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Media contact: [Matt Helms](mailto:Matt.Helms@mpsc.com) 517-284-8300
Customer Assistance: 800-292-9555

Commission approves Upper Peninsula Power Co. settlement agreement increasing rates by \$10.8M

The MPSC has authorized Upper Peninsula Power Co. to raise customer rates by \$10.8 million after a settlement agreement was reached with all parties involved in the utility's request for a rate increase filed in September 2022 ([Case No. U-21286](#)).

UPPCO, which serves approximately 53,000 customers in the western and central UP, had initially sought an increase of \$25.3 million, citing continued infrastructure investments and associated operating expenditures needed to improve reliability and resiliency. Today's order reduces that amount by more than 57%. UPPCO also agrees not to seek to have rates increased again before Jan. 1, 2025.

A typical residential customer using 500 kilowatt hours per month will see an increase of \$12.30, or 10.1%, on their monthly bill.

Other highlights of the settlement agreement include:

- Effective July 1, 2023, UPPCO is to establish a regulatory asset of \$863,118 for the amount recorded by the Company as uncollectible debt from unpaid customer bills during the COVID-19 pandemic. UPPCO agreed to reduce the amount by \$200,000, which the utility will donate to organizations assisting low-income customers in UPPCO's service territory. The remaining balance will be amortized over a two-year period ending by June 30, 2025.
- UPPCO will raise its discretionary distributed generation cap from 3% to 4.5%.
- The utility will work with MPSC Staff to develop and file a [distribution investment and maintenance plan](#) by Jan. 31, 2025 in Case No. U-20147.
- UPPCO will file a report on all projects over \$50,000 completed to convert overhead lines to underground since Jan. 1, 2022, with data on reliability benefits, costs and benefits compared to tree trimming and grid hardening, and other metrics.
- UPPCO will institute a residential income assistance tariff providing a \$15 monthly bill credit for low-income households at or below 150% of the federal poverty level.

The Commission approved an overall capital structure of 51.5% common equity, an authorized rate of return of 9.9%, and a total rate base of \$334.3 million.

Intervenors in the case were Attorney General Dana Nessel's office; Citizens Utility Board of Michigan; Calumet Electronics Corp.; Billerud Americas Corp.; Michigan Technological University; and the Association of Businesses Advocating Tariff Equity. MPSC Staff also participated.

UPPCO last sought a rate increase in 2019, when the company requested \$9,982,604. The Commission [approved \\$1.8 million](#) of that request.

MPSC RESCINDS LICENSE OF ALTERNATIVE GAS SUPPLIER REALGY LLC

The Commission today approved the termination of Realgy LLC's license to operate as an alternative gas supplier in Michigan, resolving all matters related to investigations and enforcement actions by the MPSC into the company's marketing and business practices ([Case No. U-15419](#)). Customer complaints led the Commission to commence a formal investigation and show cause hearing in 2021. In 2022, the Commission opened a license revocation proceeding after MPSC Staff documented violations of the settlement agreement on the earlier actions. After confidential settlement discussions between Realgy and MPSC Staff, Realgy sold its book of customers to another licensed alternative gas supplier and requested voluntary relinquishment of its license.

COMMISSION AWARDS NUCLEAR FEASIBILITY STUDY CONTRACT, SETS STAKEHOLDER MEETING FOR INPUT

The MPSC today announced it has awarded a \$248,500 contract to Enercon Services East PC to conduct a feasibility study on nuclear power generation in Michigan as directed by Public Acts [166](#) and [218](#) of 2022 (Case No. U-21358). The MPSC set an initial stakeholder meeting on May 3, 9 a.m. to noon, to be held by videoconference on Microsoft Teams. The study is [required to consider](#) advantages and disadvantages of nuclear energy in Michigan, its environmental and economic impacts and other issues. The MPSC will provide a draft report for stakeholder review in December 2023 and submit a final report to the Legislature by April 15, 2024.

COMMISSION OKS DTE ELECTRIC CO. PURCHASE OF WIND PARK IN THUMB

The MPSC approved a purchase and sales agreement for DTE Electric Co. to buy Terrapin Energy LLC, which owns the Big Turtle 2 Wind Park and a 60% interest in Big Turtle Interconnection LLC, which operates the interconnection facilities shared by the Big Turtle 1 and Big Turtle 2 wind parks in Huron County ([Case No. U-20851](#)). The agreement, between DTE Electric and Terrapin's sole owner, GFS US Holdings LLC, will provide DTE Electric with 29.4 megawatts of renewable energy capacity. It also allows the utility to provide electricity generation to its MIGreenPower voluntary renewable energy program customers who otherwise would not be served until 2024 or later. DTE Electric estimates the levelized cost of energy for Big Turtle 2 to be \$48-\$50 per megawatt-hour.

