

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter, on the Commission's own motion,)	
regarding the regulatory reviews, revisions,)	
determinations, and/or approvals necessary for)	Case No. U-20376
UPPER PENINSULA POWER COMPANY to fully)	
comply with Public Act 295 of 2008, as amended)	
by Public Act 342 of 2016.)	
_____)	

At the May 8, 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 February 7, 2019, the Commission opened this docket and directed Upper Peninsula Power Company (UPPCo) to file an energy waste reduction (EWR) plan for the 2020 and 2021 calendar years. On July 1, 2019, UPPCo filed an application, with supporting testimony and exhibits, requesting approval of its EWR plan for the 2020 and 2021 calendar years.

A prehearing conference was held on September 4, 2019, before Administrative Law Judge Martin D. Snider. The Commission Staff also participated in the proceeding. Subsequently, the parties filed 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. Within 30 days of the date of this order, Upper Peninsula Power Company shall file a tariff sheet substantially similar to Attachment 4 to the settlement agreement.

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 May 8, 2020.

Lisa Felice, Executive Secretary

STATE OF MICHIGAN
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<hr/>)	

SETTLEMENT AGREEMENT

Pursuant to Section 78 of the Administrative Procedures Act of 1969, as amended, MCL 24.278 ("APA") and Rule 431 of the Michigan Administrative Hearing System's Administrative Rules, R 792.10431, Upper Peninsula Power Company ("UPPCO" or the "Company") and the Commission Staff ("Staff") agree as follows:

1. On February 7, 2019, the Michigan Public Service Commission ("Commission") issued its Order opening the docket in this matter and directing the Company to file its energy waste reduction ("EWR") plan for the 2020 and 2021 calendar years. On February 8, 2019, the Commission issued an erratum correcting the Company's filing date.

2. On July 1, 2019, the Company filed its application and supporting testimony and exhibits of Andrew A. McNeally. This filing reflected UPPCO's plan for providing EWR programs to its customers (including low income), explaining how those programs will be administered, specifying the funding necessary for its plan and how the EWR costs will be

recovered. In this original filed testimony, UPPCO's EWR savings target was 1.50% for plan years 2020 and 2021.

3. On August 2, 2019, the Commission's Executive Secretary issued the Notice of Hearing in this proceeding directing the Company to mail a copy of the Notice of Hearing to all cities, incorporated villages, townships and counties in its service area, as well as to interveners in Case Nos. U-17895 & U-18265. Further, the Company was directed to publish the Notice of Hearing in daily newspapers of general circulation throughout its service area. Consistent with these directives, on August 26, 2019, the Company electronically filed its affidavits of mailing and proofs of publication.

4. On September 4, 2019, Administrative Law Judge ("ALJ") Martin D. Snyder conducted a prehearing conference. The Company and Staff participated in the proceedings. There were no intervenors.

5. Staff conducted a thorough review of the Company's filing specifically assessing the feasibility of the implementation, the cost-effectiveness of the programs, and the savings levels projected by the Company in this plan. On October 30, 2019, Staff filed the testimony and exhibits of Brad B. Banks, recommending that UPPCO increase its EWR targets to 1.65% in 2020 and 1.75% in 2021. This was consistent with testimony filed by Staff in the Company's most current IRP filing, Case No. U-20350

6. On December 3, 2019, UPPCO filed the rebuttal testimony and exhibits of Andrew H. McNeally, indicating that UPPCO accepted Staff's proposed EWR targets and revising the Company's EWR Plan to include the activities and costs needed to reach these targets. In this rebuttal testimony, UPPCO's EWR savings target was updated to reflect a 1.65% and 1.75% energy savings target for plan years 2020 and 2021.

7. On February 6, 2020, in MPSC Case No. U-20350, the Commission issued a final

order approving an EWR target of 1.65% and 1.75%, respectively, for 2020 and 2021, and providing necessary guidance for UPPCO to revise its EWR targets in development of its updated EWR plan.

7. Subsequently, the parties have had extensive discussions, and have agreed to enter into this Settlement Agreement. In view of the foregoing, and pursuant to Section 78 of the APA, UPPCO and Staff hereby stipulate and agree as follows:

a. The Commission should accept UPPCO's revised EWR plan, attached hereto as Attachment 1.

b. As reflected in Attachment 2 hereto, the revised EWR plan cost summary and budget for 2020 is \$3,213,869, and for 2021 is \$3,347,131. With the application of pending carry-forward dollars, assumed here to be \$276,651 for 2020 and 2021, as reflected in Attachment 3 along with UPPCO now self-administrating the revised EWR Plan, the EWR Plan collections for 2 years are \$6,284,349.

c. If any customer opts to self-direct an EWR Plan in lieu of participating in the UPPCO Plan as provided for in Section 93 of PA 342, the MWh savings targets in UPPCO's EWR plan shall be adjusted by removing the historical MWh values attributable to that customer for the purpose of calculating the three-year average savings targets. Similarly, amendments to the EWR plan cost summary and budget for the applicable year will be made if any customer self-directs an EWR plan.

d. The revised EWR plan and budget reflect energy savings goals that support an emphasis of investment in long life measures and low-income spending.

e. The EWR plan programs are designed and planned to be implemented with spending targets by customer class. If, however, it appears that one program within a customer class will have funds remaining at the end of the year and that other programs within

that customer class have the capacity to use additional funds within the plan year, up to 30% can be reallocated between programs within customer classes.

f. UPPCO has contracted with Michigan Community Action Agency Association and CLEARResult. The parties recognize that the contracts will be revised to address the greater EWR targets, updated costs as reflected in rebuttal, and additional low-income programs discussed in Attachment 1. UPPCO will continue to collaborate with Efficiency UNITED for the Company's program design, implementation, and Evaluation, Measurement and Verification valuation.

g. Any funds from the prior year that UPPCO has not expended will carry-over into the subsequent year.

h. The Commission should approve the EWR plan financial incentive mechanism included as Attachment 3, pursuant to Section 75 of 2008 PA 295, as amended by 2016 PA 342.

i. The Commission should determine that the EWR plan attached hereto as Attachment 1 and supported by Attachments 2 and 3 is reasonable and prudent, and that it meets all of Act 295's requirements as amended by 2016 PA 342 and the Order.

j. The Commission should approve the surcharges on the tariff sheet attached as Attachment 4 effective on the first full month immediately following the issuance of a Commission order approving this settlement agreement.

k. UPPCO's EWR plan shall become effective for the first month following the issuance of a Commission order approving this settlement agreement. The costs and MWh reflecting the increased EWR targets in UPPCO's 2020 EWR Plan shall be prorated based upon the number of complete billing months remaining in 2020, when the surcharges in Attachment 4 take effect.

1. The Company shall continue to file reconciliations each calendar year for the preceding calendar year's revenues and costs by March 31. The Company shall file with the Commission an application, including supporting testimony and exhibits which includes, but is not limited to: (i) reconciling for the period covered, the revenue billed; with (a) actual costs for purposes of determining interest on any over-recoveries and under-recoveries; and (b) the levelized revenue requirements, for purposes of determining revised energy waste reduction surcharges; (ii) calculating revenue over-recovery or under-recovery in total and by each major customer class; (iii) including interest at the Company's short-term borrowing rate on any over-recoveries and under-recoveries; and (iv) if appropriate, proposing revised energy waste reduction surcharges, which shall include an amount designed to true-up reconciliation amounts.

8. UPPCO will agree to send monthly reports to MPSC Staff to track EWR plan versus actual results.

9. All of the signatories are of the opinion that this settlement agreement is reasonable, prudent and will aid in the expeditious conclusion of this case.

10. This settlement agreement is entered into for the sole and express purpose of reaching a compromise among the parties. All offers of settlement and discussions relating to this settlement are considered privileged under MRE 408. If the Commission approves this settlement agreement without modification, neither the parties to the settlement nor the Commission shall make any references 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.

