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## NEWS RELEASE

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### **MPSC approves settlement agreement reducing Consumers Energy rate increase by 40%**

The Michigan Public Service Commission today approved a settlement agreement that cut by approximately 40% the amount of a rate increase granted to Consumers Energy's natural gas customers ([Case No. U-20650](#)).

Under the settlement agreement, Consumers Energy is approved to raise rates by \$144 million, about 60% of its initial request in December 2019 for \$245 million. Consumers argued that the additional revenue is needed for natural gas system infrastructure replacement and rising costs for operations and maintenance, financing and environmental response.

Intervenors in the case were the Association of Businesses Advocating Tariff Equity; the Michigan Department of Attorney General; Citizens Utility Board of Michigan; Energy Michigan, Inc.; Lansing Board of Water & Light; Michigan State University; Midland Cogeneration Venture L.P., the Residential Customer Group and MPSC Staff. All parties signed the agreement except for Michigan State University, which filed a statement of non-objection.

New rates are to take effect Oct. 1, 2020. Beginning Oct. 1, 2020, a typical residential customer using 100 cubic feet of gas a month will see a \$6.72, or 9.1% increase, in their monthly bill.

In other key terms of the agreement, Consumers Energy will:

- Make a one-time \$2 million contribution to the Heat and Warmth Fund, which provides assistance to households needing help to pay energy bills, and other non-affiliated non-profits, with the funds directed to serve Consumers Energy customers.
- Continue its increased spending of \$100 million for 2020 and \$150 million starting in 2021 on its Enhanced Infrastructure Replacement Program, which replaces aging pipe with newer materials. Consumers Energy also will file with the Commission annual planning and performance reports related to the replacement program.

- Hold a collaborative and work with stakeholders on the design of residential and commercial and industrial Demand Response pilot programs to be launched in late 2021.
- Accelerate the amortization schedule for its unprotected, non-property component of the Tax Cuts and Jobs Act deferred tax liability and pre-1993 deferred tax liability to occur between Oct. 1, 2021 and Sept. 30, 2022. This will be approximately \$84.5 million.

In addition, costs or investments related to the Jan. 30, 2019 fire at the utility's Ray Compressor Station in Macomb County will not be approved or disallowed in this case. Consideration of rate recovery of related costs will be addressed in Consumers Energy's next general gas rate case, once any insurance proceeds received by the company associated with these capital investments are known.

The agreement grants an authorized return on common equity of 9.9%, approximately 60 basis points below the utility's initial request. It also allows a capital structure of 52.05% equity. The company will propose a plan to achieve a more balanced capital structure in its next rate case, which it agrees not to file earlier than Dec. 1, 2021.

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

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

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