municipalization (i.e., requiring DTE to sell its electric infrastructure to the City, terminating DTE’s right to serve electric customers in Ann Arbor, and having the City become the owner and operator of the electric utility in Ann Arbor). What information do you need to know to fairly evaluate whether the City should require DTE to sell its electric assets to the City so the City can replace DTE as the electric utility in Ann Arbor?”*

Of the responses received, 22% focused on needing to understand the cost of municipalization to help shape their decision, with another 7% wanting to understand how the purchasing of infrastructure would be financed. 13% of respondents discussed needing to know the costs, needs, and timelines to improve reliability of the electrical system. Another 10% of comments discussed wanting details on where the electric power would come from. Finally, 15% of responses were classified as “other” comments which generally were statements about why the City should or should not complete this study. Figure 2 provides a summary of the thematic areas of response to question two in the survey.

The RFP that the City is working on will include details about cost, timeline, staffing needs, power sourcing, and financing. The City is also considering a task focused on detailing the benefits and drawbacks of municipalization as well as a task to assess the high-level costs and needs related to improving the reliability of the electrical infrastructure.

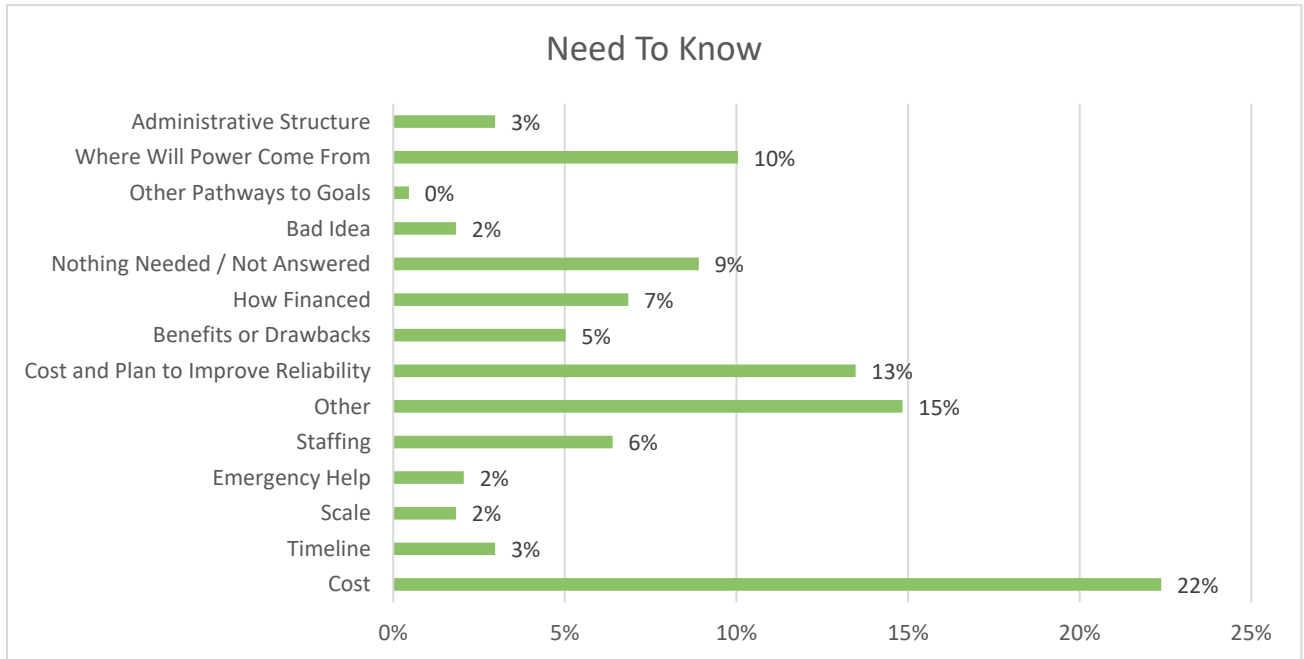


Figure 2: Thematic responses to June 2024 survey questions on additional information needed to evaluate a potential local traditional municipalization effort.

Question Three: Relationship to Ann Arbor

In addition to the two substantive questions, the survey also asked for the respondent’s relationship to Ann Arbor. Figure 3 summarizes those findings.

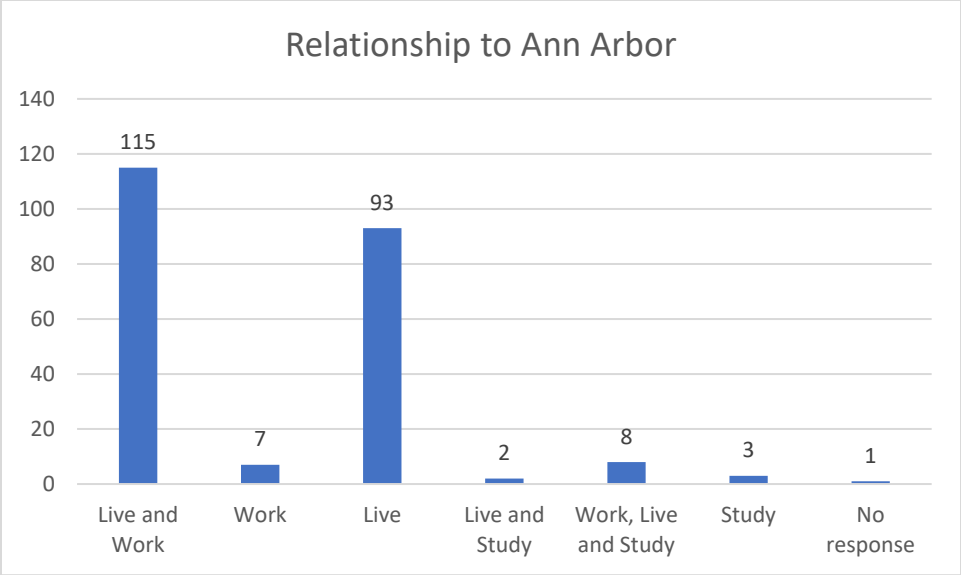


Figure 3: Responses to question three a June 2024 public survey about a potential local traditional municipalization initiative.

Next Steps

The City will take the feedback garnered from public input, combined with research conducted on previous Phase II studies and information gleaned from interviews with peer communities to draft a formal Request for Proposals (RFP). This RFP will be released in summer of 2024 with the winning firm likely brought for City Council’s approval in winter of 2024 or early 2025. If the contract is authorized by City Council, work will commence immediately on the authorized scope of services. Stakeholders interested in learning more and staying up to date on this work are encouraged to monitor [this website](#) and sign up for the Office of Sustainability and Innovations monthly newsletter, accessible [here](#).

Once the scope of services outlined in the RFP is complete, a series of public forums will be held to share the results and gather public feedback on next steps.