11. Pursuant to Rule 431 of the Michigan Administrative Hearing System's Administrative Rules, R 792.10431(6) the parties agree any order approving this settlement agreement shall not establish precedent for future proceedings and shall not be used as such. This settlement agreement is based on the facts and circumstances of this case and is intended as the final disposition of this case only. If the Commission approves this settlement agreement, without modification, the undersigned parties agree not to appeal, challenge or otherwise contest the Commission order approving this settlement agreement only. Except as otherwise set forth herein, the parties agree and understand that this settlement agreement does not limit any party's right to take new and/or different positions in the next EWR plan.

12. 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 rejects or modifies this settlement agreement or any provision of this settlement agreement, this settlement shall be deemed to be withdrawn, shall not constitute any part of the record in this proceeding or be used for any other purpose, and shall not operate to prejudice the pre-negotiation positions of any party.

13. The parties agree to waive Section 81 of the Administrative Procedures Act of 1969 (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

Paul Collins

Digitally signed by: Paul Collins
DN: CN = Paul Collins email =
collinsp@millercanfield.com C = AD O = Miller
Canfield
Date: 2020.03.27 11:52:28 -04'00'

Dated: March 27, 2020

By: _____

Its Attorney
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MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Monica M. Stephens

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Stephens
Date: 2020.04.03 16:22:56 -04'00'

Dated: March __, 2020

By: _____

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Upper Peninsula Power Company

Energy Waste Reduction Plan

2020-2021

Program Descriptions

UPPCO Proposed Energy Waste Reduction Programs

The Upper Peninsula Power Company (UPPCO) was a part of the Efficiency United program between the passage of SB295 until 2018. In 2018, UPPCO took the EWR effort in-house to customize programs to its unique territory and reduce overall costs while still reaching goals. The 2020-2021 plan continues that in-house management of proposed programs and is presented within this plan filing. The primary programs currently offered will continue though some measures and incentive levels may change to respond to market, technology and customer changes. Two additional programs are added to the program mix though they have been tested during 2018-2019; Appliance Recycling and the Multi-Family Program. A third program, Small Business Financing, will be piloted in 2020 and if successful, implemented in 2021. The proposed programs consist of the following.

Residential Programs:

- Income Qualified Services
- ENERGY STAR® Lighting and Appliances
- Home Performance
- Appliance Recycling
- Multi-Family Direct Install

Business Programs:

- Business Prescriptive
- Business Custom
- Small Business Direct Install
- Small Business Financing

UPPCO will also continue its education and pilot programs as outlined in the EWR law and guidelines.

The majority of UPPCO customers do not heat with electricity. UPPCO will focus on the electric heat market to help those customers improve their structures and reduce costs. For customers with natural gas heating, UPPCO will work with their gas distribution company to seek joint programs where applicable.

One of the goals of UPPCO is to grow local skills and jobs as part of the EWR efforts. To accomplish this, UPPCO will build upon the relationships established with local market providers and trade allies. Emphasis will be placed not only on program participation, but on educating these allies on new technologies and appropriate application of known efficient technologies.

Program Element	Residential Income Qualified Services
Objective	Provide recommendations, financial assistance and education to customers with limited income to assist them in reducing their electric energy use and managing their utility costs. Coordinate income qualified services with local weatherization providers and other agencies in order to provide comprehensive assistance at lower administrative costs.
Target Market	<p>Residential customers whose income is estimated to be below 200% of poverty level. Services will be targeted to diverse segments of the population including those living in single family and multi-family buildings, homeowners and renters.</p> <p>Residential electric heat customers that are in arrears or at risk of falling behind on bill payments will be the target market for the home energy assessments. These include income-eligible customers who have or may receive shut off notices and those that are eligible for the Winter Protection Plan.</p>
Program Duration	Services for customers with limited income will be an ongoing element of the program portfolio.
Program Description	UPPCO will help income qualified customers get access to existing programs that can assist them and if appropriate, provide a home energy assessment that includes education and the direct installation of efficiency measures to assist customers in reducing their energy use. UPPCO will partner with other agencies and utilities to provide customers with coordinated closely related programs when applicable.
Eligible Measures	Cost effective electric measures that will be permissible for this program include replacement of inefficient lighting/equipment with ENERGY STAR® labeled products including LED's, replacement of inefficient refrigerators over 10 years, heat pump water heaters, attic insulation and infiltration reduction for electric heat customers and ECM heating water circulator pumps. In addition to energy efficiency measures, the program will allow up to \$500 investment per home for health and safety improvements that are related to the energy efficiency improvements and construction.
Implementation Strategy	The utility will work with one or more implementation contractors to conduct the home energy assessments and install measures in homes and multifamily properties. This program will be coordinated with local agencies to subsidize the delivery of the program when possible.
Marketing Strategy	<p>Marketing will be closely coordinated with the local weatherization agencies and UPPCO's implementation contractors. Key elements of the marketing strategy include:</p> <ul style="list-style-type: none"> • Targeted outreach through local agencies • Presentations in the community • UPPCO website and newsletter • Press releases • Targeting of multi-family rental property owners
EM&V Requirements	Evaluation activities for the residential low-income program will focus on verification and assessment of electric energy impacts for the installed measures.

<i>Estimated Participation</i>	Participation (in Units of Installed Measures)		
	2020	2021	
	3,062	3,962	
<i>Estimated Budget</i>	Annual Budgets		
	2020	2021	
	\$480,256	\$516,256	
<i>Savings Targets</i>	Energy Savings (Annual NET kWh)		
	2020	2021	
	1,974,495	2,634,280	

Program Element	Residential ENERGY STAR® Products
Objective	Produce long-term annual energy savings in the residential sector by promoting ENERGY STAR® rated high-efficiency lighting and appliances.
Target Market	Residential customers seeking to purchase and install new lighting products, dehumidifiers, clothes washers and dryers, TVs, and air purifiers. Residential rental property owners and customers living in rental properties are also eligible.
Program Duration	Ongoing element of the program portfolio.
Program Description	<p>The Residential ENERGY STAR® program will leverage the nationally recognized ENERGY STAR® brand, when applicable, to promote products that can reduce electric energy use. Energy efficient choices can save families about a third on their energy bill, without sacrificing features, style or comfort. The ENERGY STAR® brand helps consumers make the most energy efficient choice.</p> <p>The lighting efforts in the program will provide opportunities for customers to use efficient ENERGY STAR® lighting products by receiving the products directly and/or by providing upstream market incentives and market support through retailers to build market share and usage of ENERGY STAR® lighting products. The program targets the purchase of lighting products through in-store promotion as well as special sales events. As technology and lighting standards change, focus will be more towards specialty lighting options over the plan period.</p> <p>In addition to utilizing the retail lighting market, UPPCO will add the additional option of receiving high efficiency lighting through lighting “kits” that will be distributed by mail. These free kits will be available one per household on a limited basis. This will help increase penetration of lighting in rural areas where there are fewer retail options.</p> <p>Appliance efforts will focus on retail sales of clothes washers and dryers, TVs, air purifiers and dehumidifiers. The program will work through local appliance retail stores and provide incentives to customers to encourage them to replace their older, inefficient equipment with high-efficiency units.</p>
Eligible Measures	<p>Eligible measures include:</p> <ul style="list-style-type: none"> • ENERGY STAR® lighting products (LEDs and LED Fixtures, and Ceiling Fans). • ENERGY STAR® TVs • ENERGY STAR® Dehumidifiers • ENERGY STAR® Clothes Washers and Dryers (with moisture sensor) • ENERGY STAR® Air Purifier • ENERGY STAR® Room Air Conditioners

