

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of	)	
<b>WISCONSIN ELECTRIC POWER COMPANY</b>	)	
to commence a renewable energy cost	)	Case No. U-20489
reconciliation proceeding for the 15-month	)	
period ended March 31, 2019.	)	
_____	)	

At the January 23, 2020 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 July 1, 2019, Wisconsin Electric Power Company (WEPCo) filed its renewable energy (RE) reconciliation application, with supporting testimony and exhibits, requesting authority to reconcile its RE revenues and expenses for the 15-month period ended March 31, 2019. WEPCo's application included its 2018 RE Annual Report.

A prehearing conference was held on September 24, 2019, before Administrative Law Judge Sally L. Wallace. WEPCo and the Commission Staff 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. Wisconsin Electric Power Company's application for authority to reconcile its renewable energy plan revenues and expenses for the 15-month period ended March 31, 2019, is approved.

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 [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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Sally A. Talberg, Chairman

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Daniel C. Scripps, Commissioner

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Tremaine L. Phillips, Commissioner

By its action of January 23, 2020.

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Lisa Felice, Executive Secretary

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

\* \* \* \*

In the matter of the application of	)	
<b>WISCONSIN ELECTRIC POWER COMPANY</b>	)	
d/b/a We Energies renewable energy reconciliation	)	Case No. U-20489
proceeding for the 15-month period	)	
<u>ended March 31, 2019, and for related relief.</u>	)	

**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 Rules, R 792.10431, Wisconsin Electric Power Company (“WEPCo” or the “Company”) and the Michigan Public Service Commission (“MPSC” or the “Commission”) Staff (“Staff”), hereby agree as follows:

1. On July 1, 2019, WEPCo filed in this case its renewable energy (“RE”) reconciliation application, along with the supporting testimony and exhibits of John G. Guntlisbergen, for the 15-month period ending March 31, 2019. WEPCo seeks to reconcile the first 3 months of 2019 with the calendar year 2018 out of administrative convenience because as of April 1, 2019, with the onset of the Upper Michigan Energy Resources Corporation (“UMERC”) RICE generation units, WEPCo ceased to provide retail electric services in Michigan and transferred Tilden Mining Company, LLC (“Tilden”) to UMER.

2. In its direct case, WEPCo stated that, for the 15-month period ended March 31, 2019, its RE plan resulted in a cumulative regulatory asset of \$858,466, including interest.

3. On August 28, 2019, the Commission's Executive Secretary directed WEPCo to mail a copy of the Notice of Hearing to all cities, incorporated villages, townships and counties in its Michigan electric service area, and to all intervenors in Case No. U-20177, and to publish the Notice of Hearing in daily newspapers of general circulation throughout its Michigan electric service area. WEPCo electronically filed its affidavits of mailing and proofs of publication on September 18, 2019.

4. Administrative Law Judge ("ALJ") Sally Wallace presided over the September 24, 2019 prehearing conference. The Staff participated in the proceeding, and there were no intervenors.

5. Staff thoroughly reviewed the Company's RE Plan reconciliation through a number of means including the submission of information requests and reviewed the submittals from the Company. Staff reviewed the REC inventory, generation, and compliance support from the Company and from the Michigan Renewable Energy Certification System (MIRECS).

6. Subsequently, the parties participated in settlement discussions, and agree as follows:

A. WEPCo's RE reconciliation, as filed in this case, satisfies the requirements of MCL 460.1049. Consistent with the RE Plan approved in Case No. U-17798, the parties agree to the recovery of WEPCo's Michigan allocated share of the costs of post-2008 PA 295 RE generated at Company-owned facilities, namely the Glacier Hills Wind Farm ("Glacier Hills"), the Montfort Energy Center ("Montfort") and the Rothschild Biomass Project ("Rothschild") via the transfer price and RE surcharge mechanisms (subject to limits on Rothschild costs set forth in Paragraph 5.f. of the settlement agreement in Case No. U-17798).

B. The transfer price applicable to RE from Glacier Hills was the \$80.41 per megawatt hour (“MWh”) transfer price approved in the Commission’s Order Approving Settlement Agreement dated May 26, 2009, in Case No. U-15812, which was affirmed in the Commission’s October 11, 2012 Order in Case No. U-16367, the December 19, 2013 Order in Case No. U-17072, and the February 11, 2016 Order in Case No. U-17798, and the transfer prices of \$72.09 per MWh and \$73.46 per MWh applicable to RE from Montfort and Rothschild in 2018 and 2019 respectively, were those contained in the transfer price schedule established in the Commission’s December 19, 2013 Order in Case No. U-16662, February 12, 2015 Order in Case No. U-17562, and February 11, 2016 Order in Case No. U-17798.

