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MPSC authorizes increase in gas rates for Northern States Power Co.

The MPSC approved a settlement agreement permitting Northern States Power Co. (NSP) to raise natural gas rates by \$1.6 million over 2026 and 2027 ([Case No. U-21903](#)).

The approved amounts represent a more than 26% decrease from the \$2,177,374 the utility had sought. Under the settlement agreement, NSP, which serves parts of the western Upper Peninsula, is authorized to raise rates by \$700,000 effective Jan. 1, 2026, and by \$900,000 on Jan. 1, 2027.

The agreement sets the utility's rate of return on common equity of 9.8%, resulting in an overall rate of return of 6.61%, and a common equity ratio of 50%. The average residential customer using 80 therms of gas per month would see their bill rise by \$7.64 to \$88.17, an increase of 9.49%. The agreement requires NSP to spend \$700,000 each year in 2026 and 2027 on its Distribution Integrity Management Plan (DIMP) investments, which includes replacing aging infrastructure to improve the integrity and safety of the utility's natural gas system.

The agreement approved by the Commission also requires NSP to file a 10-year plan for further spending on the DIMP.

The utility also committed to gas meter module completion by the end of 2025 and not to seek another rate increase before Jan. 1, 2028.

The agreement permits the company to increase its residential fixed monthly customer charge to \$13, and \$25 for its small commercial fixed monthly customer charge.

The settlement was agreed to by the utility, the Michigan Department of Attorney General, and the MPSC Staff.

COMMISSION REJECTS UPPER MICHIGAN ENERGY RESOURCES CORP.'S AMENDED RENEWABLE ENERGY PLAN

The MPSC rejected Upper Michigan Energy Resources Corp.'s (UMERC) amended renewable energy plan (REP), directing the utility to file a new REP by Oct. 15, 2026, in conjunction with the company's integrated resource plan ([Case No. U-21813](#)), although

the Commission permitted UMERC to file a standalone amended REP before then if the company so chooses. The Commission found that UMERC's decision to model its amended REP on compliance with the broader clean energy standard requirements outlined in Public Act 235 — part of the state's energy laws that were revamped in 2023 — were beyond the scope of requirements needed for the utility to comply with renewable portfolio standards and therefore offered no grounds for approval. An electricity provider's clean energy standards must instead be addressed through a clean energy plan that is part of the provider's integrated resource plan. The Commission said it recognizes that rejection of UMERC's amended REP may lead to some uncertainty about recovery of costs associated with the utility's Renegade Solar project, expected to enter service in February 2026. The Commission noted that the solar project hadn't gone into service as of the date of this order, and that UMERC may seek approval from the Commission for deferred accounting for the resource prior to February 2026. The Commission also denied UMERC's appeal of an administrative law judge's ruling on the company's motion to strike portions of a reply brief filed by Tilden Mining Company, UMERC's largest customer, because the issue is moot with the rejection of the utility's REP. The Michigan Department of Attorney General, Citizens Utility Board of Michigan and Tilden Mining intervened in the case. MPSC Staff also participated.

Separately, the Commission found that most member-regulated electric cooperatives, municipally owned utilities and alternative electric suppliers required to do so have filed timely renewable energy plans as required by statute, and that the energy providers may continue to voluntarily file annual reports regarding their actions to comply with Michigan's renewable energy standards in their renewable energy plan dockets by June 30 each year (Case No. U-15825). The exception was Bayfield Electric Cooperative Inc, which filed late and will be addressed in a standalone order after the comment period ends on Feb. 5, 2026, in [Case No. U-15814](#). In addition, the Commission deferred petitions for extensions of renewable energy portfolio deadlines sought by Calpine Energy Solutions LLC and Direct Energy Business LLC and directed both companies to meet with MPSC Staff by Feb. 15, 2026, to discuss pathways to compliance.

MPSC ADOPTS UPDATED INTEGRATED RESOURCE PLANNING PARAMETERS AND REQUIREMENTS FOR FILING IRPs AND CLEAN ENERGY PLANS

The MPSC approved updated Michigan Integrated Resource Planning Parameters, which are the factors that must be included in electric utilities' long range plans for generating enough electricity to meet customer needs ([Case No. U-21867](#) et al). The planning parameters establish what Michigan's electric utilities must consider in their required long-term modeling of future electricity demand, a roadmap for ensuring they'll have enough electricity over a period of up to 20 years to efficiently meet residential and business customer demand, while meeting clean energy standards. The updated planning parameters approved today reflect a number of significant changes that have occurred over the past four years, including the significant potential load growth tied to data center development in Michigan, as well as the requirements contained in the suite of Michigan Clean Energy Laws adopted in 2023.

The Commission held public hearings in [Grand Rapids](#) and [Auburn Hills](#) to gather input on the integrated resource plan (IRP) parameters and received more than 200 comments from utilities, labor organizations, advocacy groups, Tribal Nations and others. Other significant updates include stronger requirements for outreach to communities and Tribal Nations; requirements for utilities to assess affordability impacts, including energy burden thresholds, and provide mitigation strategies if burdens exceed 6% of household income; examination of the probabilities of large electric loads to address the potential addition of data centers to the grid; stronger environmental justice analysis required for vulnerable communities and disadvantaged and low-income populations; requirements for utilities to show compliance with labor standards; and adoption of energy storage targets that require utilities to meet their proportional share of the statewide 2,500 megawatt target by 2029, with detailed modeling and procurement plans. In addition to the planning parameters, the Commission approved Michigan Integrated Resource Plan Filing Requirements; Clean Energy Plan Filing Requirements for Rate Regulated Utilities; Clean Energy Plan Filing Requirements for Michigan Municipalities; and the Clean Energy Plan Filing Requirements for Michigan Electric Cooperatives and Alternative Electric Suppliers. The Commission also directed all rate-regulated utilities to demonstrate compliance with the IRP planning parameters and filing requirements and the Clean Energy Plan filing requirements.