	Measures will change over time as technology, markets and standards change.											
Implementation Strategy	<ul style="list-style-type: none">• Lighting strategies. The Lighting program employs multiple delivery strategies, including upstream, midstream, and downstream offers. The upstream offers use manufacturers to apply incentives that are passed on to customers; midstream offers use distributors, retailers, or contractors; downstream offers provide incentives and/or products directly to the end-use customer.• Retailer recruitment, education and outreach. The utility's implementation contractor will utilize a field representative to facilitate the recruitment of local appliance retailers to participate in the program.• Application processing: The utility's implementation contractor will coordinate processing of all incentives and rebate applications.• Lighting kits. Kits will be provided through the mail by an energy fulfillment house.											
Marketing Strategy	<p>High efficient lighting and appliances will be marketed through local retailers. All marketing materials will carry a strong consumer education message emphasizing the cost of operating older, inefficient equipment and the benefits of early replacement with ENERGY STAR® qualified models (lifetime dollar savings, energy savings, lower noise, etc.). Marketing materials will leverage the ENERGY STAR® brand, which enjoys a high level of consumer recognition and favorable associations. Kits will be marketed through direct mail and the website.</p> <p>Key elements of the marketing strategy include:</p> <ul style="list-style-type: none">• Direct consumer marketing through the UPPCO website and newsletter• Point-of-purchase displays• Cooperative advertising with retailers											
EM&V Requirements	Savings values are based on documented values from the Michigan Energy Measures Database. Evaluation activity will focus on verification of installation and estimates of deemed savings.											
Estimated Participation	<table><tr><th colspan="3">Participation (in Units of Installed Measures)</th></tr><tr><th>2020</th><th>2021</th><th></th></tr><tr><td>30,309</td><td>31,959</td><td></td></tr></table>			Participation (in Units of Installed Measures)			2020	2021		30,309	31,959	
Participation (in Units of Installed Measures)												
2020	2021											
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Estimated Budget	<table><tr><th colspan="3">Annual Budgets</th></tr><tr><th>2020</th><th>2021</th><th></th></tr><tr><td>\$269,012</td><td>\$335,012</td><td></td></tr></table>			Annual Budgets			2020	2021		\$269,012	\$335,012	
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Savings Targets	<table><tr><th colspan="3">Energy Savings (Annual NET kWh)</th></tr><tr><th>2020</th><th>2021</th><th></th></tr><tr><td></td><td></td><td></td></tr></table>			Energy Savings (Annual NET kWh)			2020	2021				
Energy Savings (Annual NET kWh)												
2020	2021											

	3,094,287	4,123,463	
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Program Element	Appliance Recycling Program
Objective	The objective of the Residential Appliance Recycling Program is to produce cost-effective, long-term annual energy savings and demand reduction by removing from the utility grid secondary operable, inefficient appliances in an environmentally safe manner and to prevent those appliances from being resold in the secondary used appliance market.
Target Market	All residential customers are eligible for the program. The primary target market will be those with working second and third refrigerators and freezers, inefficient room air conditioners and inefficient dehumidifiers.
Program Duration	Ongoing element of the program portfolio.
Program Description	<p>The Appliance Recycling Program will produce cost-effective long-term annual energy savings in the residential market by removing operable, inefficient refrigerators, freezers, room air conditioners (room ACs) and dehumidifiers from the utility grid in an environmentally safe manner. Older room ACs, refrigerators, freezers and dehumidifiers can be some of the least efficient electrical appliances in the home. Often these older inefficient appliances are used when they are not functioning properly and as a result, they use electricity very inefficiently.</p> <p>A certified recycling agency will be responsible for the recycling process of dismantling the refrigerators, freezers, room ACs and dehumidifiers and removing oils and refrigerants and other recyclable components.</p> <p>Barriers exist to the replacement of old existing appliances with energy-efficient products, including difficulty in finding places to recycle old appliances, inability to deliver appliances to the drop-off location, lack of financial resources, competition for funds with other household budget items, and lack of awareness/knowledge about the benefits and costs of new energy efficiency measures. The Appliance Recycling Program is designed to minimize these market barriers and encourage customers to dispose of old inefficient appliances and to increase the market share of ENERGY STAR® appliances by offering incentives, convenient scheduling of appointments, cost-free pick-up of qualifying equipment or convenient drop-off locations at special events.</p>
Eligible Measures	<p>Technologies included in the program are:</p> <ul style="list-style-type: none"> • Refrigerators • Freezers • Dehumidifiers • Room Air Conditioners <p>Eligible measures may be revised over time as needed to reflect changes in current market conditions, EM&V results, and program experience.</p>
Implementation Strategy	UPPCO will provide program oversight. An appliance recycling contractor will provide turnkey implementation services, including the pick-up services, drop-off events, and proper

	<p>disposal of the appliances in an environmentally safe manner, application and incentive processing, incentive payments, education and training, community outreach, tracking, verification, and marketing.</p> <p>Customers will receive an incentive to have their old appliance recycled. Appliances will be collected in two ways; special drop-off events and free pick-up. Special Recycling Drop-Off events will be held in target communities. These have been found to be a cost-effective way to get appliances recycled due to special marketing around the events. The pick-up service will be available for people who cannot drop off their appliance. Room air conditioners and dehumidifiers will only be picked up with a refrigerator or freezer. All qualifying appliances can be dropped off at the special events.</p> <p>Incentives may vary based on market and program responses.</p>									
Marketing Strategy	<p>Consumer education and marketing will be key components that emphasize the benefits of savings associated with retiring old, inefficient appliances and the importance of ensuring proper disposal and recycling.</p> <p>The marketing and communications strategy will be designed to inform customers of the availability and benefits of the program and how they can participate. To control the implementation of this program and scheduling of the appliance pick-up and special events, direct marketing will be a key source of communication.</p> <p>Key elements of the marketing strategy include:</p> <ul style="list-style-type: none">• Direct consumer marketing through the UPPCO website and newsletter.• Brochures that describe the benefits and features of the program including program contact information. The brochures will be available for various public awareness events (presentations, seminars, etc.).• Bill inserts, bill messages and email messages to targeted customers.• Special event community promotions.									
EM&V Requirements	<p>Savings values are based on documented values from the Michigan Energy Measures Database. Evaluation activity will focus on verification of appliances recycled</p>									
Estimated Participation	<table><tr><th colspan="3">Participation (in Units of Installed Measures)</th></tr><tr><th>2020</th><th>2021</th><th></th></tr><tr><td>1,000</td><td>1,000</td><td></td></tr></table>	Participation (in Units of Installed Measures)			2020	2021		1,000	1,000	
Participation (in Units of Installed Measures)										
2020	2021									
1,000	1,000									
Estimated Budget	<table><tr><th colspan="3">Annual Budgets</th></tr><tr><th>2020</th><th>2021</th><th></th></tr><tr><td>\$56,537</td><td>\$56,537</td><td></td></tr></table>	Annual Budgets			2020	2021		\$56,537	\$56,537	
Annual Budgets										
2020	2021									
\$56,537	\$56,537									

<i>Savings Targets</i>	Energy Savings (Annual NET kWh)		
	2020	2021	
	781,623	781,623	

Program Element	Home Performance
Objective	Produce long-term peak demand reduction and annual energy savings in the residential sector by promoting high-efficiency HVAC equipment.
Target Market	Residential customers seeking to purchase and install new air conditioning units, furnaces with ECM motors, heat pumps, smart thermostats, room air conditioners, electric water heaters and pumps. Residential rental property owners and customers living in rental properties are also eligible.
Program Duration	Ongoing element of the program portfolio.
Program Description	<p>The Home Performance HVAC program will leverage the nationally recognized ENERGY STAR® brand, when applicable, to promote products that can reduce electric energy use. Energy efficient choices can save families about a third on their energy bill, without sacrificing features, style or comfort. The ENERGY STAR® brand helps consumers make the most energy efficient choice.</p> <p>The program will focus on contractor-installed heating, cooling, and water-heating equipment and pump installers. For electric heat customers, walk through audits will be offered and include direct install lighting and water heating measures.</p> <p>The high-efficiency HVAC program will promote premium efficiency furnaces that have high-efficiency motors (electrically commutated motors – ECMs). ECM motors save electric energy during the heating and cooling seasons. Since the primary type of heating system in the utility’s service area is gas forced air, this program will closely coordinate with the local natural gas providers so that incentives can be coordinated on furnaces that have the high-efficiency motors. Incentives for the installation of setback thermostats will also be available.</p> <p>Although federal efficiency standards for central air-conditioning have recently increased in some states, there are still opportunities to promote units that exceed the current standards in Michigan and thus achieve additional energy savings. The program will provide incentives for high-efficiency central air-conditioners with an SEER rating ≥ 15. The program will also offer incentives for ENERGY STAR® heat pump water heaters, air-source heat pumps, ground-source heat pumps, and ductless “mini-split” heat pumps.</p>
Eligible Measures	<p>Eligible measures include:</p> <ul style="list-style-type: none"> • Central Air Conditioners • ECM Motors on High Efficiency Furnaces • Air-Source, Ductless Heat Pumps

