

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of	)	
<b>CONSUMERS ENERGY COMPANY</b>	)	
for approval to implement a power supply cost	)	Case No. U-21257
recovery plan for the 12 months ending	)	
December 31, 2023.	)	
_____	)	

At the February 23, 2023 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair  
Hon. Tremaine L. Phillips, Commissioner  
Hon. Katherine L. Peretick, Commissioner

**ORDER APPROVING TEMPORARY POWER SUPPLY COST RECOVERY FACTORS**

On September 30, 2022, Consumers Energy Company (Consumers) filed an application, with supporting testimony and exhibits, requesting approval to implement, pursuant to Public Act 304 of 1982 (Act 304), MCL 460.6j, a power supply cost recovery (PSCR) plan and monthly PSCR factors for the 12-month period ending December 31, 2023. In its application, Consumers projected an underrecovery for the 2022 PSCR plan year and requested Commission approval of a uniform monthly maximum PSCR factor of \$0.02700 per kilowatt-hour for all classes of customers in calendar year 2023. Consumers stated that “[i]f power supply costs increase for the [2023] PSCR Plan year, due to changes in conditions, the factors that are ultimately requested or approved could be higher than set forth above. Consumers Energy reserves the right to amend its

filing or seek reopening of the power supply cost review for the [2023] PSCR Plan year if circumstances warrant.” Application, p. 3.

On November 30, 2022, a prehearing conference was held before Administrative Law Judge Sharon L. Feldman (ALJ). The ALJ granted petitions to intervene filed by the Association of Businesses Advocating Tariff Equity (ABATE), Citizens Utility Board (CUB), Michigan Power Limited Partnership and Ada Cogeneration Limited Partnership (MPLP/ACLP), and the Residential Customer Group (RCG), and acknowledged the Michigan Department of Attorney General’s (Attorney General’s) notice of intervention. The Commission Staff (Staff) and Consumers also participated in the proceeding. On January 30, 2023, the ALJ entered a protective order for use in the proceeding.

On January 20, 2023, Consumers filed a motion in this docket for a temporary order granting partial approval of the company’s 2023 PSCR plan and requested that the Commission provide immediate consideration of the motion (January 20 motion). In the motion, Consumers stated that it:

is proposing to recover an equal one third of the 2022 underrecovery (or \$149,692,109) during each of the 2023, 2024, and 2025 PSCR Plan years with any statutory interest owed to the Company, which for PSCR balances underrecoveries is the Company’s short-term borrowing interest rate, as provided in MCL 460.6j. During that period, the portion of the 2022 underrecovery to be collected from customers plus interest on the total underrecovery not yet collected from customers would be incorporated into the monthly charged PSCR factor. The Company’s 2024 and 2025 PSCR Plans will identify the 2022 underrecovery amounts incorporated into those plan cases and illustrate how those amounts are calculated into the proposed maximum PSCR factors.

January 20 motion, p. 3. In Consumers’ opinion, the Commission’s approval of the proposed temporary order will “ease rate burdens on customers.” *Id.*

Consumers asserted that if the total amount of the Commission-approved 2022 PSCR underrecovery is less than or exceeds the projected 2022 underrecovery amount set forth in the application, Consumers:

will incorporate that decrease or increase in the power supply costs charged to customers, as soon as practicable. That reconciliation will be accomplished either through an adjustment to 2022 underrecovery amounts added to the 2023, 2024, and 2025 PSCR Plan years, if possible, or through an adjustment to the power supply costs presented in the next PSCR Plan case proceeding following the Commission's determination of the Company's actual recoverable 2022 power supply costs, consistent with the Commission-approved roll-in methodology.

January 20 motion, p. 3. Consumers stated that, following Commission approval of the proposed temporary order, the company will file a revised exhibit demonstrating removal of two-thirds of the projected 2022 underrecovery from the 2023 PSCR plan year. Finally, Consumers averred that the Commission's approval of the proposed temporary order "will not constitute a final resolution of the review of Consumers Energy's 2023 PSCR Plan case or 2022 PSCR reconciliation case and that issuing the requested order will not preclude parties from raising any issues that they could have raised in the absence of the order, including claims that portions of the \$449,076,328 should be disallowed as being unreasonable and imprudent." January 20 motion, p. 4.

On January 30, 2023, CUB filed a statement of non-objection to Consumers' January 20 motion. On February 1, 2023, the Attorney General, ABATE, and RCG each filed a statement of non-objection to Consumers' January 20 motion. And, on February 2, 2023, MPLP/ACLP and the Staff each filed a statement of non-objection to Consumers' January 20 motion.

Section 6j(8) of Act 304 states that "[t]he commission, on its own motion or the motion of any party, may make a finding and enter a temporary order granting approval or partial approval of a power supply cost recovery plan in a power supply and cost recovery review, after first giving notice to the parties to the review, and after giving the parties to the review a reasonable

opportunity for a full and complete hearing.” The Michigan Court of Appeals has also affirmed the Commission’s authority to approve temporary factors so the utility may charge customers a price for gas that is substantially similar to the price at the time of consumption. *See, Mich Community Action Agency v Pub Serv Comm*, unpublished opinion per curiam of the Court of Appeals, issued June 19, 2007 (Docket No. 263262), slip opinion, p. 13; *see also, In re Application of Consumers Energy Co*, 278 Mich App 547, 567; 753 NW2d 287 (2008) and *Attorney General v Pub Serv Comm*, 235 Mich App 308, 314-316; 597 NW2d 264 (1999).

