Requirements for the Infrastructure Reliability Improvement Program (IRIP) Planning Report and Performance Report

1. The following meets the annual reporting requirements as directed in the Commission in its December 6, 2019 Order in Case No. U-20479 and in its September 26, 2024 order in Case No. U-21624.
2. The IRIP Planning and Performance Report will be filed in both cases through e-dockets by April 1st of each year and will include the spending detail for the current year and preceding year.
3. All of the dollars spent on the IRIP will be tracked via IRIP work orders.
4. Excel files of tables and charts included in the Planning Report and Performance Report will be provided to Staff.

REPORT YEAR -- 2025

IRIP Planning Report Requirements

1. Proposed projects.

   RESPONSE: See Exhibit A

IRIP Performance Report Requirements

1. Overall program information.

   RESPONSE: SEMCO met the overall requirements of the IRIP as outlined in Case No. U-20479. SEMCO spent $23,212,393 to a target of $21,057,532 for the period 2025 resulting in a total program overspend for the year of $2,154,862. Consistent with the Commission order in Case No. U-21624, the IRIP-related regulatory liability incurred through 2024 was incorporated into the 2026 surcharge rates and zeroed out. Beginning with the 2025 program year, the annual IRIP regulatory asset or liability was to be netted with the regulatory asset or liability of the Company's Main Replacement Program (MRP). The revenue requirement calculated on the 2025 overspend is $9,269. As reported in the MRP annual report, the experienced program overspend resulted in a revenue requirement equal to $110,127. The net impact is a regulatory asset of $119,396 to be recorded in 2026. See Exhibit C.

2. Explanation of projects completed that differ from original plan.

   RESPONSE: No projects have been executed outside of the original plan. Project progress and associated expenses are shown in Exhibit A.

3. Specific project information for the prior year.

   RESPONSE: See Exhibit A.

4. Sample test:
    a. That IRIP costs are not recovered through any other approved tariff.
       RESPONSE: IRIP costs incurred during 2025 were recovered with surcharge rates approved in Case No. U-21624 and the Company has no other tariff rate that could recover IRIP costs. The surcharge rates approved in U-21624 continued throughout the entire program year. On February 26, 2026, the Company filed a general rate case through which only the remaining, undepreciated IRIP plant is included in rate base. A new IRIP surcharge is being sought for new IRIP projects beginning in 2027 that were not included in the surcharges collected in 2025. There was no overlap within the program year between the IRIP surcharges and current or proposed base rates, or any other surcharges.

    b. That the customer bills include the correct IRIP surcharges.
       RESPONSE: Internal audit determined IRIP surcharges are appropriately billed with no exceptions noted.

    c. That IRIP revenues are properly recorded.
       RESPONSE: Internal audit determined rider IRIP revenues are appropriately recorded with no exceptions noted.

    d. That the actual costs associated with the IRIP are properly recorded.
       RESPONSE: Internal audit determined the actual costs associated with the rider IRIP are appropriately recorded no exceptions noted.

Exhibit A - IRIP Report

	IRIP Program Spend (2021-2024)									IRIP Program Spend (2025-2027)						
	2020		2021		2022		2023		2024		2025		2026		2027	
	Plan	Actual	Plan	Actual	Org. Plan	Actual	Org. Plan	Actual	Org. Plan	Actual	Org. Plan	Actual	Org. Plan	Forecast	Org. Plan	Forecast
Total IRIP Spend Case U-20479:	0	851,183	12,705,000	10,853,873	7,635,000	7,880,323	16,402,000	13,337,635	14,875,000	14,036,233	-	229,778	-	-	-	
Total IRIP Spend Case U-21624:	0	851,183	-	-	-	-	-	-	-	-	21,057,532	22,982,616	23,317,830	23,317,830	23,960,117	7,675,701
Total IRIP Spend:	0	1,702,366	12,705,000	10,853,873	7,635,000	7,880,323	16,402,000	13,337,635	14,875,000	14,036,233	21,057,532	23,212,394	23,317,830	23,317,830	23,960,117	7,675,701

143rd

		2020 Plan	2020 Actual	2021 Plan	2021 Actual	2022 Org. Plan	2022 Actual	2023 Org. Plan	2023 Actual	2024 Org. Plan	2024 Actual	2025 Org. Plan	2025 Actual	2026 Org. Plan	2026 Forecast	2027 Org. Plan	2027 Forecast
Budget:	7,440,000	0	690,478	7,440,000	4,845,111	0	836,129										
Final Spend:	6,371,718																
Percent Completion:	----------------->	0%	11%	100%	86%	100%	100%										

Comments:
The project timing was delayed by approximately four months due to the contractors lack of progress. The project closed about $1 million under budget. Risks have been mitigated.