	<ul style="list-style-type: none">• Ground source HP• Heat Pump Water Heaters (ENERGY STAR®)• Setback and Wi-Fi Thermostats• ECM Heating Water Circulator Pump• Direct Install measures including ENERGY STAR® lighting and water efficiency measures for electric heat customers									
Implementation Strategy	<ul style="list-style-type: none">• Contractor recruitment, education and outreach. The utility’s implementation contractor will utilize a field representative to facilitate the recruitment of local HVAC/plumbing contractors to participate in the program.• Planning coordination with local natural gas provider. The utility’s implementation contractor will work closely with the natural gas utility to coordinate incentive levels, eligibility requirements, marketing materials, and contractor outreach.• Application processing: The utility’s implementation contractor will coordinate processing of all rebate applications.• Provide complete website presence. The program will be comprehensively outlined on the utility website. Customers and market providers will also be able to review qualifying measures, download incentive applications, and complete applications via an online portal.									
Marketing Strategy	<p>The HVAC and water heater components of the program will be primarily marketed through local contractors, the most direct influencers of customer purchase decisions. Contractors will receive training and educational materials to share with their customers.</p> <p>All marketing materials will carry a strong consumer education message emphasizing the cost of operating older, inefficient appliances and the benefits of early replacement with ENERGY STAR® qualified models (lifetime dollar savings, energy savings, lower noise, etc.). Marketing materials will leverage the ENERGY STAR® brand, which enjoys a high level of consumer recognition and favorable associations.</p> <p>Key elements of the marketing strategy include:</p> <ul style="list-style-type: none">• Direct consumer marketing through the UPPCO website and newsletter.• Point-of-purchase displays.• Cooperative advertising with contractors.									
EM&V Requirements	Savings values are based on documented values from the Michigan Energy Measures Database. Evaluation activity will focus on verification of installation and estimates of deemed savings.									
Estimated Participation	<table><tr><th colspan="3">Participation (in Units of Installed Measures)</th></tr><tr><th>2020</th><th>2021</th><th></th></tr><tr><td>3,118</td><td>3,118</td><td></td></tr></table>	Participation (in Units of Installed Measures)			2020	2021		3,118	3,118	
Participation (in Units of Installed Measures)										
2020	2021									
3,118	3,118									

<i>Estimated Budget</i>	Annual Budgets		
	2020	2021	
	\$207,960	\$207,960	
<i>Savings Targets</i>	Energy Savings (Annual NET kWh)		
	2020	2021	
	588,556	588,556	

Program Element	Multi-Family Direct Install
Objective	The objective of the program is to increase the efficiency of Multi-Family homes/buildings to save money for tenants and landlords.
Target Market	Multi-Family buildings with 4 or more units. The program will include both market rate and subsidized rental units.
Program Duration	January 1, 2020 – December 31, 2021 Program may continue depending on market penetration of the program at the end of this period.
Program Description	<p>The multi-family market has been a difficult market to get participation in energy efficiency programs. The primary reasons are that the landlords who own the building don't pay the electric bills for the living units within the building. People living in rental properties don't have a financial incentive to improve the buildings they don't own. These tenants can improve some aspects of their energy use through better lighting, behavior changes, water consumption reduction and education on energy efficiency. The Multi-Family program is designed to help improve the efficiency of the living units inside of multi-family buildings and to improve the lighting in the common areas of the building (interior and exterior). Multi-Family buildings often have two distinct areas from a utility perspective, living units that have their own meter and common areas which have a commercial meter. In-unit improvements will be made through a direct install strategy for both lighting and electric water heating. Common area improvements will be through both a direct install and rebated approach depending on the measure. Common area savings will be captured within the Small Business Direct Install and Business Prescriptive programs to assure that costs get allocated properly.</p> <p>This program will also assist multi-family buildings with subsidized rental units housing low-income customers. Buildings identified as receiving subsidized rents (ex: Section 8 housing) or in areas where the population is more than 50% low-income, will be tracked through the low-income program and may qualify for additional measures available under that program.</p>
Eligible Measures	<p>In-unit direct install measures will include:</p> <ul style="list-style-type: none"> • LED bulbs • Bathroom flow restrictors • Kitchen flow restrictors • Low flow showerheads • Pipe wrap for accessible electric water heaters <p>Common Area</p> <ul style="list-style-type: none"> • LED interior lighting • LED exterior lighting

	<ul style="list-style-type: none">• LED linear lighting fixtures and tubes• LED exit signs									
Implementation Strategy	The implementation contractor will work with landlords to gain participation for that building and the tenants. Each living unit will get direct installation of lighting and water heating measures with consent of the tenant. The contractor will work with the landlord to install appropriate lighting measures in the common areas and will be coordinated through the Small Business Direct Install program. All implementation activities will be through the implementation contractor and include administration, marketing, installation and tracking. They will also be responsible for verifying if the building qualifies for the program and if they qualify for additional low-income services.									
Marketing Strategy	Marketing of the program will primarily be direct contact with landlords by program staff. Implementation staff will also make presentations to landlord associations where there are active associations. Materials and information will be available for distribution and on the website.									
EM&V Requirements	Savings values are based on documented values from the Michigan Energy Measures Database. Evaluation activity will focus on installation verification and application of deemed savings.									
Estimated Participation	<table><tr><th colspan="3">Participation (in Units of Installed Measures)</th></tr><tr><th>2020</th><th>2021</th><th></th></tr><tr><td>3,991</td><td>3,991</td><td></td></tr></table>	Participation (in Units of Installed Measures)			2020	2021		3,991	3,991	
Participation (in Units of Installed Measures)										
2020	2021									
3,991	3,991									
Estimated Budget	<table><tr><th colspan="3">Annual Budgets</th></tr><tr><th>2020</th><th>2021</th><th></th></tr><tr><td>\$28,405</td><td>\$28,405</td><td></td></tr></table>	Annual Budgets			2020	2021		\$28,405	\$28,405	
Annual Budgets										
2020	2021									
\$28,405	\$28,405									
Savings Targets	<table><tr><th colspan="3">Energy Savings (Annual NET kWh)</th></tr><tr><th>2020</th><th>2021</th><th></th></tr><tr><td>177,486</td><td>177,486</td><td></td></tr></table>	Energy Savings (Annual NET kWh)			2020	2021		177,486	177,486	
Energy Savings (Annual NET kWh)										
2020	2021									
177,486	177,486									

Program Element	Business Prescriptive
Objective	<p>There are two primary objectives for the Business Prescriptive Program:</p> <ol style="list-style-type: none"> 1) Increase the market share of a targeted group of commercial high-efficiency electric technologies sold through market channels. 2) Increase the installation rate of a targeted group of high-efficiency electric technologies in commercial facilities by businesses that would not have done so in the absence of the program.
Target Market	<p>All business customers are eligible to participate in the Prescriptive program when they purchase qualifying equipment. The program will utilize a targeted outreach strategy to influence specific markets.</p> <ol style="list-style-type: none"> 1) Market Providers (wholesalers, distributors, engineering and architectural firms, developers, and builders) that will promote the qualifying technologies 2) High-impact/high-need customer sectors (such as schools, municipal buildings, hospitals, food service, and hospitality)
Program Duration	Ongoing element of the program portfolio.
Program Description	<p>The Prescriptive program will provide incentives for the purchase and installation of specific high efficiency technologies. The program will affect the purchase and installation of high-efficiency technologies through a combination of market push and pull strategies that stimulate market demand while simultaneously increasing market provider investment in stocking and promoting them.</p> <p>The program will increase demand of efficient technologies by educating business customers about the energy and money saving benefits associated with efficient products and equipping market providers to communicate those benefits directly to their customers. To address the first-cost barrier for customers, the program will utilize financial incentives (i.e. cash-back mail-in rebates) to lower the cost of purchasing qualifying technologies.</p> <p>The program will stimulate market provider investment in stocking and promoting efficient products through a targeted outreach effort. The implementation contractor will employ field representatives to proactively train and equip market providers to convey the energy and money saving benefits to customers. Further, the existence of cash-back incentives will elevate efficiency to a competitive issue that will naturally motivate market providers to stock and promote targeted products.</p>
Eligible Measures	Initial eligible measures are listed in Table 1. Note that eligible measures may change over time as the MEMD, markets, standards and technologies change.
Implementation Strategy	<ul style="list-style-type: none"> • Outreach to market providers. The implementation contractor will inform and recruit participating market providers/trade allies. Outreach will include orientation meetings and conducting in-person visits aimed at training and equipping market providers to communicate program information to customers. Training will be provided to the market providers on new technologies and the appropriate application of those technologies. The implementation contractor will ensure that market providers have an updated stock