The Commission has reviewed the record in this case and finds that the company’s request for approval of a temporary order should be granted. According to the application, testimony, and exhibits, the company “has observed a significant power supply cost underrecovery in 2022 due to actual costs exceeding the cost projections in the 2022 PSCR Plan, particularly with respect to natural gas costs.” Application, p. 2; *see also*, direct testimony of Nathan J. Hoffman, pp. 13, 18; direct testimony of Stephen J. Nadeau, pp. 4-6; direct testimony of Angela K Rissman, pp. 4-5. The Commission finds that while it is desirable and in the public interest to match market prices to the PSCR factors as closely as possible during the PSCR plan period such that market fluctuations are generally reflected in the price charged to PSCR customers, such a precise billing scenario is not always possible, especially during times of unforeseen elevated and volatile pricing. In this instance, the recovery of reasonable and prudent costs should be collected over an extended period. In addition, the Commission finds that approval of the temporary factors in this case will lessen the potential rate impact on customers for the 2023 PSCR plan year. Finally, the Commission notes that the intervening parties have filed statements of non-objection to Consumers’ request for approval of temporary factors.

Accordingly, the Commission grants the relief requested in Consumers' January 20 motion. Specifically, and subject to the Commission's final order in this case, Consumers is authorized to incorporate approximately one-third of its projected 2022 power supply cost underrecovery, or \$149,692,109, in its 2023 PSCR plan, and the company shall remove the remaining two-thirds, or \$299,384,219, of the projected 2022 power supply cost underrecovery from the amount that would be recovered by the maximum PSCR factor set forth in the application. Furthermore, if the Commission approves Consumers' total projected 2022 PSCR underrecovery in the final order approving the company's 2022 PSCR reconciliation, the \$299,384,219 shall be included for recovery in equal portions in the 2024 and 2025 PSCR plan years, including any statutory interest that is owed to Consumers. In the event that the power supply cost underrecovery that is approved in the company's 2022 PSCR reconciliation is less than or exceeds the 2022 projected underrecovery set forth in the company's application in this case, Consumers will incorporate the decrease or increase in the power supply costs that are charged to customers as soon as practicable. Finally, because all issues concerning the reasonableness and prudence of Consumers' 2022 PSCR reconciliation and 2023 PSCR plan remain subject to further review, the Commission is persuaded that granting the relief requested in the January 20 motion is in the public interest.

Pursuant to the terms of Consumers' rate book for electric service, the company is required to file a revised Sheet No. D-6.00 at least 10 days before the actual PSCR factor is billed to its customers in the subsequent billing month. In order to implement the revised maximum PSCR factor approved in this order as expeditiously as possible, the Commission waives the requirement to file a revised Sheet No. D-6.00 at least 10 days before the actual PSCR factor is billed so that the company may implement the revised maximum PSCR factor in the March 2023 bill month. Should the timing of this order not enable Consumers to implement the revised maximum PSCR

factor in the March 2023 bill month, the company shall implement the revised maximum PSCR factor in the earliest possible subsequent bill month when the revised maximum PSCR factor can be reasonably implemented.

THEREFORE, IT IS ORDERED that:

A. Until issuance of the Commission's final order in this proceeding, Consumers Energy Company is authorized to incorporate approximately one-third of the projected 2022 power supply cost underrecovery (or \$149,692,109) in its 2023 power supply cost recovery plan, and the company shall remove the remaining two-thirds (or \$299,384,219) of the projected 2022 power supply cost underrecovery from the amount that would be recovered by the maximum power supply cost recovery factor proposed in the company's application in this case.

B. If Consumers Energy Company's total projected 2022 power supply cost underrecovery is approved in the final order approving the company's 2022 power supply cost recovery reconciliation, the \$299,384,219 shall be included for recovery in equal portions in the 2024 and 2025 power supply cost recovery plan years, including any statutory interest that is owed to the company, as set forth in the company's January 20, 2023 motion in this docket.

C. If the power supply cost underrecovery that is approved in Consumers Energy Company's 2022 power supply cost recovery reconciliation is less than or exceeds the projected 2022 underrecovery set forth in Consumers Energy Company's application in this case, the company shall include the decrease or increase in the power supply costs that are charged to customers as soon as practicable.

D. Within 30 days of the date of this order, Consumers Energy Company shall file an exhibit demonstrating the removal of two-thirds of the projected 2022 power supply cost underrecovery and the resulting decreased 2023 maximum power supply cost factor.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel.

Electronic notifications should be sent to the Executive Secretary at [mpscedockets@michigan.gov](mailto:mpscedockets@michigan.gov) and to the Michigan Department of Attorney General - Public Service Division at [pungpl@michigan.gov](mailto:pungpl@michigan.gov). In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

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Daniel C. Scripps, Chair

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Tremaine L. Phillips, Commissioner

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Katherine L. Peretick, Commissioner

By its action of February 23, 2023.

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Lisa Felice, Executive Secretary


# PROOF OF SERVICE

STATE OF MICHIGAN )

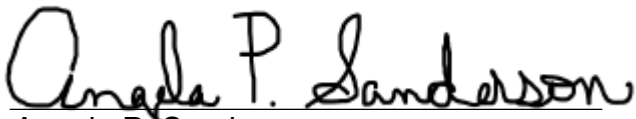
Case No. U-21257

County of Ingham )

Brianna Brown being duly sworn, deposes and says that on February 23, 2023 A.D. she electronically notified the attached list of this **Commission Order via e-mail transmission**, to the persons as shown on the attached service list (Listserv Distribution List).

  
Brianna Brown

Subscribed and sworn to before me  
this 23<sup>rd</sup> day of February 2023.



Angela P. Sanderson  
Notary Public, Shiawassee County, Michigan  
As acting in Eaton County  
My Commission Expires: May 21, 2024



**Service List for Case: U-21257**

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