

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of	)	
<b>UPPER MICHIGAN ENERGY RESOURCES</b>	)	
<b>CORPORATION</b> for its reconciliation of the gas	)	Case No. U-20248
cost recovery plan for the 12 months ending	)	
October 31, 2019.	)	
_____	)	

At the July 9, 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 January 3, 2020, Upper Michigan Energy Resources Corporation (UMERC) filed an application, with supporting testimony and exhibits, requesting to reconcile the gas cost recovery revenues and expenses for its WPSC Rate Zone incurred during the 12-month period ended October 31, 2019.

A prehearing conference was held on February 19, 2020, before Administrative Law Judge Martin D. Snider. UMERC and the Commission Staff 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 the settlement agreement, attached as Exhibit A, 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, under 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 July 9, 2020.

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Lisa Felice, Executive Secretary

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of )  
UPPER MICHIGAN ENERGY RESOURCES )  
CORPORATION for reconciliation of the gas )  
cost recovery plan for the 12-month period )  
ending October 31, 2019. )  
\_\_\_\_\_ )

Case No. U-20248

SETTLEMENT AGREEMENT

As provided in § 78 of the Administrative Procedures Act of 1969 (“APA”), as amended, MCL 24.278, and Rule 431 of the Michigan Administrative Hearing System’s Administrative Hearing Rules, R 792.10431, Upper Michigan Energy Resources Corporation (“UMERC”) and the Michigan Public Service Commission Staff (“Staff”) have resolved, through settlement discussions, the contested issues in this proceeding and hereby agree as follows:

1. Pursuant to Section 6h(12) of 1982 PA 304, as amended, MCL 460.6h et seq. (“Act 304”), UMERC filed its application on January 17, 2020, with supporting testimony and exhibits, seeking to reconcile the gas costs and revenues collected in its WPSC Rate Zone for the 12-month period ending October 31, 2019, and to roll in to its WPSC Rate Zone beginning balance for the 2019-20 Gas Cost Recovery (“GCR”) reconciliation a net GCR under-recovery of approximately \$42,358.

2. On January 17, 2020, the Commission issued its Notice of Hearing directing UMERC to mail a copy of the Notice of Hearing to all cities, incorporated villages, townships, and counties in its natural gas service area, as well as to all intervenors in Case Nos. U-18061 and U-20247.

Furthermore, the Commission directed UMERC to publish the Notice of Hearing in daily newspapers of general circulation throughout its natural gas service area. UMERC electronically filed with the Commission the requisite Affidavit of Mailing and Proof of Publication on January 29, 2020.

3. Administrative Law Judge (“ALJ”) Martin Snider presided over the February 19, 2020 prehearing conference. Staff participated in the proceeding. There were no intervenors.

4. In response to the initial filing, Staff thoroughly reviewed the Company’s filing, along with all exhibits. Staff’s review also consisted of tests of mathematical accuracy and analytical tests for reasonableness. Staff conducted a detailed analysis of the GCR costs and revenues for the reconciliation period and made the following adjustments to the filed GCR reconciliation:

Company filing	(\$42,357.94)
April Factor Correction/Adjustment	(277.00)
Company Use Correction	(\$21,037.48)
Constellation Penalty Adjustment	<u>\$55,219.18</u>
	(\$8,403.24)
Interest	<u>\$2,673.55</u>
Net under-recovery	(\$5,729.69)

5. The parties entered into settlement discussions and, as a result, the parties agree as follows:

a. Proceedings in this GCR reconciliation were conducted in accordance with Act 304.

b. The expenditures made for the WPSC Rate Zone cost of gas supply during the 12-month period ending October 31, 2019, were reasonably and prudently incurred.

c. For the GCR period ended October 31, 2019, UMERC under-recovered a net total amount of \$5,729.69 from its WPSC Rate Zone gas customers, which includes the rolled-in over-recovery of \$64,016 from the prior GCR reconciliation in Case No. U-20216, and interest of

\$2,673.55 calculated for the reconciliation period ending October 31, 2019, see Attachment A. The parties agree that UMERC shall reflect the net under-recovery of \$5,729.69 as its beginning balance of its 2019-2020 GCR reconciliation.