	<p>of program materials. Key market providers that will be targeted include:</p> <ul style="list-style-type: none">• Lighting distributors, wholesalers,• HVAC distributors and retail contractors• Motors/compressed air vendors• Food service equipment distributors and retailers• Engineering and Architectural firms• Developers and Builders in the commercial market <ul style="list-style-type: none">• Outreach to targeted customers. The program staff will personally contact energy managers and decision makers within the targeted customer sectors. They will assist business customers in determining the energy and cost savings benefits from using the prescriptive incentives for new high efficiency equipment in their operations. The UPPCO business account representatives will assist with outreach within the course of their regular contacts with business customers.• Energy Assessments. The implementation contractor will provide energy assessments to eligible customers. Energy assessments will include a walk-through analysis by the implementation contractor's Energy Advisor and a report detailing recommended next steps and estimated energy savings. The assessments will drive customers to participate in the incentive programs.	
Marketing Strategy	<p>The Business Prescriptive Program will employ the following marketing strategies:</p> <ul style="list-style-type: none">• Engage market providers/trade allies. Outreach and training will be provided to a targeted group of providers that have business motivations for promoting incentives to their customers.• Outreach to targeted customers. The implementation contractor will work closely with UPPCO to identify and conduct face-to-face meetings with key end-use customers to recruit their participation. The contractor will target decision makers within the customer's organization including energy managers, facility managers, financial and operations managers, chief engineer and facility/property managers, maintenance supervisors, and building operators. Energy assessments will be offered to eligible customers to further encourage participation.• Outreach to key influencers. The implementation contractor's energy advisors will work to generate awareness of the program through presentations and seminars with appropriate trade associations (ASHRAE, BOMA, school administrators, etc.).• Provide website presence. The program will be comprehensively outlined on the utility website. Customers and market providers will be able to review qualifying measures and download incentive applications via an online portal.	
EM&V Requirements	<p>The utility's implementation contractor will be responsible for implementing the following types of measurement and verification activities to facilitate the utility's third-party evaluation work:</p> <ul style="list-style-type: none">• Collect and track all participating customers, measure installations, and incentive data.• In the incentive process, verify that each product on which incentives are paid meets the prescribed efficiency standards for the incentive.• Conduct on-site inspections of 2% to 5% of equipment for which customers receive incentives to verify that products were installed and that the model and serial numbers match those provided on the incentive claim. Any inconsistencies will be researched and the resolution recorded. Market providers associated with inconsistencies will receive follow up inspections on projects in which they are associated.	
Estimated Participation	<table><tr><td>Estimated Participation (in Units of Installed Measures)</td></tr></table>	Estimated Participation (in Units of Installed Measures)
Estimated Participation (in Units of Installed Measures)		

	2020	2021	
	179,880	179,880	
<i>Estimated Budget</i>	Annual Budgets		
	2020	2021	
	\$318,281	\$318,281	
<i>Savings Targets</i>	Energy Savings (Annual NET kWh)		
	2020	2021	
	1,278,635	1,278,635	

Program Element	Business Custom
Objective	<p>There are two primary objectives for the Business Custom Program:</p> <ol style="list-style-type: none"> 1) Increase the market share high-efficiency electric technologies sold through market channels. 2) Affect the installation of site-specific and unique energy efficiency technologies and process improvements (that do not fit the parameters of the prescriptive incentive offerings) by business customers that would not have done so in the absence of the program.
Target Market	<p>All business customers are eligible to participate in the Custom program when they purchase and install cost effective energy efficiency equipment. The program will utilize a targeted outreach strategy to influence specific markets.</p> <ol style="list-style-type: none"> 1) Market Providers (wholesalers, distributors, engineering and architectural firms, developers, and builders) that will promote the qualifying technologies. 2) High-impact/high-need customers such as industrial customers and others that use unique processes or equipment that are not covered by the Prescriptive program.
Program Duration	Ongoing element of the program portfolio.
Program Description	<p>The Business Custom program helps customers and market providers identify more complex energy savings projects, analyze the economics of each project, and complete a customized incentive grant application. Over the long term, the custom solutions approach will allow the utility to develop and enhance the assistance they can provide to businesses with unique opportunities – including industrial process improvements, emerging technologies, and new facility design and/or modernization. To address the first-cost barrier for customers, the program will utilize financial incentives based on energy and demand savings from the cost-effective high efficiency technologies. Initial incentives will be \$0.10 per first year kWh saved for most technologies. LED Low Bay lighting will be incented at \$0.08 per first year kWh saved. Experience from previous years has shown this is enough to stimulate that Low Bay market. Incentives will change over time if needed to address market response and goal attainment.</p> <p>The program will affect the purchase and installation of unique high-efficiency technologies through a combination of market push and pull strategies that stimulate market demand while simultaneously increasing market provider investment in stocking and promoting these unique technologies.</p> <p>The program will increase market demand by educating business customers about the energy and money saving benefits associated with efficient products and equipping market providers to communicate those benefits directly to their customers.</p> <p>The implementation contractor will employ field representatives to proactively train and equip market providers to convey the energy and money saving benefits to customers.</p> <p>The Custom program will include a new construction/renovation component that will assist customers in specifying and installing unique high efficiency measures and establishing effective commissioning on the long-term performance of the building.</p> <p>During 2020 a special street lighting initiative will be completed by UPPCO. This three-year</p>

	initiative, ending with 2700 fixture installations in 2020, replaces the UPPCO owned streetlights with high efficiency LED units. This saves the utility and its customers using the streetlights energy and money. Savings only are captured within the EWR program as costs are included within the ratebase.
Eligible Measures	Unique measures, innovative technologies and new processes that cost effectively save energy are eligible for the Custom program. Savings will be based on calculated energy savings pre and post installation. Incentives will be paid only after installation and on-site verification of the installation.
Implementation Strategy	<ul style="list-style-type: none"> • Outreach to market providers. The implementation contractor will inform and recruit participating market providers. Outreach will include orientation meetings and conducting in-person visits aimed at training and equipping market providers to communicate program information to customers. The Contractor will ensure that providers have an updated stock of program materials. Key market providers that will be targeted include: <ul style="list-style-type: none"> • Innovative technologies and solutions from: <ul style="list-style-type: none"> ○ Lighting distributors, wholesalers, ○ HVAC distributors and retail contractors ○ Motors/compressed air vendors ○ Food service equipment distributors and retailers • Engineering and architectural firms • Developers and builders in the commercial market • Outreach to targeted customers. The program staff will personally contact energy managers and decision makers within the targeted customer sectors. They will assist business customers in determining opportunities for the Custom program for their operations. The UPPCO business account representatives will assist with outreach within the course of their regular contacts with business customers. • Energy Assessments. The implementation contractor will provide energy assessments to eligible customers. Energy assessments will include a walk-through analysis by the implementation contractor's Energy Advisor and a report detailing recommended next steps for installing innovative technologies or new processes.
Marketing Strategy	<p>The Custom program will employ the following marketing strategies:</p> <ul style="list-style-type: none"> • Incentives to Customers. Incentives will be per annual kWh reduced based on engineering estimates reviewed by the program and the evaluator (for larger projects). • Engage market providers. Outreach and training will be provided to a targeted group of providers that have business motivations for promoting cost effective high efficiency innovative technologies or processes to their customers. • Outreach to targeted customers. The utility's implementation contractor will work closely with UPPCO to identify and conduct face-to-face meetings with key end-use customers to recruit their participation. The contractor will target decision makers within the customer's organization including energy managers, facility managers, financial and operations managers, chief engineer and facility/property managers, maintenance supervisors, and building operators. Energy assessments will be offered to eligible customers to further encourage participation. • Outreach to key influencers. The implementation contractor's energy advisors will work to generate awareness of the program through presentations and seminars with appropriate trade associations (ASHRAE, BOMA, school administrators, etc.).

