

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission's own motion, )  
to consider changes in the rates of all the Michigan )  
rate-regulated electric, steam, and natural gas )  
utilities to reflect the effects of the federal Tax Cuts )  
and Jobs Act of 2017: **UPPER MICHIGAN** )  
**ENERGY RESOURCES CORPORATION** files an )  
application for determination of Credit B as )  
described in orders U-18494 and U-20110. )

Case No. U-20183

In the matter, on the Commission's own motion, )  
to consider changes in the rates of all the Michigan )  
rate-regulated electric, steam, and natural gas )  
utilities to reflect the effects of the federal Tax Cuts )  
and Jobs Act of 2017: **ALPENA POWER** )  
**COMPANY, CONSUMERS ENERGY COMPANY,** )  
**DETROIT THERMAL, LLC, DTE ELECTRIC** )  
**COMPANY, DTE GAS COMPANY, INDIANA** )  
**MICHIGAN POWER COMPANY, NORTHERN** )  
**STATES POWER COMPANY-WISCONSIN, UPPER** )  
**PENINSULA POWER COMPANY, UPPER** )  
**MICHIGAN ENERGY RESOURCES** )  
**CORPORATION, WISCONSIN ELECTRIC POWER** )  
**COMPANY, PRESQUE ISLE ELECTRIC & GAS** )  
**CO-OP, MICHIGAN GAS UTILITIES** )  
**CORPORATION, and SEMCO ENERGY GAS** )  
**COMPANY.** )

Case No. U-18494

In the matter, on the Commission's own motion, )  
to consider changes in the rates of all the Michigan )  
rate-regulated electric, steam, and natural gas )  
utilities to reflect the effects of the federal Tax Cuts )  
and Jobs Act of 2017: **UPPER MICHIGAN** )  
**ENERGY RESOURCES CORPORATION** files an )  
application for determination of Credit A as )  
described in order U-18494. )

Case No. U-20110

At the October 17, 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**

On February 22, 2018, the Commission issued an order in Case No. U-18494 (February 22 order), adopting a three-step approach to address the impacts of the federal corporate tax reduction arising from the Tax Cuts and Jobs Act of 2017 (TCJA). The first step, the Credit A proceeding, is the rate credit based on the taxes going-forward. The February 22 order directed certain utilities, including Upper Michigan Energy Resources Corporation (UMERC), to file a Credit A application. The second step, the Credit B proceeding, is the rate credit addressing the impacts of the TCJA from January 1, 2018, to the date of the order in the utility's Credit A case. The Commission required the Credit B application to be filed by a utility within 60 days of the order establishing its Credit A. The third step, the Calculation C proceeding, captures the remaining impacts of the TCJA, including accumulated deferred income taxes.

On May 30, 2018, the Commission issued an order approving a settlement agreement in UMERC's Credit A proceeding (Case No. U-20110), and on September 28, 2018, the Commission issued an order (September 28 order) approving a settlement agreement in UMERC's Credit B proceeding (Case No. U-20183). In the September 28 order, the Commission directed UMERC, if necessary, to report total residual balances for the refund reports in this docket and, if an under credit occurred that is less than \$2,500, to give the amount to a charity of UMERC's choosing. September 28 order, p. 3. Pursuant to that directive, on March 8, 2019, UMERC filed its report

regarding the residual balance arising from the implementation of its Credit B tax refund amount, and indicated that for the month of June 2019, the company implemented the surcharges expressed in the report to collect negative residual balances for its electric and gas Wisconsin Public Service Commission (WPSC) Rate Zone and made a charitable donation to address the positive residual balance for its Wisconsin Electric Power Company Rate Zone.

On September 20, 2019, UMERG filed an amended report. UMERG explains that subsequent to the original report filed on March 8, 2019, the company determined that it had improperly calculated the per therm surcharge used to collect the negative residual balance, or over credit, for its natural gas service, and as a result, over collected from its WPSC Rate Zone natural gas customers. In support of the amended report, UMERG included the derivation of the surcharge for the natural gas WPSC Rate Zone based on forecasted June 2019 volumes, including transportation volumes that should have been included in the original report. Attachment 3 to the amended report. UMERG states that the overcollection resulting from applying the incorrect surcharge amount was \$52,849.25 plus interest in the amount of \$933.91, for a total overcollection of \$53,783.16. Amended report, p. 3; Attachment 4 to the amended report. UMERG proposes to implement a \$0.01427 per therm credit for the months of November and December 2019 to remedy the overcollection. Amended report, pp. 3-4. The per therm credit is reflected in Attachments 4 and 5 to the amended report.

UMERG asserts that the proposed per therm credit is consistent with the settlement agreement and requests that the Commission approve the amended report and authorize the company to implement the per therm credit set forth in Attachment 5 to the amended report for November and December 2019 for the purpose of remedying the overcollection.

The Commission has reviewed the amended report and request to implement the \$0.01427 per therm credit for November and December 2019 and finds that the amended report and proposed per therm credit should be approved. The Commission finds that the amended report is consistent with the terms of the settlement agreement and that the \$0.01427 per therm credit will effectively remedy the overcollection. The Commission further finds that *ex parte* review and approval of this order is appropriate because the amended report is consistent with a settlement agreement that has been fully vetted through a contested case proceeding pursuant to the Administrative Procedures Act of 1969, MCL 24.201 *et seq.*; the request seeks to remedy an inadvertent error by the company; and approval of the request to implement the per therm credit will not affect rates or rate schedules resulting in an increase in the cost of service to customers. *See*, MCL 460.6a(3).

THEREFORE, IT IS ORDERED that:

A. The September 20, 2019 amended report filed by Upper Michigan Energy Resources Corporation is approved as consistent with the September 28, 2018 order approving the settlement agreement and Upper Michigan Energy Resources Corporation is authorized to implement the \$0.01427 per therm credit for November and December 2019 for the purpose of remedying the overcollection from the company's Wisconsin Public Service Commission Rate Zone customers.

B. Within 10 days from the date of this order, Upper Michigan Energy Resources Corporation shall file in this docket tariff sheets substantially similar to the tariff sheets set forth in Attachment 5 to the September 20, 2019 amended report.

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 the Attorney General – Public Service Division at [pungp1@michigan.gov](mailto:pungp1@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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Sally A. Talberg, Chairman

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Daniel C. Scripps, Commissioner

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Tremaine L. Phillips, Commissioner

By its action of October 17, 2019.

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Lisa Felice, Executive Secretary


# PROOF OF SERVICE

STATE OF MICHIGAN )

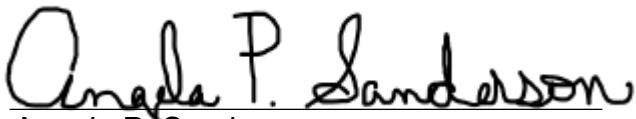
Case No. U-20183 *et al.*

County of Ingham )

Brianna Brown being duly sworn, deposes and says that on October 17, 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 17<sup>th</sup> day of October 2019.



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

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Michigan Gas Utilities/Upper Penn Power/Wisconsin

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Katie Abraham, MMEA

Indiana Michigan Power Company

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