6. It is the opinion of all signatories that this Settlement Agreement is reasonable and prudent and will aid the expeditious conclusion of this case.

7. This Settlement Agreement is intended for a final disposition of this proceeding, and the parties join in respectfully requesting that the Commission grant prompt approval. Each signatory agrees not to appeal, challenge or contest the Commission's order accepting and approving this Settlement Agreement without modification. If the Commission does not accept this Settlement Agreement without modification, then the Settlement Agreement shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever.

8. This Settlement Agreement has been made for the sole and express purpose of settling this case, and all discussions relating hereto are and shall be privileged and shall not be used in any manner, or be admissible for any other purpose in connection with this proceeding or any other proceeding hereof. This Settlement Agreement does not constitute a precedent in any other case or proceeding except as necessary to carry out its terms.

9. All signatories waive Section 81 of the APA of 1969, as amended, MCL 24.281, as it applies to the issues in this case, if the Commission approves the Settlement Agreement without modification.

UPPER MICHIGAN ENERGY RESOURCES  
CORPORATION

**Sherri Wellman**

Digitally signed by: Sherri Wellman  
DN: CN = Sherri Wellman email =  
wellmans@millercanfield.com C = AD O = Miller  
Canfield  
Date: 2020.06.09 15:07:44 -04'00'

Dated: June 9, 2020

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

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

MICHIGAN PUBLIC SERVICE COMMISSION STAFF



Dated: June 9, 2020

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

One of Its Attorneys  
Daniel E. Sonneveldt (P58222)  
Benjamin J. Holwerda (P82110)  
Assistant Attorneys General  
Public Service Division  
7109 West Saginaw Highway  
3<sup>rd</sup> Floor  
Lansing MI 48917  
(517) 284-8140