MPSC APPROVES EXPANDED ELIGIBLE TELECOMMUNICATIONS CARRIER DESIGNATION FOR PRESQUE ISLE ELECTRIC & GAS CO-OP

The Commission today approved an application by Presque Isle Electric & Gas Co-op to expand the areas covered by its designation as an eligible telecommunications carrier (ETC) that allows the co-op to bring broadband service to areas that lack high-speed internet ([Case No. U-20982](#)). The MPSC first approved a new basic local exchange service license and ETC status for Presque Isle [in 2021](#). Today's order expands the co-op's ETC service area to include the utility's entire service territory.

COMMISSION OKS ADJUSTED DTE ELECTRIC CO. SURCHARGES FOR SECURITIZATION OF UTILITY'S TREE TRIMMING, PLANT CLOSURE COSTS

The MPSC today authorized DTE Electric Co. to implement adjusted securitization surcharges on customer bills related to the utility's ongoing effort to reduce costs for its tree trimming and closure of a Detroit-area generating plant (Case No. U-21015). The Commission in 2021 authorized DTE Electric to [issue securitization bonds](#) of up to \$235.8 million related to the company's costs for retirement of its River Rouge plant as well as its ongoing surge in tree trimming. Securitization allows utilities to replace existing debt and equity with lower-cost debt in the form of securitization bonds, resulting in lower costs for ratepayers compared to traditional cost recovery methods, since the securitization bonds have lower interest rates. DTE Electric customers were estimated to save more than \$27 million through this process. The adjusted surcharges are based on the company's first annual true-up adjustment report required by the MPSC.

MPSC APPROVES NEW OUTDOOR SECURITY LED LIGHTING RATES FOR INDIANA MICHIGAN POWER CO.

The MPSC approved Indiana Michigan Power Co.'s application for approval to offer eligible customers four additional light-emitting diode (LED) light options under the utility's outdoor security lighting tariff ([Case No. U-21303](#)). Rates for the new options are based on cost and usage of the fixtures, and approval will not raise rates for customers. The revised tariff sheet goes into effect for the first billing cycle of the month following today's order.

COMMISSION AUTHORIZES GAS PIPELINE IN OSCODA COUNTY

The MPSC approved a certificate of public convenience and necessity for Lambda Energy Resources LLC to construct its proposed Lambda Greenwood Transmitter pipeline in Oscoda County's Greenwood Township ([Case No. U-21335](#)). The 6,570-foot pipeline, 4 inches in diameter, will provide necessary transportation of natural gas from the Ott-State Greenwood 1-8 Central Production Facility to the DCP Midstream Lovells Extension Gas Gathering System, gas that would otherwise not have a path to processing and the market. Lambda expects the pipeline to be in service later this year.

COMMISSION DENIES CONSUMERS ENERGY'S REQUEST FOR ACCOUNTING TREATMENT OF PENSION, OTHER POST-EMPLOYMENT BENEFITS EXPENSES

The MPSC today denied Consumers Energy Co.'s request for accounting treatment of pension and other retirement benefit expenses to reduce the volatility of these costs for 2023 ([Case No. U-21364](#)). Consumers had sought accounting approval to defer recovery or refund for any natural gas utility pension and other post-employment benefit

(OPEB) expense above or below amounts approved in rates for calendar year 2023, until rates are reset by the Commission in the utility's pending gas rate case, [Case No. U-21308](#). The Commission found ex parte treatment not appropriate for this request, noting that while the MPSC has approved similar volatility mechanisms in the past, these approvals were only granted within general rate cases that allowed review of all components of the revenue requirement. The Commission acknowledged current financial market volatility is creating uncertainty for actual pension and OPEB expense for 2023 but declined to make an ex parte determination with respect to a single component of the company's revenue requirement in isolation.

COMMISSION GIVES NOD TO AMENDED POWER CONTRACT BETWEEN UPPER PENINSULA POWER CO. AND ESCANABA PAPER CO.

The Commission approved an amended power purchase agreement (PPA) between Upper Peninsula Power Co. and Escanaba Paper Co., effective April 1, 2023 ([Case No. U-21367](#)). Under the amended PPA, UPPCO will continue to supply all electricity generated from the Escanaba River Hydro Electric Project, which Escanaba Paper will continue to purchase for a new 5-year term beginning April 1. The amended contract will not impact rates of other UPPCO customers.

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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