MPSC OKs METHODS FOR DTE ELECTRIC, CONSUMERS ENERGY TO RECEIVE PERFORMANCE-BASED FINANCIAL INCENTIVES AND PENALTIES

The MPSC approved two measures today aimed at better linking how utilities earn money with key measures around how they perform in keeping the lights on and reducing the number and duration of power outages. In [Case No. U-21909](#), the Commission approved a contested settlement agreement on DTE Electric Co.'s proposed financial incentive and disincentive mechanism through which the utility could receive performance-based incentives or penalties based on the Commission's Service Quality Rules. Most intervenors in the case signed off on a settlement agreement reflecting nearly three years of work on the topic, including DTE Electric Co., the Michigan Department of Attorney General; the Association of Businesses Advocating Tariff Equity (ABATE); Citizens Utility Board of Michigan (CUB); the City of Ann Arbor, and the MPSC Staff, while the Great Lakes Renewable Energy Association objected to the settlement agreement. In [Case No. U-21911](#), the Commission approved a settlement agreement on Consumers Energy Co.'s proposed mechanism for the incentives and disincentives. The attorney general's office, CUB, ABATE and GLREA intervened in the case. MPSC Staff also participated. In both cases, the incentives and penalties are based on whether the utilities meet such goals as reducing the average length of customer outages, the length of time utilities take to restore power after storms and in calm weather conditions, the number of customers experiencing four or more outages per year, and improving the utilities' worst-performing circuits.

MPSC APPROVES VOLUNTARY GREEN PRICING PROGRAMS FOR ALPENA POWER CO., NORTHERN STATES POWER CO.

The MPSC today approved Alpena Power Co.'s application for biennial approval of its voluntary green pricing program (VGP), which allow customers to voluntarily specify a certain amount of electricity purchases to be from renewable energy resources, with the costs of the program billed only to participating customers ([Case No. U-18350](#)). The Commission approved continued use of Alpena's previously approved VGP program tariff. The Commission also approved Northern State's Power Co.'s (NSP) previously approved VGP program, which the utility notified the Commission has no proposed changes ([Case No. U-21173](#)). The Commission directed both utilities to continue to file semi-annual reports with information on the number of enrollments and enrollment size in its program, cost of renewable energy for the program (incremental and total), the cost of marketing and administration (incremental and total), marketing methods, and the quantity, source, and costs of any renewable energy credits purchased for the program.

MPSC ADOPTS STEPS TO IMPROVE THE RATE CASE PROCESS

Aiming to improve the process by which the Commission considers utility general rate cases, the MPSC today adopted several new measures ([Case No. U-21637](#)) in an effort that grew out of the Public Act 231, part of the 2023 updates to Michigan's energy laws. The Commission's order today addresses three issues: how potential bill impacts should be communicated to customers during rate cases to broaden public awareness and enhance transparency; a new streamlined process for considering investments in demand response; and an appropriate schedule to consider contested settlements in rate cases. Notably, the Commission directed utilities to provide notice to customers about the utilities' applications for rate increases, with information provided through inserts into customer bills or on the bill itself, received by mail, and on utility website home pages and mobile phone app home screens, from the initiation of a rate case until 60 days after its conclusion. Initial notice to customers about a rate case's potential bill impact will be based on the utility's application. Notices also must point customers to a dedicated web page detailing requests made in each rate case. The requirement of additional customer notice is effective for rate cases filed on or after March 1, 2026. In addition, the Commission also directed that while considerations around the appropriate level of demand response as part of a utility's general resource mix will continue to be evaluated in integrated resource plans, while general cost recovery will move from the existing three-prong structure to a simplified process where costs are evaluated in rate cases. This change will occur after a final reconciliation has occurred under the current process. Lastly, the Commission declined to adopt a specific schedule for contested settlements in rate cases but noted that commenters in the case agreed that at least 60 days for consideration of a settlement was appropriate. The Commission recommended that utilities that sign onto contested settlements should agree to pause the statutorily required 10-month rate case schedule so that the Commission may properly evaluate the settlement and, if the Commission rejects it, has enough time to work through the case's record.

COMMISSION GRANTS PERMANENT BASIC LOCAL EXCHANGE SERVICE LICENSE TO BLUEBIRD MIDWEST LLC

The MPSC approved a permanent license for Bluebird MidWest LLC, doing business as Bluebird Fiber, to provide basic local exchange phone service in all zone and exchange areas where AT&T Michigan, Frontier North Inc., and Frontier Midstates Inc. are incumbent carriers, and in all other incumbent local exchange carrier service territories throughout Michigan ([Case No. U-21959](#)). Bluebird was initially granted a temporary license in October.

MPSC APPROVES REVISED DEPRECIATION RATES, REGULATORY ASSET FOR NORTHERN STATES POWER CO.

The MPSC approved Northern States Power Co.'s (NSP) application for approval of revised depreciation rates effective Jan. 1, 2026 ([Case No. U-21988](#)). NSP, which serves parts of the far western Upper Peninsula, applied for ex parte approval of revised depreciation rates that have already been approved by the Public Service Commission of Wisconsin. The MPSC also authorized NSP to record a regulatory asset for the increase in depreciation expense effective Jan. 1, 2026, resulting from the change in revenues, until base rates are reset in the company's next general electric rate case. The Commission will then review the regulatory asset for cost recovery, as applicable.

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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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