C. WEPCo met its REC portfolio requirements for the 15-month period ending March 31, 2019.

D. For the 15-month period that ended March 31, 2019, WEPCo’s reconciliation results in a cumulative regulatory asset of \$858,466 including interest. WEPCo should be authorized to transfer the regulatory asset to UMERL consistent with the directives in Case No. U-18237. Specifically, as ordered in U-18237, upon Tilden transferring to UMERL, 62.5% of the existing Michigan regulatory asset balance (\$536,542) is to be transferred to UMERL consistent with WEPCo’s RE reconciliation. WEPCo will complete the transfer of its remaining REC bank for the Michigan jurisdiction to UMERL’s WEPCO Rate Zone after the Commission finds that WEPCo met its 2019 REC portfolio requirements.

E. WEPCo’s 2018 RE Annual Report satisfies the requirements of MCL 460.1051, and WEPCo is in compliance with the RE standards.

7. The parties are of the opinion that this Settlement Agreement is reasonable, in the public interest, and will aid in the expeditious conclusion of this case. This Settlement Agreement is entered into for the sole and express purpose of reaching a compromise among the parties.

8. The parties further agree that any order approving this Settlement Agreement shall not establish precedent for future proceedings. This Settlement Agreement is based on the facts and circumstances of this case and is intended as the final disposition of Case No. U-20489. If the Commission approves this Settlement Agreement without modification, neither the parties to the settlement nor the Commission shall make any reference to, or use this Settlement Agreement or the order approving it, as a reason, authority, rationale or example for taking any action or position or making any subsequent decision in any other case or proceeding; provided, however, such references may be made to enforce or implement the provisions of this Settlement Agreement and the order approving it.

9. This Settlement Agreement is not severable. Each provision of this Settlement Agreement is dependent upon all other provisions of this Settlement Agreement. Failure to comply with any provision of this Settlement Agreement constitutes failure to comply with the entire Settlement Agreement. If the Commission does not accept the Settlement Agreement without modification, it shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever.

10. The 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.

11. All parties agree to waive Section 81 of the APA, as amended MCL 24.281, as it applies to the issues in this proceeding.

WISCONSIN ELECTRIC POWER COMPANY

Sherri

Wellman

Digitally signed by: Sherri  
Wellman  
DN: CN = Sherri Wellman email  
= wellmans@millercanfield.  
com, C = AD O = Miller Canfield  
Date: 2020.01.03 12:45:37 -  
05'00'

Dated: January 3, 2020

By: \_\_\_\_\_

Its Attorney  
Sherri A. Wellman (P38989)  
MILLER, CANFIELD, PADDOCK  
AND STONE, P.L.C.  
One Michigan Avenue, Suite 900  
Lansing, MI 48933  
(517) 487-2070

MICHIGAN PUBLIC SERVICE COMMISSION  
STAFF



Dated: January 3, 2020

By: \_\_\_\_\_

Monica M. Stephens (P73782)  
Spencer A. Sattler (P70524)  
Assistant Attorneys General  
Public Service Division  
7109 W. Saginaw Highway  
Lansing, MI 48917  
(517) 241-6680

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# PROOF OF SERVICE

STATE OF MICHIGAN )

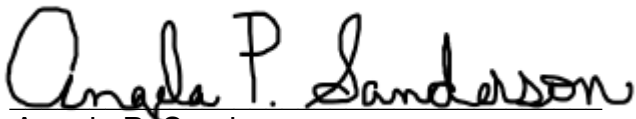
Case No. U-20489

County of Ingham )

Brianna Brown being duly sworn, deposes and says that on January 23, 2020 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 January 2020.



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

**Service List for Case: U-20489**

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Name	Email Address
Monica M. Stephens	stephensm11@michigan.gov
Sally Wallace	wallaces2@michigan.gov
Sherri A. Wellman	wellmans@millercanfield.com
Spencer A. Sattler	sattlers@michigan.gov
Wisconsin Electric Power Company	kevin.fletcher@wecenergygroup.com