	<ul style="list-style-type: none">• Provide website presence. The program will be comprehensively outlined on the utility website. Customers and market providers will be able to download incentive applications and review program requirements via an online portal.									
EM&V Requirements	<p>The utility’s implementation contractor will be responsible for implementing the following types of measurement and verification activities to facilitate the utility’s third-party evaluation work:</p> <ul style="list-style-type: none">• Collect and track all customers, measure installations, and incentive data.• Custom projects will be considered on a case-by-case basis; product performance information will be requested from the contractor or manufacturer and efficiency will be verified by a qualified engineer.• Provide engineering support to identify and analyze the cost-effectiveness and energy saving of each project. The energy advisor will work with the customer and/or market provider to complete custom engineering calculations that assess the energy savings potential, payback horizon, project eligibility, and incentive amount. If the project is deemed eligible, the advisor will assist the customer or market provider in completing a custom incentive grant application.• For projects with incentives over \$5,000 the evaluation contractor will review the engineering calculations for accuracy to assure that the efficiency savings are real prior to project approval.• Conduct on-site inspections of all installations to verify that the specified equipment has been installed and is operating as outlined in the grant application. Any inconsistencies will be researched and the resolution recorded.									
Estimated Participation	<table><tr><th colspan="3">Estimated Participation</th></tr><tr><th>2020</th><th>2021</th><th></th></tr><tr><td>2,725</td><td>25</td><td></td></tr></table>	Estimated Participation			2020	2021		2,725	25	
Estimated Participation										
2020	2021									
2,725	25									
Estimated Budget	<table><tr><th colspan="3">Annual Budgets</th></tr><tr><th>2020</th><th>2021</th><th></th></tr><tr><td>\$368,004</td><td>\$368,004</td><td></td></tr></table>	Annual Budgets			2020	2021		\$368,004	\$368,004	
Annual Budgets										
2020	2021									
\$368,004	\$368,004									
Savings Targets	<table><tr><th colspan="3">Energy Savings (Annual NET kWh)</th></tr><tr><th>2020</th><th>2021</th><th></th></tr><tr><td>3,305,661</td><td>2,223,501</td><td></td></tr></table>	Energy Savings (Annual NET kWh)			2020	2021		3,305,661	2,223,501	
Energy Savings (Annual NET kWh)										
2020	2021									
3,305,661	2,223,501									

Program Element	Small Business Direct Install											
Objective	The primary objective of the Small Business Direct Install (SBDI) program is to install cost effective energy efficient measures in business customers’ facilities that would not install these measures without the support of the program.											
Target Market	Small business customers, who have an energy demand of 200 kW or less, are eligible to participate in the SBDI program. The program will target hard-to-reach customers. This program will also work with the Multi-Family program in common areas of multi-family buildings to install energy efficient measures in those spaces.											
Program Duration	Ongoing element of the program portfolio.											
Program Description	The utility is interested in providing energy efficiency services to its small hard-to-reach business customers. The SBDI program will provide the direct installation of energy efficiency measures during a walk-through assessment. The program will offer free or subsidized installation of lighting upgrades, setback thermostats, refrigeration lighting and gaskets and ECM motors for coolers and freezers. Additional incentives will be offered for larger measures to encourage installation.											
Eligible Measures	Eligible measures are listed in Table 1.											
Implementation Strategy	Outreach to targeted customers. In coordination with other EWR programs, the implementation contractor(s) will personally contact decision makers within the targeted customer sectors.											
Marketing Strategy	In coordination with other EWR programs, the SBDI program will be marketed directly to targeted small business customers based on size and location. Direct marketing outreach will occur through local meetings, direct mail and direct customer visits.											
EM&V Requirements	The utility’s implementation contractor(s) will be responsible for tracking the qualifying direct install measure installations and additional rebated measure installations to facilitate the utility’s third-party evaluation work: <ul style="list-style-type: none">• Collect and track all customers, measure installations, and incentive data.• Field verifications will occur on 10% of the installations to verify installation and correct application.											
Estimated Participation	<table><tr><th colspan="3">Estimated Participation (in Units of Installed Measures)</th></tr><tr><th>2020</th><th>2021</th><th></th></tr><tr><td>49,486</td><td>49,487</td><td></td></tr></table>			Estimated Participation (in Units of Installed Measures)			2020	2021		49,486	49,487	
Estimated Participation (in Units of Installed Measures)												
2020	2021											
49,486	49,487											
Estimated Budget	<table><tr><th colspan="3">Annual Budgets</th></tr><tr><th>2020</th><th>2021</th><th></th></tr><tr><td></td><td></td><td></td></tr></table>			Annual Budgets			2020	2021				
Annual Budgets												
2020	2021											

	\$91,511	91,679		
<i>Savings Targets</i>	Energy Savings (Annual NET kWh)			
	2020	2021		
	404,372	405,344		

Program Element	Small Business Financing Program
Objective	The objective of the Small Business Financing Program is to provide a subsidized financing option for small business customers to allow them to get past the first cost barrier and get high efficiency implemented in their facility.
Target Market	The program is targeted to small business customers with energy demand less than 35 kW.
Program Duration	This will be a pilot program in 2020 and if successful become a full program in January 2021.
Program Description	The Small Business Financing program will team with a financial entity to offer zero percent financing for qualifying customers. One of the primary barriers to participation by this group of customers is the upfront cost of implementing energy efficiency in their facility. By providing financing, the customers can participate in the Prescriptive and Custom program to get measures installed. Financing during the pilot program will be at 0% for 36 months for projects up to \$25,000 but may be adjusted for the 2021 program. Participants would still qualify for the standard prescriptive and custom rebates. Energy savings will be captured in those programs to assure no double counting of results.
Eligible Measures	All prescriptive and custom measures qualify for the program if they fall under the financing cost maximum.
Implementation Strategy	All aspects of the program financing will be handled through a financial entity. Customer recruitment and project implementation/management will occur through the other business programs. Savings will be captured through the other business programs as well.
Marketing Strategy	Marketing will occur in conjunction with the other program efforts. Special outreach will occur to small customers who qualify for the financing. This will occur through direct marketing to these customers. The pilot efforts will explore the best way to reach potential participants.
EM&V Requirements	Savings will not be attributed to this program. Evaluation activity will focus on the effectiveness of financing in increasing participation and getting deeper measure implementation.
Estimated Participation	This is a pilot program and participation is unknown.
Estimated Budget	Budgets are within the pilot budget. If the program continues a separate budget will be developed at that time.
Savings Targets	Savings are within the pilot savings. If the program continues a separate savings estimate will be developed at that time.

TABLE 1 – ELIGIBLE MEASURES

Measure eligibility was determined based on many factors. These included MEMD incremental cost and energy savings data, incentives, implementation costs and several utility supply factors. During the EWR Plan, measures may be added or removed based on market response, technology availability, changes to the MEMD data and changes in efficiency standards. Other measures may become eligible pending engineering review of cost-effectiveness analysis.

Table 1 provides the measures included for each program, the estimated quantities and the incentive or direct install values. Note that partial participation is used because not every measure is expected to get installed each year or a group of similar measures may vary with sizes and we cannot predict which sizes might be installed. The measure mix on average is expected to meet the goals of the program. Quantity estimates were developed based on past program participation.

