



# CITY OF PORTLAND, MICHIGAN

## ELECTRIC RATE UPDATE: 2025-2026

### WHY YOUR RATES ARE CHANGING

Portland's electric rates will **increase by 4%** for the 2025-2026 fiscal year. This change was recommended by the Board of Light and Power and approved by City Council as part of the annual budget. The increase reflects projected rises in wholesale energy costs, based on expert analysis and market trends.

Our goal is to keep your service affordable while covering the real costs of providing power.

### WHAT YOUR BILL SUPPORTS

Portland's electric budget is split roughly in half:

- 50% goes toward buying wholesale power
- 50% covers local operations, including maintaining power lines and equipment, operating the city-owned dam and power plant, customer service and billing, and legal, engineering, and safety compliance.

### HOW WE BUY POWER

Portland works with other municipal utilities through the Michigan Public Power Agency (MPPA) to purchase electricity in bulk. This shared approach, called group buying power, means:

- Better pricing through bulk purchases
- More stable, long-term contracts
- Shared protection against market volatility

Each year, we secure about 80% of our power needs before the fiscal year begins. The remaining 20% is purchased on the open market and can be affected by:

- Market prices
- Customer usage
- Weather
- Government regulations

### WHAT IS THE PCA?

The Power Cost Adjustment (PCA) is a tool that helps balance the difference between forecasted and actual wholesale power costs. It uses a three-month rolling average to make small adjustments on your bill. The PCA allows us to:

- Recover costs when energy prices spike (for example, in heatwaves or very cold months)
- Pass along savings when prices drop (such as in spring or mild winters)

This keeps your electric rates fair and stable, even as energy prices on the open market shift from month to month.

### HOW PORTLAND STACKS UP

Even with this year's increase, Portland's electric rates remain among the most affordable in Michigan. For the 2024-2025 fiscal year:

- Residential customers paid about **15%** less than the Michigan average
- Rates were more than **25%** lower than those from Consumers Energy

### IN SUMMARY

The City of Portland is committed to safe, reliable, and affordable electric service. Careful planning and smart power purchases help shield customers from market swings, keeping rates competitive and service dependable.