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Commission approves Consumers Energy gas rate increase to upgrade system for safety and reliability

The Michigan Public Service Commission today approved a natural gas rate increase for Consumers Energy Co. aimed at boosting the safety and reliability of its gas pipeline system by replacing gas lines most at risk of leaks and service interruptions for customers.

The Commission authorized Consumers to raise rates by \$157,495,000, a more than 36% decrease from the \$248 million the company initially requested but later lowered to \$217 million ([Case No. U-21806](#)). The Commission approved a rate of return on common equity of 9.8% and an overall rate of return of 5.99%.

The new rates go into effect Nov. 1. A typical residential customer using 75 ccf (hundred cubic feet) will see an increase of \$6.44, or 8.1%, on their monthly bill.

Among the items prioritized for investment, the Commission approved \$208.93 million for Consumers' enhanced infrastructure replacement program, which helps ensure customer safety and reliable system operations by replacing main pipeline materials considered at highest risk for leaks and service interruptions with new materials. The Commission also approved \$42.51 million for the utility's vintage service replacement program, which replaces high-risk older pipeline materials not included in other replacement programs.

In addition, the Commission approved Consumers' request for investment in its Low to Moderate Income (LMI) Customer Support enhancement project that will help remove barriers for income-qualified customers to identify and enroll in energy assistance programs. The Commission has made it a priority to simplify and streamline the process for LMI customers to access support and indicated the program will continue to be assessed and refined in future proceedings. The Commission approved \$1.9 million for the project but disallowed \$200,628 in bridge period enhancements and \$40,126 in the project's information technology costs.

The Commission disallowed Consumers' proposed costs for renovation of its Kalamazoo Service Center, directing the company to seek these costs in a future rate case with evidence and a timeline for the program. The Commission approved actual 2024 costs for Consumers' work on relocation of its Lansing Service Center and for construction of a new Hastings Service Center.

Among other actions, the Commission:

- Directed Consumers to provide a thorough justification of its contribution in aid of construction (CIAC) and customer attachment program methodologies. This must include whether it is appropriate to revise the company's assumptions to include declining natural gas demand, customer adoption rates for the customer attachment programs based on historical experience when calculating new attachment surcharges, and how to avoid unfair subsidization by existing customers. A CIAC is money or property contributed by a customer to cover a portion of the costs to connect the customer to new gas service.
- Approved expenditures addressing a backlog of known leaks at an accelerated rate, in advanced compliance with a proposed federal Pipeline and Hazardous Materials Safety Administration Leak Detection and Repair rule. While the proposed federal rule isn't expected to come into effect until 2028, the Commission found that tackling the backlog of known leaks is a reasonable and prudent opportunity to support of safe and reliable gas service.
- Approved costs for investment in the company's city gate stations that raise or lower gas pressure as needed. The costs will pay for rebuilding and other improvements to improve the safety and reliability of the utility's aging city gates that may not be meeting performance expectations.
- Approved proposed costs for Consumers' advanced methane detection program, which will improve the company's ability to detect small gas leaks to lower risk, enhance public safety, and reduce environmental exposure to methane emissions.
- Approved costs for Consumers' Lyon Northville gas storage field dehydration equipment to provide gas delivery during peak events. The Commission noted that it's essential to be able to draw sufficient reasonably priced gas for customer usage during peak times, and important for the utility's ability to provide gas for both residential customers and electric generation customers at times of peak usage.

The Commission also directed Consumers Energy to present detailed evidence in its next gas rate case demonstrating the company's efforts to offset inflation with productivity increases. The Commission further directed the company to file an updated 10-year gas delivery plan by Dec. 31, 2026, that considers the costs and risks of various energy transition pathways, and to include in the plan forecasted yearly sales for each major customer class and the amount of throughput expected on a peak demand day for each year.

Intervenors in the case were the Michigan Department of Attorney General; Retail Energy Supply Association; Michigan Environmental Council; Citizens Utility Board of Michigan; Association for Businesses Advocating Tariff Equity; Energy Michigan; Ecology Center; Environmental Law and Policy Center; Union of Concerned Scientists; Vote Solar; Lansing Board of Water and Light; Michigan State University, and the Sierra Club. MPSC Staff also participated.

MPSC APPROVES DTE ELECTRIC CO. SOLAR CONTRACTS

The MPSC approved several contracts that will increase the number of solar energy projects providing electricity to DTE Electric Co. ([Case No. U-21193](#)). To meet terms of its integrated resource plan (IRP) approved by the MPSC in July 2023, DTE Electric issued a request for proposals for 950 megawatts (MW) or more of renewable energy capacity to meet demand from its IRP and MIGreenPower program. The Commission today approved two power purchase agreements (PPAs): a 120-MW, 30-year PPA with Eagle Creek Solar Park LLC in Fremont and Brant townships in Saginaw County with a commercial operation date in mid-2027, and a 100-MW, 30-year PPA with Freshwater Solar II LLC in Day Township in Montcalm County with a commercial operation date in late 2027. In addition, the Commission approved contracts related to four company-owned solar projects with commercial operation expected in 2028: the 175-MW Au Gres Solar Park in Turner and Mason townships in Arenac County; the 125-MW Elmwood Solar Park in Elmwood Township in Tuscola County; the 129-MW Poseyville Solar Park in Ingersoll Township in Midland County; and the 100-MW Strasburg Solar Park in Raisinville Township in Monroe County. Combined, the six projects represent 749 MW of renewable energy. The Commission will review final costs for the projects for reasonableness and prudence in renewable energy reconciliation proceedings after each project starts commercial operation.

MPSC GRANTS WAIVER OF FEE CAPS FOR ALPENA POWER CO. INTERCONNECTION STUDY

The MPSC granted Alpena Power Co. one-year waivers of fee caps related to the utility's interconnection system impact and facilities studies required under the Interconnection and Distributed Generation Standards the Commission adopted in 2023 ([Case No. U-21483](#)). The utility in July 2025 requested waivers to increase the system impact study fee cap to \$25,000 from \$10,000 and the facilities study fee cap to \$30,000 from \$15,000. The Commission today approved the waivers. After the one-year waiver period, Alpena Power can seek another waiver or request to change fee caps if its costs continue to be above the original caps.

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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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