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MPSC approves \$19.9M rate increase for SEMCO Energy Gas Co.

LANSING, Mich. — The Michigan Public Service Commission today approved a \$19.9 million rate increase for SEMCO Energy Gas Co., which the utility will use to replace aging gas mains and initiate an infrastructure reliability improvement program ([Case No. U-20479](#)). The utility had sought a rate increase exceeding \$38 million.

A residential customer using an average of 100 ccf of natural gas will see an increase of \$6.10 (9.2%) on their monthly bill. The increase includes a 75-cent rise in the monthly customer charge to \$12.25.

As part of the agreement, SEMCO Gas agrees to add a residential income assistance program for low-income customers with an enrollment target of 10,500 customers who would receive a monthly credit of \$12.25, equal to the monthly customer charge, and a low-income assistance credit program, capped at 2,000 customers who would receive a monthly credit of \$30.

In addition, SEMCO agrees that, in its next general rate case, the utility will propose removing fees charged to low-income customers to have their service reconnected in the event of a service shutoff.

SEMCO Gas, which serves about 300,000 customers across the southern Lower Peninsula and the Upper Peninsula, last received approval for a rate increase in January 2011.

The current settlement factors in all impacts of corporate tax cuts from the 2017 federal Tax Cuts and Jobs Act. SEMCO Gas agrees not to seek another general rate increase before Jan. 1, 2023.

The revenue increase represents an overall capital structure with 54% common equity, with the understanding that the company will move toward a 50/50 capital structure in its next general rate case. The settlement reflects an authorized rate of return on common equity of 9.87%.

UPPER PENINSULA POWER CO. ORDERED TO RELEASE RECORDS IN DISPUTE OVER BILL SURCHARGES

The MPSC ruled against Upper Peninsula Power Co. (UPPCo) in an ongoing dispute over surcharges on customer bills that the consumer advocacy group Citizens Against Rate Excess (CARE) argues should be refunded to customers based on a prior court decision ([Case No. U-20150](#)). In April 2018, CARE filed a complaint alleging UPPCo had imposed unlawful surcharges on residential customers related to a revenue decoupling mechanism, a ratemaking

mechanism designed to reduce a utility's dependence on sales of its energy commodity, enabling growth of energy efficiency measures. CARE also sought a copy of a memorandum between UPPCo and Enbridge Energy, which earlier had reached a settlement agreement in a dispute over the surcharges related to the revenue decoupling mechanism. In its ruling today, the MPSC denied a request for summary disposition by UPPCo and ordered the utility to release the memorandum to CARE, subject to a protective order.

MPSC APPROVES 22 CONSUMERS ENERGY POWER PURCHASE AGREEMENTS

The MPSC gave the green light to 22 power purchase agreements between Consumers Energy Co. and entities that are qualified facilities under the federal Public Utility Regulatory Policies Act ([Case No. U-20604](#)). Consumers made the application for the approvals as a result of a settlement the Commission approved in September in [Case No. U-20615](#) that resolved rights and obligations under PURPA between Consumers and numerous developers of proposed solar facilities in the utility's interconnection queue. The 22 power purchase agreements, each of which spans a 20-year term, represent 95 MW of the 170 MW of full avoided cost PPAs identified in Case No. U-20615.

MPSC APPROVES HOME RULE RETURN REQUEST BY PRESQUE ISLE ELECTRIC & GAS CO-OP AND TOWNSHIP OF ALLIS

The MPSC today approved a joint petition by Presque Isle Electric & Gas Co-op and the Township of Allis in northern Michigan to return the township to home rule so that Allis and Presque Isle will jointly establish rates, charges, terms and conditions for natural gas service under a franchise agreement no longer subject to regulation by the MPSC ([Case No. U-20653](#)). Presque Isle was the last cooperative utility in the state with rates regulated by the MPSC.

To look up cases from today's meeting, access the E-Dockets filing system [here](#).

To watch a livestream of the MPSC's meetings, [click here](#).

For information about the MPSC, visit www.Michigan.gov/MPSC, sign up for one of its [listservs](#), or follow the Commission on [Twitter](#).

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