Line	(a) Energy Waste Reduction Plan	(b)		(c)	
		2020		2021	
		Program Budget		Program Budget	
1	Residential				
2	Low Income	\$	480,256	\$	516,256
3	ENERGY STAR® Lighting and Appliance	\$	269,012	\$	335,012
4	Home Performance	\$	207,960	\$	207,960
5	Appliance Recycling	\$	56,537	\$	56,537
6	Multi-Family Direct Install	\$	28,405	\$	28,405
7	Evaluation	\$	112,000	\$	112,000
8	Administration	\$	210,000	\$	210,000
9	Subtotal - Residential	\$	1,364,171	\$	1,466,170
10					
11	Commercial & Industrial				
12	Prescriptive Program	\$	318,281	\$	318,281
13	Custom Program	\$	368,004	\$	368,004
14	Small Business Direct Install	\$	91,511	\$	91,679
15	Evaluation	\$	112,000	\$	112,000
16	Administration	\$	210,000	\$	210,000
17	Subtotal - Commercial & Industrial	\$	1,099,796	\$	1,099,964
18					
19	Portfolio				
20	Pilot Programs	\$	133,911	\$	139,464
21	Educational Services	\$	80,347	\$	83,678
22	Financial Incentive Mechanism		535,645		557,855
23	Subtotal - Portfolio		749,903		780,997
24					
25	Total Program		3,213,869		3,347,131

(a)		(b)		(c)		(d)	(e)	(f)
Line	Energy Waste Reduction Revenue Requirement	Residential	Commercial	Low Income	Portfolio	Total		
1	2020 EWR Plan Costs	\$ (883,914)	\$ (1,099,796)	\$ (480,256)	\$ (749,903)	\$ (3,213,869)		
2	2021 EWR Plan Costs	\$ (949,914)	\$ (1,099,964)	\$ (516,256)	\$ (780,997)	\$ (3,347,131)		
3								
4	Planned Carryforward Spend ¹	\$ 47,681	\$ 228,970			\$ 276,651		
5								
6	2020-2021 Proposed Revenue Requirement	\$ (1,786,147)	\$ (1,970,789)	\$ (996,512)	\$ (1,530,900)	\$ (6,284,349)		

(1) - Proposed Settlement Agreement in Case No. U-20368, Settlement - Attachment 1, Page 1, Line 7

	(a)	(b)	(c)	(d)	(e)	(f)
Line	Rate Class	Program Allocation Factor	Program Revenue Requirement	Portfolio Allocation Factor	Program Revenue Requirement	EWR Plan Revenue Requirement
1	<u>Residential</u>					
2	A-1	0.9042	(1,615,034)	0.5362	(1,355,198)	\$ 2,970,233
4	AH-1	0.0958	(171,113)	0.0568	(143,557)	\$ 314,670
5	Total Res		(1,786,147)		(1,498,756)	3,284,903
6						
7						
8	<u>Small Commercial</u>					
9	C-1	0.2619	(516,150)	0.1066	(269,422)	\$ 785,572
10	H-1	0.0255	(50,255)	0.0104	(26,285)	\$ 76,540
11	Total Small		(566,405)		(295,707)	862,112
12						
13	<u>Medium Commercial</u>					
14	P-1	0.2646	(521,471)	0.1078	(272,455)	\$ 793,926
15	Total Medium		(521,471)		(272,455)	793,926
16						
17	<u>Large C&I</u>					
18	CP-U	0.2244	(442,245)	0.0913	(230,753)	\$ 672,998
19	CP-RR	-	-		-	\$ -
20	RTMP	0.1880	(370,508)	0.0765	(193,347)	\$ 563,855
21	RTMP-D	-	-		-	\$ -
22	Special Contract	-	-		-	\$ -
23	WP-3	0.0335	(66,021)	0.0136	(34,373)	\$ 100,394
24	Total Large C&I		(878,775)		(458,473)	1,337,248
25						
26	<u>Lighting</u>					
27	SL-3	0.0021	(4,139)	0.0008	(2,022)	\$ 6,161
30	Total Lighting		(4,139)		(2,022)	6,161
31						
32	Total C&I		\$ (1,970,789)		\$ (1,028,657)	\$ 2,993,286
33	Grand Total		\$ (3,756,937)		\$ (2,527,412)	\$ 6,284,349

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
		EWR Plan Revenue Requirement	Forecasted Volumes In MWh 2020 ¹	Forecasted Volumes In MWh 2021 ¹	Forecasted Volumes In MWh Total	U-20376 2020-21 Plan Surcharge	Units	Percent Change
1	Residential							
2	A-1	2,970,233	209,514	205,171	414,685			
4	AH-1	314,670	22,170	21,711	43,881			
5	Subtotal	3,284,903	231,684	226,882	458,566			
6	Residential Total	3,284,903				0.0072	per kWh	125%
7								
8	Commercial							
9	Small		Number of Customers/Meters	Number of Customers/Meters	Number of Customers/Meters			
10	C-1	785,572	5,072	5,072	10,144			
11	H-1	76,540	228	228	456			
12	Subtotal	862,112	5,300	5,300	10,600	6.78	per meter / month	79%
13								
16	Medium							
17	P-1	793,926	480	480	960			
18	Subtotal	793,926	480	480	960	68.92	per meter / month	87%
19								
20	Large							
21	CP-U	792,988	50	50	100			
22	CP-RR	-	0	0	0			
23	Subtotal	792,988	50	50	100	660.82	per meter / month	-1%
24								
25	Industrial							
26	RTMP	350,359	1	1	2			
27	RTMP-D	-	0	0	0			
28	Special Contract	-	1	1	2			
29	Subtotal	350,359	2	2	4	7,299.14	per meter / month	992%
30								
31	WP-3	193,901	3	3	6			
32	Subtotal	193,901	3	3	6	2,693.07	per meter / month	303%
33								
34	Lighting							
35	SL-3	6,161	73	73	146			
36	Subtotal	6,161	73	73	146	3.52	per meter / month	850%
37								
42	Commercial Total	2,999,446						
43								
44	Grand Total	\$ 6,284,349						

