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MPSC approves settlement agreements for new gas rates for Consumers Energy Co., electric rates for Alpena Power Co.

The Michigan Public Service Commission today approved settlement agreements raising rates on natural gas customers of Consumers Energy Co. and electric customers of Alpena Power Co.

The Commission approved the Consumers Energy settlement agreement that authorizes the utility to raise its natural gas distribution rates by approximately \$35 million, effective Oct. 1, 2024 ([Case No. U-21490](#)).

The amount approved today is a nearly 75% reduction from the \$136 million Consumers initially requested. Under the settlement agreement, Consumers was granted a rate of return on common equity of 9.9% and a common equity ratio of 50.0%. The company had sought a return on common equity of 10.25% and a 51.50% common equity ratio.

The settlement agreement also provides guidance in several areas, including the utility's sale this year of its unregulated home energy products program to a third-party buyer for an upfront gain of about \$110 million. Consumers will share all of the upfront gain with customers; \$27.5 million will be used to offset the company's approved revenue deficiency, and \$82.5 million will be credited to customers over a three-year period.

A typical customer using 100 ccf of natural gas per month will see an increase of \$1.16, or 1.15%, on their monthly bill prior to the application of the home products sale credit to their bill. After application of the credit, a typical customer using 100 ccf a month will see a decrease of \$0.27, or 0.27%, on their monthly bill.

In addition, Consumers is authorized to spend \$215.3 million for the year ending Sept. 30, 2025, on its Enhanced Infrastructure Replacement Program (EIRP), aimed at replacing the company's highest risk pipe for safety, reliability, and efficiency. Consumers will continue to file annual EIRP planning and performance reports and hold an annual technical conference in January for interested parties that will provide the engineering basis and support for the plastic and steel pipe projects selected in the EIRP planning report.

Intervenors in the case were the Michigan Department of Attorney General; Association of Businesses Advocating Tariff Equity; Retail Energy Supply Association; Lansing

Board of Water & Light; Michigan State University; Citizens Utility Board of Michigan, and Energy Michigan. MPSC Staff also participated. All parties signed the settlement.

The Commission last approved a natural gas rate increase for Consumers Energy in August 2023 [for \\$95 million](#).

Separately, the MPSC authorized an amended settlement agreement that permits Alpena Power Co. to implement a \$2.5 million rate increase with the utility agreeing not to seek to raise rates again before 2026 ([Case No. U-21488](#)).

The settlement agreement, resolving all matters in the case, represents a nearly 37% decrease from the \$3,959,588 Alpena Power initially requested, to fund increased operational expenses including labor, equipment and material costs, investment in its utility plant, as well as costs for vegetation management and other expenses.

The settlement agreement permits a rate of return on common equity of 9.85% and an overall rate of return of 6.29%. The utility had sought a rate of return on common equity of 11.91% and an overall rate of return of 7.15%.

The new rates, effective today, will cost residential electric customers using 500 kilowatt-hours a month an increase of \$9.07, or 10.82%, on their monthly bill. The Commission last approved a rate increase for Alpena Power on Jan. 1, 2022, for \$1,250,000.

The Attorney General's office intervened in the case. MPSC Staff also participated, and all parties signed the settlement. The agreement precludes the utility from seeking another rate increase before Jan. 1, 2026. The Commission also directed Alpena Power to file a separate depreciation case by Dec. 22, 2026.

Among other actions, today's order also permits Alpena Power to continue its electric vehicle charging pilot program until Dec. 31, 2028, and revise its time of use periods in several tariffs.

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To look up cases from today's meeting, access the [MPSC's E-Dockets filing system](#). Watch recordings of the MPSC's meetings on the [MPSC's YouTube channel](#).

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