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MPSC approves settlement agreement allowing \$155M rate increase for Consumers Energy electric customers

The Michigan Public Service Commission has approved a seventeen-party settlement agreement that grants a \$155 million rate increase for electric customers of Consumers Energy Co., a 43% reduction from what the utility initially sought ([Case No. U-21224](#)). Three additional parties signed statements of non-objection.

Consumers initially requested to raise rates by \$272 million, a figure the company later raised to \$293.5 million. The [settlement agreement](#) filed in December reduced the amount to \$155 million. The agreement also permits the company to implement a surcharge to recover \$6 million for a 2021 distribution deferral.

A typical residential customer using 500 kilowatt hours a month will see an increase of \$2.10, or 2.06%, on their monthly bill. After 12 months, the customer will see a decrease of \$1.33, or 1.28%, monthly due to the net effect of a surcharge and credit expiring, for a net overall increase from a monthly bill under current rates of \$0.77, or 0.75%.

Consumers will provide a one-time voluntary refund of \$15 million in revenue from 2022 to be applied to customer bills through a monthly credit for 12 months once new rates go into effect Jan. 20. Consumers also will make a \$10 million shareholder-funded contribution to programs helping low-income and payment-challenged customers.

Among other highlights of the settlement agreement:

- Consumers' will implement additional enhancements to the PowerMIDrive and PowerMIFleet programs — the utility's electric vehicle pilot programs for, respectively, residential and commercial customers — and will transition the residential segment of the PowerMIDrive pilot to a permanent program. Program improvements will include the implementation of an on-bill installment payment plan that can assist customers in paying for the cost of installing EV chargers and related electric upgrades.
- Consumers agrees to double the cap on its distributed generation and legacy net metering program from the current 2% of the utility's average in-state peak load for full-service customers to 4%. The rate at which Consumers compensates rooftop solar customers for excess power they

generate also will be based on power supply rates that factor in transmission costs.

- The company will propose a program to integrate line-clearing that targets the worst performing load concentration point zones into its line clearing program in the utility's next rate case.
- The utility will propose a pilot for electrifying residential use of propane and other unregulated fuels with collaboration from MPSC Staff and several of the environmental advocate parties to the case. The pilot, with a goal to include 2,000 homes over three years, will prioritize electrification of space heating but also may address water heating and other uses.
- Consumers will provide a straw proposal recommendation on community solar in its voluntary green pricing program filing by October 2023.

This settlement also includes several provisions related to equity and outreach. These include Consumers conducting customer outreach following the filing of its next rate case to inform and provide opportunity for input to the public; providing an analysis of reliability and hosting capacity for customers in environmental justice communities in its next rate case; and incorporating environmental justice and equity into the company's distribution system planning.

The settlement agreement sets Consumers' authorized rate of return on common equity at 9.9% and with a common equity ratio of 50.75%

Intervenors in the case were the Michigan Department of Attorney General; Association of Businesses Advocating Tariff Equity; Environmental Law and Policy Center; Ecology Center; Vote Solar; Hemlock Semiconductor Operations LLC; Michigan Environmental Council; Natural Resources Defense Council; Sierra Club; Citizens Utility Board of Michigan; Great Lakes Renewable Energy Association; Residential Customer Group; Energy Michigan; ChargePoint Inc.; Foundry Association of Michigan; Michigan Energy Innovation Business Council; Institute for Energy Innovation; Michigan Electric Transmission Co.; Urban Core Collective; Michigan Cable Telecommunications Association; Michigan Municipal Association for Utility Issues; the Kroger Co.; EVgo Services LLC; Walmart Inc., and Michigan State Utility Workers Council, Utility Workers Union of America, AFL-CIO. MPSC Staff also participated.

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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