(1) Forecast Annual Sales from U-20535, Exhibit A-2(EWS-2), Page 1

Line	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	COMPONENT #1				COMPONENT #2				
	Legislative First Year Savings Tiers (MWh) ^{1,5}				Lifetime Savings (MWh) (Weighed 60%) ²		Low-Income Spend (\$) (Weighed 50%) ³		
1	Goal	7,263			90,794	12.5	\$ 321,387	12%	Budget \$ ⁴
2	2020	12,612			144,774		\$ 480,256		2,678,224
3	Goal	7,188			89,853	12.5	\$ 334,713	12%	Budget \$ ⁴
4	2021	13,273			143,421		\$ 516,256		2,789,276
5	2020 Incentive ⁶	174%	20.00%		159%	12.00%	18%	10.00%	535,645
6	2021 Incentive ⁶	183%	20.00%		158%	12.00%	19%	10.00%	557,855
7	Tier 1	1.00%	100%	15.00%	100%	9.00%	12.00%	7.50%	
8		1.01%	101%	15.10%	101%	9.06%	12.08%	7.55%	
9		1.02%	102%	15.20%	102%	9.12%	12.16%	7.60%	
10		1.03%	103%	15.30%	103%	9.18%	12.24%	7.65%	
11		1.04%	104%	15.40%	104%	9.24%	12.32%	7.70%	
12		1.05%	105%	15.50%	105%	9.30%	12.40%	7.75%	
13		1.06%	106%	15.60%	106%	9.36%	12.48%	7.80%	
14		1.07%	107%	15.70%	107%	9.42%	12.56%	7.85%	
15		1.08%	108%	15.80%	108%	9.48%	12.64%	7.90%	
16		1.09%	109%	15.90%	109%	9.54%	12.72%	7.95%	
17		1.10%	110%	16.00%	110%	9.60%	12.80%	8.00%	
18		1.11%	111%	16.10%	111%	9.66%	12.88%	8.05%	
19		1.12%	112%	16.20%	112%	9.72%	12.96%	8.10%	
20		1.13%	113%	16.30%	113%	9.78%	13.04%	8.15%	
21		1.14%	114%	16.40%	114%	9.84%	13.12%	8.20%	
22		1.15%	115%	16.50%	115%	9.90%	13.20%	8.25%	
23		1.16%	116%	16.60%	116%	9.96%	13.28%	8.30%	
24		1.17%	117%	16.70%	117%	10.02%	13.36%	8.35%	
25		1.18%	118%	16.80%	118%	10.08%	13.44%	8.40%	
26		1.19%	119%	16.90%	119%	10.14%	13.52%	8.45%	
27		1.20%	120%	17.00%	120%	10.20%	13.60%	8.50%	
28		1.21%	121%	17.10%	121%	10.26%	13.68%	8.55%	
29		1.22%	122%	17.20%	122%	10.32%	13.76%	8.60%	
30		1.23%	123%	17.30%	123%	10.38%	13.84%	8.65%	
31		1.24%	124%	17.40%	124%	10.44%	13.92%	8.70%	
32	Tier 2	1.25%	125%	17.50%	125%	10.50%	14.00%	8.75%	
33		1.26%	126%	17.60%	126%	10.56%	14.08%	8.80%	
34		1.27%	127%	17.70%	127%	10.62%	14.16%	8.85%	
35		1.28%	128%	17.80%	128%	10.68%	14.24%	8.90%	
36		1.29%	129%	17.90%	129%	10.74%	14.32%	8.95%	
37		1.30%	130%	18.00%	130%	10.80%	14.40%	9.00%	
38		1.31%	131%	18.10%	131%	10.86%	14.48%	9.05%	
39		1.32%	132%	18.20%	132%	10.92%	14.56%	9.10%	
40		1.33%	133%	18.30%	133%	10.98%	14.64%	9.15%	
41		1.34%	134%	18.40%	134%	11.04%	14.72%	9.20%	
42		1.35%	135%	18.50%	135%	11.10%	14.80%	9.25%	
43		1.36%	136%	18.60%	136%	11.16%	14.88%	9.30%	
44		1.37%	137%	18.70%	137%	11.22%	14.96%	9.35%	
45		1.38%	138%	18.80%	138%	11.28%	15.04%	9.40%	
46		1.39%	139%	18.90%	139%	11.34%	15.12%	9.45%	
47		1.40%	140%	19.00%	140%	11.40%	15.20%	9.50%	
48		1.41%	141%	19.10%	141%	11.46%	15.28%	9.55%	
49		1.42%	142%	19.20%	142%	11.52%	15.36%	9.60%	
50		1.43%	143%	19.30%	143%	11.58%	15.44%	9.65%	
51		1.44%	144%	19.40%	144%	11.64%	15.52%	9.70%	
52		1.45%	145%	19.50%	145%	11.70%	15.60%	9.75%	
53		1.46%	146%	19.60%	146%	11.76%	15.68%	9.80%	
54		1.47%	147%	19.70%	147%	11.82%	15.76%	9.85%	
55		1.48%	148%	19.80%	148%	11.88%	15.84%	9.90%	
56		1.49%	149%	19.90%	149%	11.94%	15.92%	9.95%	
57	Tier 3	1.50%	150%	20.00%	150%	12.00%	16.00%	10.00%	

(1) 1st Year Savings Goal calculated using prior 3-year retail sales average.

(2) Lifetime Savings Goal is 1st Year Savings Goal multiplied by Average Measure Life.

(3) Low Income Spend Goal is 12% of Budget and 150% target equal to 16% of Budget

(4) UPPCO's EWR Plan Costs

(5) 2020 and 2021 Goals are anticipated results of the EWR Plan.

(6) 2020 and 2021 Incentives are for illustrative purposes based on anticipated energy savings and spend.

MPSC Vol No 8-ELECTRIC

14th Rev. Sheet No. D-73.00
Replaces 13th Rev. Sheet No. D-73.00

D2. Energy Waste Reduction (EWR)

EWR

Energy Waste Reduction Surcharge

This surcharge permits, pursuant to Section 91(4) of 2008 Pa 295, and as amended in 2016 PA 342, the adjustment of distribution rates, via the application of an Energy Waste Reduction Surcharge, to allow recovery of the energy waste reduction alternative compliance payment made by the Company in compliance with Section 91(1) of 2008 Pa 295 as amended in 2016 PA 342.

All customer bills subject to the provisions of this tariff, including any bills rendered under special contract, shall be adjusted by the Energy Waste Reduction Surcharge per kWh or Customer as follows:

Tariff	Energy Charges
A-1	\$0.0072 /kWh
AH-1	\$0.0072 /kWh

Tariff	Per Month/Meter	Per Day/Meter
C-1	\$6.78	\$0.2228
H-1	\$6.78	\$0.2228
P-1	\$68.92	\$2.2658
Cp-U	\$660.82	\$21.7257
WP-3	\$2,693.07	\$88.5392
CP-RR	\$660.82	\$21.7257
RTMP	\$7,299.14	\$239.9718
RTMP-D	\$7,299.14	\$239.9718
Special Contract	\$7,299.14	\$239.9718
SL-3	\$3.52	\$0.1156

Issued: XX-XX-XX
By G R Haehnel
Director of Regulatory Affairs
Marquette, Michigan

Effective for Service
On and After: 05-01-2020
Issued Under Auth. of
Mich Public Serv Comm
Dated: XX-XX-2020
In Case No: U-20376


PROOF OF SERVICE

STATE OF MICHIGAN)

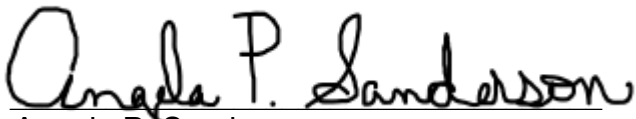
Case No. U-20376

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on May 8, 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 8th day of May 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-20376

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Tri-County Electric Co-Op
Citizens Gas Fuel Company
Consumers Energy Company
SEMCO Energy Gas Company
Superior Energy Company
WEC Energy Group
Upper Peninsula Power Company
Midwest Energy Coop
Midwest Energy Coop
Alger Delta Cooperative
Cherryland Electric Cooperative
Great Lakes Energy Cooperative
Great Lakes Energy Cooperative
Stephenson Utilities Department
Ontonagon County Rural Elec
Presque Isle Electric & Gas Cooperative, INC
Thumb Electric
Bishop Energy
AEP Energy
CMS Energy
Just Energy Solutions
Constellation Energy
Constellation Energy
Constellation New Energy
DTE Energy
First Energy
My Choice Energy
Calpine Energy Solutions
Santana Energy
Spartan Renewable Energy, Inc. (Wolverine Power Marketing Corp)
City of Escanaba
City of Crystal Falls
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Interstate Gas Supply Inc

Thomas Krichel

Bay City Electric Light & Power

Marquette Board of Light & Power

Premier Energy Marketing LLC

City of Marshall

Doug Motley

Marc Pauley

City of Portland

Alpena Power

Liberty Power

Wabash Valley Power

Wolverine Power

Lowell S.

Realgy Energy Services

Volunteer Energy Services

Hillsdale Board of Public Utilities

Michigan Gas Utilities/Upper Penn Power/Wisconsin

Direct Energy

Direct Energy

Direct Energy

Direct Energy

Realgy Corp.

Katie Abraham, MMEA

Indiana Michigan Power Company

Santana Energy

MEGA

MEGA

ITC Holdings

Dickinson Wright

Xcel Energy

Matthew Peck

Consumers Energy

MidAmerican Energy Services, LLC

MidAmerican Energy Services, LLC

MidAmerican Energy Services, LLC

Northern States Power

Midwest Energy Coop

Midwest Energy Coop

Midwest Energy Coop

Consumers Energy

Consumers Energy

DTE Energy

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Xcel Energy

Great Lakes Energy

Michigan Public Power Agency

Michigan Gas Utilities Corporation

American Transmission Company

American Transmission Company

UMERC, MERC and MGU

Phil Forner