Founded in 1852
by Sidney Davy Miller

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February 23, 2026

Ms. Lisa Felice
Executive Secretary
Michigan Public Service Commission
7109 West Saginaw Highway
Lansing MI 48917

Re: SEMCO Energy Gas Company
Case No. U-22002

Dear Ms. Felice:

Enclosed for electronic filing, please find SEMCO Energy Gas Company's Rate Case Summary. I have also included a Proof of Service showing electronic service upon the Staff case coordinator and the parties in the Company's two prior rate cases, Nos. U-16169 and U-20479.

Should you have any questions, please kindly advise.

Very truly yours,

Miller, Canfield, Paddock and Stone, P.L.C.

Sherri A. Wellman
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By: ______________________
Sherri A. Wellman

SAW/ehk
Enclosures
cc w/enc: Lori Mayabb, Case Coordinator (mayabbl@michigan.gov)
Michael E. Moody (moodym2@michigan.gov and ag-enra-spec-lit@michigan.gov)
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STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of **SEMCO ENERGY GAS COMPANY** for authority to increase its rates for the distribution and transportation of natural gas and for other relief.	)))))	Case No. U-22002

RATE CASE SUMMARY

In order to comply with the Rate Case Filing Requirements ("Requirements") put forth pursuant to the April 25, 2024 Order issued by the Michigan Public Service Commission ("MPSC" or the "Commission") in Case No. U-18238 (updated by the MPSC Staff filing made on July 9, 2024), SEMCO ENERGY Gas Company ("SEMCO Gas" or the "Company") herein submits its required Rate Case Summary. As stated in the Requirements, this summary is informational only and shall not be considered final or binding. The Company's most recent general rate case, Case No. U-20479, was filed in May 2019 with a test year beginning January 1, 2020. SEMCO Gas requested that the Commission grant a rate increase to support a total revenue increase of $38,114,307 for the projected test year. All parties entered into a settlement agreement, and on December 6, 2019, the Commission approved an annual revenue increase of $19.9 million, as well as an extension to the Company's Main Replacement Program ("MRP") and introduction of a new Infrastructure Reliability Improvement Program ("IRIP"). Details relating to the approval of the MRP and IRIP can be found in Attachment C to the Settlement Agreement in Case No. U-20479. The Company's MRP and IRIP have since been revised and extended through Commission order in a separate proceeding and will currently expire in 2027.

The U-20479 Order also approved a return on equity of 9.87% resulting in an overall rate of return equal to 6.44%.

The Company's direct case in support of rate relief in Case No. U-22002 is expected to be filed February 26, 2026. Rate relief is based on a projected 2027 test year, with new rates effective no earlier than January 1, 2027. The need for rate relief is driven primarily by infrastructure investment to increase reliability and safety. Key drivers and their respective revenue impact are outlined in Tables 1 and 2 below[1].

Table 1

Key Drivers: Revenue Requirement			
Drivers		Revenue Requirement Impact	
		(In Millions)	
a.	Rate Base	$	59.4
b.	Operating expenses		19.0
c.	Sales Revenue and Other		(20.5)
d.	Excess ADIT		3.3
e.	Total Revenue Requirement Impact	$	61.3

Table 2

Key Drivers: Rate Base *(Millions)*					
Drivers		Rate Base Impact (Rate Base 13-Month Average)		Revenue Requirement Impact (Return on, Return of, and Property Tax)	
a.	Last Rate Case Order (Settlement)	$	718.9	$	104.5
b.	Utility plant		580.4		68.3
c.	Depreciation Reserve		(151.5)		(12.1)
d.	Working Capital		40.4		3.2
e.	Requested Rate Base	$	1,188.3	$	163.9
f.	Increase from Last Rate Order	**$**	**469.4**	**$**	**59.4**

SEMCO Gas is requesting new rates to address a 2027 projected $61.3 million revenue deficiency, a cumulative increase of approximately 15%. See Table 3 below for the impact by rate class and rate schedule. As compared to the Company's last rate case filing, there are no significant changes to the Cost of Service Study ("COSS") or rate design. Further, SEMCO Gas

[1] Differences in totals in both tables is due to rounding.

is proposing an alternative Revenue Decoupling Mechanism (“RDM”) as permitted by 2016 PA 342. As an alternative to the traditional model, the Company is proposing a Weather Normalization Adjustment mechanism (“WNA”). The WNA is a revenue-neutral mechanism designed to remove the variability of weather in the Company’s overall revenue, allowing the Company the opportunity to earn the allowed return regardless of weather, while not overearning due to colder than normal weather. The Company is also requesting to extend the MRP and IRIP through 2031.

Proposed Rate Increase by Rate Class — **Table 3**

Line No.	Rate Class Description	Total Increase
		%
	Residential Service	
1	Residential Meter	14%
2	Total Residential Service	14%
	General Service	
3	Small Service GS-1	15%
4	Medium Service GS-2	14%
5	Large Service GS-3	10%
6	Total General Service [(1)]	12%
7	Total Gas Sales	14%
	Transportation [(1)]	
8	Small Trasport TR-1	36%
9	Medium Transport TR-2	49%
10	Large Transport TR-3	67%
11	Total Transportation	45%
12	Total Service (Delivery & Fuel)	15%

Notes

[(1)] Transportation increases do not include Cost of Gas

The Company uses an inflation factor of 2.7% for the test year. SEMCO Gas is requesting a return on equity of 10.75% resulting in an overall rate of return equal to 6.62%.

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of **SEMCO ENERGY GAS COMPANY** for authority to increase its rates for the distribution and transportation of natural gas and for other relief.	))))))	Case No. U-22002

PROOF OF SERVICE

STATE OF MICHIGAN)
) ss
COUNTY OF INGHAM)

Elizabeth H. Kunc, being first duly sworn, deposes and says that on February 23, 2026 she served the **Rate Case Summary** and this **Proof of Service** upon those listed below via electronic mail.

Lori Mayabb, Case Coordinator	mayabbl@michigan.gov
Michael E. Moody	moodym2@michigan.gov and ag-enra-spec-lit@michigan.gov
John R. Liskey	john@liskeypllc.com
Jennifer U. Heston	jheston@potomaclaw.com
Michael J. Brown	mbrown@cebhlaw.com
Eric J. Schneidewind	ejschneidewind@varnumlaw.com

Elizabeth H. Kunc
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Date: 2026.02.23 09:26:20 -05'00'

Elizabeth H. Kunc

Subscribed and sworn before me
on this 23rd day of February, 2026.

Victoria J. Seyfried
Digitally signed by: Victoria J. Seyfried
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Victoria Seyfried, Notary Public
State of Michigan, County of Clinton
My Commission Expires: 3/29/2030
Acting in the County of Ingham