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Office of the Auditor General

Report Summary

Performance Audit

Michigan Agency for Energy (MAE)

Department of Licensing and Regulatory Affairs

Report Number:
641-0171-18

Released:
December 2018

Effective May 2015, Executive Order (EO) No. 2015-10 created MAE. This EO, among other things, transferred activity related to administrative services, customer assistance (including compliance and investigation), energy security, low-income home energy assistance programs, and energy markets from the Michigan Public Service Commission to MAE. MAE serves as the coordinating office responsible for analyzing and making recommendations to the Governor on current and proposed energy programs for all State departments. MAE's mission is to advance an adaptable, affordable, reliable, and environmentally-protective energy future for Michigan. During fiscal year 2017, MAE expended \$8.5 million and had 52 full-time equated staff.

Audit Objective			Conclusion
Objective #1: To assess the effectiveness of MAE's efforts to ensure that the customers of Michigan's regulated utilities received timely and appropriate responses to their complaints.			Effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
MAE could improve its oversight of utility customer complaints to ensure a more timely resolution. For 82 of 200 complaints reviewed, the utilities did not provide a plan for resolution within 10 business days as required (Finding #1).		X	Agrees
Observations Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
MAE could improve the visibility of its customer service area by requiring regulated utilities to include specific contact information on utility billing documents (Observation #1).	Not applicable for observations.		

Audit Objective			Conclusion
Objective #2: To assess MAE's efforts to ensure regulated utilities' compliance with quarterly reporting requirements.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
MAE should improve its quarterly reporting model to provide more useful information in the oversight of Michigan's regulated public utilities. Reporting requirements have had minimal changes in 44 years (<u>Finding #2</u>).		X	Agrees

Audit Objective			Conclusion
Objective #3: To report on MAE's use of public utility assessment (PUA) funds.			Information provided
Observations Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Although appropriated annually, MAE's use of the PUA fees appears to be in conflict with the statutorily allowed use of the fees (<u>Observation #2</u>).	Not applicable for observations.		

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