Project Description:
Constructed 8" main to connect our existing Overisel main to the 200 psig MAOP system on the South side of Holland. This adds to the redundancy and reliability of the high pressure system. This also eliminates capacity restrictions in the area allowing expansion to new customers.

Risk Mitigated:
12" pipeline and associated regulation station that feeds the southern portion of Holland, MI. Failure of this pipeline or regulating station would result in a customer outage of 4,300 customers.

Michigan Rd

		2020 Plan	2020 Actual	2021 Plan	2021 Actual	2022 Org. Plan	2022 Actual	2023 Org. Plan	2023 Actual	2024 Org. Plan	2024 Actual	2025 Org. Plan	2025 Actual	2026 Org. Plan	2026 Forecast	2027 Org. Plan	2027 Forecast
Budget:	11,055,000	0	110,705	5,265,000	4,171,668	5,485,000	3,319,076	305,000	7,327,592	0	869,456						
Projected Spend:	15,798,497																
Percent Completion:	----------------->	0%	1%	53%	30%	99%	54%	100%	94%	100%	100%						

Comments:
The project was put into service in 2024, with some cost overruns caused by difficulties in navigating more residential areas.

Project Description:
Construct a new 10" pipeline with a DRS to provide a secondary feed to the 250# pipeline feeding the area.

Risk Mitigated:
Port Huron and Fort Gratiot are supplied by a 10" – 250# pipeline from the Michigan Road DRS. A failure on the pipeline or DRS will cause a peak-day outage of 22,900 customers. Customers affected include Port Huron Hospital, St. Clair County Jail, & several area schools.

Greenwood

		2020 Plan	2020 Actual	2021 Plan	2021 Actual	2022 Org. Plan	2022 Actual	2023 Org. Plan	2023 Actual	2024 Org. Plan	2024 Actual	2025 Org. Plan	2025 Actual	2026 Org. Plan	2026 Forecast	2027 Org. Plan	2027 Forecast
Budget:	1,845,000	0	50,000	54,000	71,323	1,791,000	1,313,847	0	247,616								
Final Spend:	1,682,786																
Percent Completion:	----------------->	0%	3%	3%	7%	100%	88%	100%	100%								

Comments:
The project was completed in 2023 and finished approximately 8.8% under budget. Risks have been mitigated.

Project Description:
Construct a new district regulator station feeding from the existing 18" 974# pipeline to feed 6" 400# pipeline.

Risk Mitigated:
The existing pipeline and Brandon Road district regulator station serves the 400# system in the thumb area. A failure on the existing pipeline or the DRS will result in a peak day outage of approx. 9,500 customers.

Romeo Reinforcement

		2020 Plan	2020 Actual	2021 Plan	2021 Actual	2022 Org. Plan	2022 Actual	2023 Org. Plan	2023 Actual	2024 Org. Plan	2024 Actual	2025 Org. Plan	2025 Actual	2026 Org. Plan	2026 Forecast	2027 Org. Plan	2027 Forecast
Budget:	31,277,000			0	1,765,771	359,000	2,306,515	16,097,000	5,695,796	14,592,000	10,048,060	229,000	52,035				
Projected Spend:	19,868,177																
Percent Completion:	----------------->			0%	6%	1%	14%	53%	49%	99%	99.7%	100%	100.0%				

Comments:
The project was placed into service in 2024, and restoration was completed in 2025. The project was finished approximately 36% under budget, and risks have been mitigated.

Project Description:
Construct a new interconnect near Almont, a new 8" – 700# pipeline extending to the existing 6" – 300# pipeline and install new 300# district regulator station.

Risk Mitigated:
Village of Romeo, Bruce and Washington Townships are served by Ray 17 gate station and a 6" - 300# one-way feed pipeline. A failure of the gate station or supply pipeline will result in peak day outage of 13,300 customers.

