

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the <i>ex parte</i> application of	)	
<b>CONSUMERS ENERGY COMPANY</b> for	)	
accounting approval to utilize a regulatory asset	)	Case No. U-21656
to defer the loss associated with the potential	)	
sale of the Riverside Storage Field.	)	
_____	)	

At the July 23, 2024 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair  
Hon. Katherine L. Peretick, Commissioner  
Hon. Alessandra R. Carreon, Commissioner

**ORDER**

On May 24, 2024, Consumers Energy Company (Consumers) filed an application, along with an affidavit from its witness, requesting *ex parte* approval authorizing the company to utilize a regulatory asset to defer the loss associated with the potential sale of its Riverside Storage Field (Riverside).

Consumers submits that Riverside has been identified as a high-risk gas storage facility due to its low working gas capacity; the largest well count compared to other company gas storage fields with similar working gas volumes; and native hydrogen sulfide, which is flammable and lethal at high concentrations. Application, p. 2. Riverside is connected directly to three city gates which limit the withdrawal volume from the field, the ability to take outages for maintenance or capital projects, and the ability to increase capacity at the McBain city gate. *Id.* The integrity of the

mainline and laterals that support the field are degrading, in some cases causing pressure derates. *Id.* For these reasons, the company has decided to end operations of the entire storage field. The company explains that the Commission Staff submitted testimony in Case No. U-21308, Consumers' 2023 gas rate case, that acknowledged the unfavorable economics of withdrawing the recoverable gas from the field before retirement and decommissioning and recommended that the company continue to evaluate the potential sale of Riverside to a third party. Consumers is pursuing an opportunity to sell Riverside, providing a net benefit to customers. *Id.*, p. 3.

In 2023, the company identified a potential buyer for Riverside and began negotiations to sell the storage field. Included with the sale would be all Riverside assets including wells (active and inactive), lateral pipelines, native and base gas, and real estate rights and properties. Also included with the sale would be the transferring of responsibilities to the buyer for the 30 free-gas users currently attached to the Riverside system. The sale will not involve the transfer of any customer services; all current Consumers customers will remain customers of the company as a result of the sale. Any purchase and sale agreement would be finalized with timing to allow both the buyer and Consumers to build the infrastructure needed to make a sale possible. *Id.*

Based on the negotiations to date regarding the potential sale price for Riverside relative to the remaining undepreciated balance of the company's investment in the plant, Consumers expects to incur a loss of approximately \$10 million upon executing the purchase and sale agreement. However, the sale allows Consumers to avoid more than \$24 million in costs that the company would otherwise incur to retire and decommission the plant. Therefore, the company's decision to sell Riverside creates a net benefit for customers. Consumers indicates that it cannot move forward with the Riverside sale unless it has assurance that it can defer the loss incurred for the

transaction for recovery in a future rate case, understanding that this loss avoids substantially higher costs to customers for the alternative retirement and decommissioning option. *Id.*, p. 4.

Consumers requests the approval of a regulatory asset for the purpose of deferring the loss associated with the sale of Riverside and the opportunity to seek appropriate recovery and ratemaking treatment for any amounts recorded in the regulatory asset in a future rate case or other proper proceeding. Consumers provides that approval of the use of a regulatory asset, as requested, will not increase rates or charges for any customer. Since the authority requested by Consumers will not result in the increase in the cost of service to its customers, it may be authorized and approved without notice or hearing. *Id.*, pp. 4-5.

The Commission has reviewed Consumers' application and finds that the application is reasonable, in the public interest, and should be approved. In addition, the Commission finds that approval of the application will not result in an increase in the cost of service to customers and, therefore, *ex parte* approval may be granted without notice or hearing pursuant to MCL 460.6a(3). The Commission notes that the approval in this case is granted for accounting purposes only and that recovery of reasonable and prudent costs will be considered in future proceedings.

THEREFORE, IT IS ORDERED that:

A. The application of Consumers Energy Company seeking approval of cost deferral accounting and a regulatory asset for the loss associated with the potential sale of the Riverside Storage Field is approved.

B. Consumers Energy Company may seek appropriate recovery and ratemaking treatment for any amounts recorded in the regulatory asset.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel.

Electronic notifications should be sent to the Executive Secretary at [LARA-MPSC-Edockets@michigan.gov](mailto:LARA-MPSC-Edockets@michigan.gov) and to the Michigan Department of Attorney General – Public Service Division at [hugheys@michigan.gov](mailto:hugheys@michigan.gov). In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General – Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

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Daniel C. Scripps, Chair

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Katherine L. Peretick, Commissioner

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Alessandra R. Carreon, Commissioner

By its action of July 23, 2024.

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Lisa Felice, Executive Secretary


# PROOF OF SERVICE

STATE OF MICHIGAN )

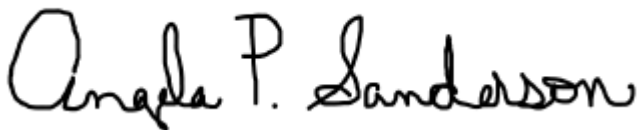
Case No. U-21656

County of Ingham )

Brianna Brown being duly sworn, deposes and says that on July 23, 2024 A.D. she electronically notified the attached list of this **Commission Order via e-mail transmission**, to the persons as shown on the attached service list (Listserv Distribution List).

  
Brianna Brown

Subscribed and sworn to before me  
this 23<sup>rd</sup> day of July 2024.



Angela P. Sanderson  
Notary Public, Shiawassee County, Michigan  
As acting in Eaton County  
My Commission Expires: May 21, 2030

**Service List for Case: U-21656**

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<b>Name</b>	<b>On Behalf Of</b>	<b>Email Address</b>
Bret A. Totoraitis	Consumers Energy Company	bret.totoraitis@cmsenergy.com
Consumers Energy Company (1 of 2)	Consumers Energy Company	mpsc.filings@cmsenergy.com
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