S T A T E O F M I C H I G A N

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the *ex parte* application of **ALPENA POWER COMPANY** for accounting authority to defer expenses for the March/April 2025 extraordinary storm event.	)))))	Case No. U-21931

At the December 5, 2025 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair
Hon. Katherine L. Peretick, Commissioner
Hon. Shaquila Myers, Commissioner

ORDER

On June 16, 2025, Alpena Power Company (Alpena) filed an application in this case requesting *ex parte* approval for accounting authority to utilize a regulatory asset to defer the operations and maintenance (O&M) expense associated with the March/April 2025 extraordinary storm event in the company's service territory.

In its application, Alpena states that "[b]eginning on March 28, 2025, Alpena's entire service territory experienced impactful weather conditions that resulted in extreme and severe ice accumulation, high winds, downed trees and tree damage, impassable roads, downed and damaged power poles, lines, and related equipment, and damaged transformers." Application, p. 2. More specifically, according to the company, the:

> damage to the distribution system caused by the ice storm included broken poles, damaged distribution transformers, broken crossarms, downed primary wire, downed secondary wire, and, to the largest extent, trees on primary, secondary, and

> service wires. Alpena replaced 33 poles, 31 distribution transformers, and 22 crossarms during restoration and also removed trees from hundreds of miles of primary, secondary, and service wires.

Id., p. 3. The company also notes that "[b]ased on the amount of freezing rain and ice accumulation, the National Weather Service has confirmed this ice storm to be the worst ice storm in northern Michigan in over 100 years." *Id.*, p. 2. According to the company, the:

> ice storm caused two grid scale outages that impacted Alpena's distribution system: (a) the Alpena Station grid from 11:59 p.m. on March 29, 2025, to 6:41 a.m. on March 30, 2025; and (b) the Northern Michigan grid from 9:23 a.m. on March 30, 2025, to 6:51 p.m. on March 31, 2025.

Id., p. 2.

Alpena points out that Governor Gretchen Whitmer issued a Declaration of State of Emergency for 10 northern Michigan counties (subsequently increased to 12 northern Michigan counties), including the four counties in which Alpena serves its customers: Alpena County, Presque Isle County, Montmorency County, and Alcona County. *Id.*

Alpena further states that "[a]s a result of the ice storm event all of Alpena's 16,775 customers experienced outages" which "resulted in 93,968,749 outage minutes for Alpena's customers." *Id.*, p. 3. Alpena indicates that "[b]y comparison, the second largest major storm, by customer outage minutes, occurred in 2012 and resulted in 2,583,311 customer outage minutes. Alpena has major storm records available since 1998." *Id.* The company explains that it:

> worked diligently to restore service to its customers, with the assistance of Alpena's personnel, mutual aid labor and equipment, contractor labor and equipment, and National Guard assistance. Between these groups, Alpena peaked at 109 personnel in the field, excluding supervision. Alpena steadily restored services from March 31, 2025, onward, with full-service restoration occurring on April 10, 2025.

Id.

According to its application, Alpena indicates that it "estimates this storm will result in approximately $2.25 million in total restoration expense, with operating and maintenance

(“O&M”) expenses being about $2.1 million of the total” and that this “amount is significantly higher than any other storm event O&M amount on record, and for 2025 Alpena budgeted approximately $0.5 million of O&M expense for storm and outage response.” *Id*.

Alpena therefore requests that the Commission approve its request for accounting authority to defer O&M expense associated with the March/April 2025 storm event as a regulatory asset to be reviewed for recovery in a future rate case or other proceeding. The company asserts that approval of the use of a regulatory asset, as requested, will not increase rates or charges for any customer and, therefore, it may be approved without notice or hearing.

The Commission has reviewed Alpena’s application and finds that it is reasonable, in the public interest, and should be approved. In addition, the Commission finds that approval of the application will not result in an increase in the cost of service to customers and, therefore, approval may be granted without notice or hearing pursuant to MCL 460.6a(3).

The Commission finds that the application in this case is approved for accounting purposes only. The Commission notes that by granting approval of the accounting authority, it is not reducing the evidentiary burden the company must meet before it may recover these costs in a future proceeding. Additionally, the Commission expects that the costs associated with this regulatory asset, if ultimately approved for recovery in a future proceeding, will not be included in any future rate case as part of a historical average calculation to inform a test year request. As part of meeting its evidentiary burden, Alpena is directed to provide comprehensive storm data for the March/April 2025 storm event, including, but not limited to, at a minimum, a breakdown of capital and O&M unit costs for internal and contractor crews, separated by category.

In addition, Alpena is directed to demonstrate how its restoration efforts were conducted in a cost-effective manner and how its customers experienced efficent restoration. This information should be filed in this docket, as well as any other docket in which the company is seeking ultimate cost recovery for these deferred accounting balances. Finally, as part of any filing seeking recovery for any storm-related costs as outlined in this order, the company shall file a comparison of different potential cost-recovery options, including amortization, securitization, return of the regulatory asset—but not a return on the asset—and potentially other recovery methods, as well as a demonstration as to why the company's preferred approach to cost recovery is in the best interest of its customers. The Commission reserves judgment on the ultimate recovery of any deferred storm restoration costs until it has had the opportunity to evaluate the reasonableness and prudence of the costs incurred and the reasonableness and prudence of the method by which the costs are to be recovered.

THEREFORE, IT IS ORDERED that Alpena Power Company's application requesting *ex parte* approval for accounting authority to use a regulatory asset to defer operations and maintenance expense associated with the March/April 2025 storm event is approved, as set forth in this order.

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 LARA-MPSC-Edockets@michigan.gov and to the Michigan Department of Attorney General - Public Service Division at sheac1@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

Daniel C. Scripps, Chair

Katherine L. Peretick, Commissioner

Shaquila Myers, Commissioner

By its action of December 5, 2025.

Lisa Felice, Executive Secretary

P R O O F   O F   S E R V I C E

STATE OF MICHIGAN)

Case No. U-21931

County of Ingham)

Brianna Brown being duly sworn, deposes and says that December 5, 2025 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 J. Brown

Brianna Brown

Subscribed and sworn to before me
this 5th day of December 2025.

Angela P. Sanderson

Angela P. Sanderson
Notary Public, Shiawassee County, Michigan
As acting in Eaton County
My Commission Expires: May 21, 2030

Service List for Case: U-21931

Name	On Behalf Of	Email Address
Alpena Power Company	Alpena Power Company	kd@alpenapower.com
Timothy M. Gulden	Alpena Power Company	tmgulden@bfwlawfirm.com