Chesterfield DRS

		2020 Plan	2020 Actual	2021 Plan	2021 Actual	2022 Org. Plan	2022 Actual	2023 Org. Plan	2023 Actual	2024 Org. Plan	2024 Actual	2025 Org. Plan	2025 Actual	2026 Org. Plan	2026 Forecast	2027 Org. Plan	2027 Forecast
Budget:	2,901,000					0	104,756	0	66,631	283,000	2,433,449	2,618,000	177,743				
Projected Spend:	2,782,579																
Percent Completion:	----------------->					0%	4%	0%	6%	10%	94%	100%	100%				

Comments:
The project was put into service in 2024, and restoration was completed in 2025. It was finished about 4% under budget. Risks have been mitigated.

Project Description:
Construct a new 60# DRS at the 12" – 465# pipeline and 6" plastic main to provide a secondary supply into the Chesterfield 60# distribution system.

Risk Mitigated:
The Chesterfield area is supplied by the Chesterfield DRS. A failure of the station or supply pipeline will cause a peak-day outage of 17,800 customers.

Harris Compressor

		2020 Plan	2020 Actual	2021 Plan	2021 Actual	2022 Org. Plan	2022 Actual	2023 Org. Plan	2023 Actual	2024 Org. Plan	2024 Actual	2025 Org. Plan	2025 Actual	2026 Org. Plan	2026 Forecast	2027 Org. Plan	2027 Forecast
Budget:	12,664,038									0	376,521	6,703,124	9,880,907	5,960,914	3,494,300		
Projected Spend:	13,751,728																
Percent Completion:	----------------->									0%	3%	53%	75%	100%	100%		

Comments:
Project is scheduled to be operational in the second quarter of 2026, with restoration work to follow. This will allow Lee Wells to be used during the winter of 2026-2027.

Project Description:
Replace the Harris compressors #1 & #2 and ancillary equipment.

Risk Mitigated:
This project will enable SEMCO to inject 1.25 BCF of natural gas annually into the Lee storage fields, enhancing reliability. This reduces reliance on interstate pipelines for 44,000 customers in Battle Creek, MI, protecting against potential outages affecting up to 8,576 customers.

Thumb Reinforcement

		2020 Plan	2020 Actual	2021 Plan	2021 Actual	2022 Org. Plan	2022 Actual	2023 Org. Plan	2023 Actual	2024 Org. Plan	2024 Actual	2025 Org. Plan	2025 Actual	2026 Org. Plan	2026 Forecast	2027 Org. Plan	2027 Forecast
Budget:	55,671,441									0	308,747	14,354,408	13,101,709	17,356,916	19,823,530	23,960,117	7,675,701
Projected Spend:	40,909,687																
Percent Completion:	----------------->									0%	1%	26%	33%	57%	81%	100%	100%

Comments:
Due to challenges in obtaining the Act 69 approval, some expenses have been shifted from 2025 to 2026. The project remains on track for completion in 2027 and is expected to be finished under budget.

Project Description:
Construct a 10" pipeline, and associated district regulator stations, from the Allenton Interconnect to SEMCO's 400 psig system near Brown City, MI.

Risk Mitigated:
This project will enable SEMCO's franchises in Michigan's "thumb." This will address single points of failure and prevent customer losses at Akron interconnect (3,850 customers), Kilgore station (5,900 customers) or pipeline from Brandon Road Station along highway M19 (4,621 customers).

Exhibit C - MRP/IRIP

Michigan Public Service Commission
SEMCO Energy Gas Company
Regulatory Accounting MRP_IRIP

Line No.	Description	Source	2024	2025	2026	2027	Total
	Regulatory Assets/(Liabilities)		(a)	(b)	(c)	(d)	(e)
	IRIP	IRIP Regulatory Accounting L11	$ (48,121)	$ 9,269	$ 183,411	$ 177,071	$ 321,629
	MRP	MRP Regulatory Accounting L12	$ 28,645	$ 110,127	$ 165,548	$ 159,599	$ 463,919
1	Net Regulatory Assets/(Liabilities)		$ (19,476)	$ 119,396	$ 348,958	$ 336,669	$ 785,548
	Year Recorded		2025	2026	2027	2028	

Michigan Public Service Commission
SEMCO Energy Gas Company
MRP Revenue Requirement

