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Commission approves additional investments to advance Consumers Energy's significant reliability improvements

The Michigan Public Service Commission today approved a rate increase for Consumers Energy to support the utility's continued improvements in making its power grid more reliable, with fewer power outage minutes per customer and faster service restoration times, continuing the progress of recent years ([Case No. U-21870](#)).

Among the investments, the Commission approved an additional year of Consumers' investment recovery mechanism (IRM) that tracks and funds electric distribution upgrades that enhance reliability for customers. The Commission approved \$226 million for the utility's Lines Reliability Low-Voltage Distribution, Resiliency Fractionalization, and System Protection programs, which support improvements to distribution reliability, targeting upgrades to reduce interruptions. The IRM allows for reconciliation of the investment, requiring Consumers to prove the money was spent on approved projects in a future reconciliation case, with any unspent funds potentially subject to being refunded to customers.

The Commission also approved the company's Repetitive Outages Low-Voltage Distribution program, which will identify locations on its grid where customers experience frequent outages and target improvements and repairs to trouble spots.

The Commission authorized Consumers to raise rates by \$276,607,000, as well as \$21.7M in deferral costs for operations and maintenance associated with ramping up efforts to trim trees, and \$14.6 million for cloud computing costs associated with the company's SAP S4/HANA information technology project. The deferrals approved in this case spread the recovery of larger operations and maintenance costs over time, reducing the immediate rate impact for customers. This approval cuts out projects that were not fully supported or shown to be prudent investments, removing almost 40% of the company's original proposed request.

A typical residential customer using 500 kilowatt-hours (kWh) a month will see an increase of \$6.46, or 6.1%, in their monthly bill. The new rates will take effect May 1, 2026.

The Commission maintained the company's current return on common equity of 9.9% and a capital structure of 50% equity and 50% debt. The utility had sought a return on equity of 10.25% and a capital structure of 50.75% equity and 49.25% debt.

The additional investments approved today continue the MPSC's focus on improving reliability while responsibly managing customer costs.

Consumers Energy's average customer experienced 21 fewer power outage minutes in 2024 compared to 2023. More than 93% of its customers experiencing power outages had their power restored in less than 24 hours in 2024 in all weather conditions, up from 87% in 2023. The Consumers improvements come as Michigan reduced the average number of outage minutes per customer by nearly an hour — 52.6 minutes — between 2019 and 2024, a greater reduction than any other state.

The Commission's focus on cost-effective reliability solutions has kept customer energy costs to 5.3% below the rate of inflation between 2020 and 2025. Michigan's average monthly electric bill in 2024 was \$119.31, almost \$23 below the national average of \$142.16, and lower than what neighbors pay in Ohio (\$135.16) and Indiana (\$133.06).

The Commission's order today also authorized measures that align with the [Commission's moves](#) to implement recommendations of the first-ever comprehensive, [third-party audit](#) of Consumers and DTE Electric Co., the state's two largest electric utilities, released in 2024. The Commission approved:

- \$186 million for Consumers' line clearing program — trimming trees and other vegetation around power lines, the largest source of outages — as the company moves toward a cycle of clearing the entirety of its low-voltage distribution grid every five years by 2030-2031, from an effective clearing cycle of 10.2 years. The Commission directed Consumers to conduct new analyses of the costs and benefits of moving to a four-year trimming cycle and the costs and benefits of removing 100% of the tree canopy in zones with the highest consequences of failure in its next rate case.
- \$30 million for the company's Vulnerable Communities Resiliency Plan to reduce system average interruption duration index minutes during outages and directed the utility to show how the investments improved reliability and how the Vulnerable Communities Resiliency Plan fits into the company's broader distribution improvement goals.
- The Commission approved Consumers' amended requested investment amount in Underground Cable Rejuvenation to improve degrading underground cables in downtowns of areas it serves to reduce failure risks.

Participants in the case included the Michigan Department of Attorney General; Michigan Cable Telecommunications Association; Michigan Environmental Council; Natural Resources Defense Council; Sierra Club; Citizens Utility Board of Michigan; Environmental Law and Policy Center; Ecology Center; Union of Concerned Scientists; Vote Solar; Energy Michigan; the Foundry Association of Michigan; Michigan Energy

Innovation Business Council; Institute for Energy Innovation; Advanced Energy United; Urban Core Collective; Michigan Electric Transmission Co.; the Association of Businesses Advocating Tariff Equity; Great Lakes Renewable Energy Association; Hemlock Semiconductor Corp.; Solar Technology LLC; The Kroger Co.; Walmart Inc.; and MPSC Staff.

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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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