

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
UPPER PENINSULA POWER COMPANY)	
for reconciliation of its power supply cost recovery)	Case No. U-20206
plan for the 12 months ended December 31, 2018.)	
_____)	

At the September 26, 2019 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Daniel C. Scripps, Commissioner
Hon. Tremaine L. Phillips, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On March 28, 2019, Upper Peninsula Power Company filed an application pursuant to MCL 460.6j, with supporting testimony and exhibits, requesting approval of its power supply cost recovery reconciliation for the 12 month period ended December 31, 2018.

A prehearing conference was held on May 20, 2019, before Administrative Law Judge Kandra K. Robbins (ALJ). At the prehearing conference, the ALJ granted intervenor status to Citizens Against Rate Excess and the Association of Businesses Advocating Tariff Equity. The Commission Staff also participated in the proceeding. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

The Commission has reviewed the settlement agreement and finds that the public interest is adequately represented by the parties who entered into the settlement agreement. The Commission

further finds that the settlement agreement is in the public interest, represents a fair and reasonable resolution of the proceeding, and should be approved.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A, is approved.

B. Upper Peninsula Power Company shall reflect the net 2018 power supply cost overrecovery of \$1,508,295 as its 2019 power supply cost recovery reconciliation beginning balance.

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 and to the Michigan Department of the Attorney General – Public Service Division at 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

Sally A. Talberg, Chairman

Daniel C. Scripps, Commissioner

Tremaine L. Phillips, Commissioner

By its action of September 26, 2019.

Lisa Felice, Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
UPPER PENINSULA POWER COMPANY)	Case No. U-20206
for reconciliation of its power supply cost)	
recovery plan for the 12-months ended)	
December 31, 2018.)	
_____)	

SETTLEMENT AGREEMENT

As provided in § 78 of the Administrative Procedures Act of 1969 (“APA”), as amended, MCL 24.278, and Rule 431 of the Michigan Administrative Hearing System’s Administrative Hearing Rules, 2015 ACR 792.10431, Upper Peninsula Power Company (“UPPCO”), the Michigan Public Service Commission Staff (“Staff”), Citizens Against Rate Excess (“CARE”) and the Association of Businesses Advocating Tariff Equity (“ABATE”) hereby agree as follows:

1. On March 28, 2019, UPPCO filed with the Michigan Public Service Commission (“Commission”) its Application, along with the testimony and exhibits of Eric W. Stocking, seeking authority to reconcile its power supply costs with its power supply revenues for the 12-month period ending December 31, 2018.

2. On April 25, 2019, a Notice of Hearing was issued directing UPPCO to mail a copy of the Notice of Hearing to all cities, incorporated villages, townships, and counties in its electric service area and to intervenors in Case Nos. U-17895 and U-18406. The Commission further directed UPPCO to publish the Notice of Hearing in daily newspapers of general

circulation throughout its service area. Complying with the directives, UPPCO electronically filed an affidavit of mailing and proofs of publication on May 6, 2019.

3. On May 20, 2019, Administrative Law Judge Kandra Robbins presided over a prehearing conference in this matter, and Staff entered its Appearance. CARE's and ABATE's petitions to intervene were granted.

4. On August 8, 2019, the Staff filed the testimony and exhibits of Diane M. Martin. ABATE and CARE did not file direct cases.

5. Staff's review consisted of tests of mathematical accuracy and analytical tests for reasonableness. Staff conducted a detailed analysis of the PSCR costs and revenues that lead to adjustments to the power supply costs and interest rates for the reconciliation period. Staff's adjustments revised the over-recovery to \$1,508,295.

6. Subsequently, reflective of Staff's audit, Staff, UPPCO, CARE and ABATE entered into settlement discussions and as a result thereof have agreed to settle all contested issues as follows:

- a. The 2018 power supply expenses were incurred under reasonable and prudent policies and practices.
- b. Based on Staff's audit and testimony, for the 12-month period ending December 31, 2018, it is agreed that the difference between PSCR revenues and expenses for 2018 is \$1,508,295 and represents a net over-recovery. This amount reflects the 2018 monthly cumulative PSCR \$3,577,171 under-recovery balance, a \$4,776,324 over-recovery rolled-in from the 2017 PSCR reconciliation, and \$309,142 interest. It is agreed

that UPPCO will reflect the 2018 power supply cost over-recovery of \$1,508,295 as its 2019 PSCR reconciliation beginning balance.

7. It is the opinion of all signatories that this settlement agreement is reasonable, in the public interest, and will aid in the expeditious conclusion of this case.

8. This settlement agreement is intended for a final disposition of Case No. U-20206, and the parties join in respectfully requesting that the Commission grant prompt approval. Each signatory agrees not to appeal, challenge or contest the Commission's order accepting and approving this settlement agreement without modification. It is agreed that if the Commission does not accept this settlement agreement in its entirety, then the agreement shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever.

9. This settlement agreement and all offers of settlement and discussions are privileged and shall not be used in any manner, nor be admissible, for any other purpose in connection with this proceeding or any other proceeding except so as to prove the contents herein.

10. All signatories agree to waive § 81 of the APA as amended, MCL 24.281, as it applies to the issues in this proceeding, if the Commission approves this settlement agreement without modification.

UPPER PENINSULA POWER COMPANY

Sherri

Digitally signed by: Sherri
Wellman
DN: CN = Sherri Wellman email =
wellmans@millercanfield.com C
= AD O = Miller Canfield
Date: 2019.08.29 14:41:59 -04'00'

Wellman

Dated: August 29, 2019

By: _____
Its Attorney
Sherri A. Wellman (P38989)
MILLER, CANFIELD, PADDOCK and STONE, P.L.C.
One Michigan Avenue, Suite 900
Lansing, Michigan 48933
(517) 483-4954

MICHIGAN PUBLIC SERVICE COMMISSION STAFF



Dated: August 29, 2019

By: _____
Its Attorney
Amit T. Singh (P75495)
Assistant Attorney General
Public Service Division
7109 West Saginaw Highway
3rd Floor
Lansing, MI 48917
(517) 284-8140

CITIZENS AGAINST RATE EXCESS



Digitally signed by
John R. Liskey
Date: 2019.08.31
11:33:05 -04'00'

Dated: August 29, 2019

By: _____
Its Attorney
John R. Liskey (P31580)
921 North Washington Avenue
Lansing, MI 48906
(517) 913-5105

ASSOCIATION OF BUSINESSES ADVOCATING TARIFF
EQUITY

Stephen
A.
Campbell

Digitally signed by: Stephen A. Campbell
DN: CN = Stephen A. Campbell email =
scampbell@clarkhill.com C = US O =
Clark Hill PLC
Date: 2019.09.04 15:53:29 -05'00'

Dated: August 29, 2019

By: _____

One of its Attorneys
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PROOF OF SERVICE

STATE OF MICHIGAN)

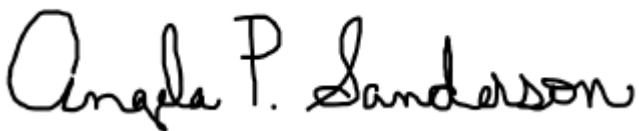
Case No. U-20206

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on September 26, 2019 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 26th day of September 2019.



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

Service List for Case: U-20206

Name	Email Address
Amit T. Singh	singha9@michigan.gov
Bryan A. Brandenburg	bbrandenburg@clarkhill.com
Constance D. Groh	cdgroh@liskeypllc.com
John R. Liskey	john@liskeypllc.com
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