Case Nos. U-20479, U-21624
Exhibit C
Page 2 of 3

Line No.	Description	Source	2021	2022	2023	2024	**2025**	**2026**	**2027**
	Capital Investment		(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Target Spend		$ 11,232,712	$ 11,569,694	$ 11,916,785	$ 12,274,288	$ 14,989,647	$ 15,439,336	$ 15,902,517
	Actual Spend					$ 12,757,918	$ 15,706,450		
1	Annual MRP Investment	Exhibit A-6	$ -	$ -	$ -	$ (483,630)	$ (716,803)	$ -	$ -
	Net Rate Base								
2	Cumulative Capital Investment	Prior Yr Plus L1	$ -	$ -	$ -	$ (483,630)	$ (1,200,433)	$ (1,200,433)	$ (1,200,433)
3	Accumulated Depreciation	Prior Yr - L8	$ -	$ -	$ -	$ 6,288	$ 28,184	$ 59,401	$ 90,617
4	Accum. Deffered Taxes	Pg.2 L5	$ -	$ -	$ -	$ 3,050	$ 13,319	$ 26,915	$ 38,889
5	Ending Net Rate Base	Sum L2-L4	$ -	$ -	$ -	$ (474,292)	$ (1,158,929)	$ (1,114,117)	$ (1,070,927)
6	Average Net Rate Base	L5 (PY+CY)/2	$ -	$ -	$ -	$ (237,146)	$ (816,611)	$ (1,136,523)	$ (1,092,522)
	Total Cost of Service								
7	Return on Net Rate Base	9.43%	$ -	$ -	$ -	$ (22,357)	$ (76,987)	$ (107,147)	$ (102,999)
8	Depreciation (1/2 yr conv.)	2.60%	$ -	$ -	$ -	$ (6,288)	$ (21,896)	$ (31,216)	$ (31,216)
9	Property Taxes	Pg. 2 L30	$ -	$ -	$ -	$ -	$ (11,244)	$ (27,185)	$ (25,384)
10	Total Accumulated Savings	Exhibit A-6	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11	Total Revenue Requirement	L7 thru L10	$ -	$ -	$ -	$ (28,645)	$ (110,127)	$ (165,548)	$ (159,599)
12	MRP Regulatory Assets/(Liabilities)					$ 28,645	$ 110,127	$ 165,548	$ 159,599

Michigan Public Service Commission
SEMCO Energy Gas Company
IRIP Revenue Requirement
Witness Dennis

Case Nos. U-20479, U-21624
Exhibit C

Line No.	Description	Source	2021	2022	2023	2024	2025	2026	2027
	Capital Investment		(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Target Spend	Exhibit A-10	$ 12,705,000	$ 7,635,000	$ 16,402,000	$ 14,875,000	$ 21,057,532	$ 23,317,830	$ 23,960,117
	Actual Spend					$ 14,036,233	$ 23,212,393		
1	YE Underspend		$ -	$ -	$ -	$ 838,767	$ (2,154,861)	$ -	$ -
	Net Rate Base								
2	Cumulative Capital Investment	Prior Yr Plus L1	$ -	$ -	$ -	$ 838,767	$ (1,316,094)	$ (1,316,094)	$ (1,316,094)
3	Accumulated Depreciation	Prior Yr - L8	$ -	$ -	$ -	$ (9,290)	$ (4,003)	$ 25,151	$ 54,304
4	Accum. Deffered Taxes	Pg.2 L5	$ -	$ -	$ -	$ (5,705)	$ (1,852)	$ 16,270	$ 32,464
5	Ending Net Rate Base	Sum L2-L4	$ -	$ -	$ -	$ 823,772	$ (1,321,949)	$ (1,274,674)	$ (1,229,326)
6	Average Net Rate Base	L5 (PY+CY)/2	$ -	$ -	$ -	$ 411,886	$ (249,089)	$ (1,298,312)	$ (1,252,000)
	Total Cost of Service								
7	Return on Net Rate Base	9.43%	$ -	$ -	$ -	$ 38,831	$ (23,483)	$ (122,400)	$ (118,034)
8	Depreciation (1/2 yr conv.)	2.22%	$ -	$ -	$ -	$ 9,290	$ (5,287)	$ (29,154)	$ (29,154)
9	Property Taxes	Pg. 2 L30	$ -	$ -	$ -	$ -	$ 19,501	$ (31,857)	$ (29,883)
10	Total Revenue Requirement	L7 thru L10	$ -	$ -	$ -	$ 48,121	$ (9,269)	$ (183,411)	$ (177,071)
11	IRIP Regulatory Liability					$ (48,121)	$ 9,269	$ 183,411	$ 177,071