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# ATTACHMENT A

MICHIGAN PUBLIC SERVICE COMMISSION  
Case No. U-20248 UMERC GCR

UMERC  
GAS COST RECOVERY CALCULATION  
12 MONTHS ENDED OCTOBER 31, 2019

LN	DESCRIPTION	2018 NOVEMBER	2018 DECEMBER	2019 JANUARY	2019 FEBRUARY	2019 MARCH	2019 APRIL	2019 MAY	2019 JUNE	2019 JULY	2019 AUGUST	2019 SEPTEMBER	2019 OCTOBER	TOTAL
1	SOURCES OF GAS (OTHER)													
2	ADJUST VOLUMES FOR COMPANY USE GAS	86,437	100,026	136,076	119,963	102,696	65,767	37,142	14,785	9,945	10,242	11,080	45,802	739,962
3	LOST AND UNACCOUNTED FOR GAS	6,780	8,676	10,677	10,956	8,910	6,856	3,851	1,880	1,016	847	1,076	2,853	64,078
4	INTERDEPARTMENTAL SALES	(11,293)	36,932	126,995	(81,019)	27,934	45,056	(9,652)	(12,531)	43,508	21,633	3,528	50,778	241,869
5	TOTAL SUPPLIES	81,924	145,633	273,748	49,899	139,540	117,680	31,341	3,834	54,469	32,722	15,684	99,434	1,045,908
6	SALES													148,586
7	RATE SCHEDULE SALES (BILLED)	624,372	937,685	1,054,498	1,329,456	1,152,247	755,517	496,911	235,021	107,106	86,218	99,787	201,302	7,080,118
8	LESS: TRANSPORTATION CASHOUT SALES	-	8,473	14,289	48,909	64,279	23,797	-	5,449	-	-	-	15,374	-
9	TOTAL RATE SCHEDULE BILLED SALES	624,372	929,212	1,040,209	1,280,547	1,087,968	731,719	496,911	229,573	107,106	86,218	99,787	185,929	6,895,548
10	UNBILLED - PRIOR MONTH (U-20216)	(281,685)	(523,104)	(536,111)	(699,828)	(635,064)	(468,880)	(316,005)	(194,550)	(117,619)	(64,974)	(58,315)	(64,237)	(3,960,372)
11	- CURRENT MONTH (Thems)	523,104	536,111	699,828	635,064	468,880	316,005	194,550	117,619	64,974	58,315	64,237	266,030	3,944,717
12	TOTAL RATE SCHEDULE SALES (UNBILLED)	241,419	13,007	163,717	(64,764)	(166,184)	(152,875)	(121,455)	(76,931)	(52,645)	(6,659)	5,922	201,793	(13,655)
13	INTERDEPARTMENTAL SALES	3,090	3,954	4,867	4,994	4,062	3,125	1,756	720	463	386	490	1,300	29,207
14	TOTAL SALES	868,881	946,173	1,208,793	1,220,777	925,846	581,969	377,212	153,362	54,924	79,945	106,199	389,022	6,913,100
15	COST OF GAS SOLD (S)													
16	PURCHASED AND PRODUCED	343,171	436,143	507,033	417,797	383,805	224,432	141,844	84,273	46,722	51,513	61,485	144,317	2,842,337
17	PIPELINE SUPPLIER REFUNDS	343,171	436,143	507,033	417,797	383,805	224,432	141,844	84,273	46,722	51,513	61,485	144,317	2,842,337
18	BOOKED COST OF GAS													0
19	LESS COST OF GAS FOR COMPANY USE GAS	2,605	3,333	4,102	4,209	3,423	2,634	1,479	607	390	325	413	1,096	24,615
20	LOST AND UNACCOUNTED FOR GAS	(4,338)	14,187	48,785	(31,124)	10,731	17,308	(7,088)	(4,414)	16,714	8,310	1,355	19,507	92,614
21	Company Use + LAUF	(\$1,733)	\$17,520	\$52,887	(\$26,915)	\$14,154	(\$19,942)	(\$2,229)	(\$4,207)	\$17,104	(\$8,636)	\$1,769	\$20,603	117,529
22	TOTAL COST OF GAS SOLD	344,904	418,623	454,146	444,712	369,652	204,490	144,073	88,480	296,19	42,878	59,717	125,715	2,725,008
23	GCR REVENUES (S)													
24	MAXIMUM FACTOR PERMITTED (S/Them)	\$ 0.36115	\$ 0.36635	\$ 0.36670	\$ 0.35796	\$ 0.35796	\$ 0.36435	\$ 0.35796	\$ 0.35796	\$ 0.35796	\$ 0.35796	\$ 0.35796	\$ 0.35796	\$ 0.34184
25	FACTOR BILLED TO CUSTOMERS (S/Them)	\$ 0.34710	\$ 0.35192	\$ 0.36070	\$ 0.35796	\$ 0.35796	\$ 0.36435	\$ 0.35796	\$ 0.35796	\$ 0.35796	\$ 0.35796	\$ 0.35796	\$ 0.35796	\$ 0.34184
26	BILLED GCR REVENUE	216,719	333,513	402,240	458,384	389,449	266,602	177,874	82,178	38,340	39,863	35,770	66,555	2,498,445
27	UNBILLED GCR REVENUES - PRIOR MONTH (U-20216)	(97,773)	(187,152)	(207,314)	(256,510)	(227,328)	(170,814)	(113,171)	(60,441)	(23,030)	(23,290)	(30,574)	(23,990)	(1,433,502)
28	UNBILLED GCR REVENUES - CURRENT MONTH	187,352	207,314	256,510	227,328	170,814	113,171	69,641	42,003	23,258	20,894	22,899	90,949	1,440,469
29	INTERDEPARTMENTAL REVENUE	1,073	1,419	1,882	1,788	1,454	1,139	629	258	166	138	173	465	10,585
30	TOTAL GCR REVENUE	\$307,772	\$354,493	\$447,327	\$436,989	\$334,412	\$210,021	\$135,027	\$54,897	\$19,661	\$28,617	\$38,015	\$134,966	\$2,502,197
31	OTHER REVENUES													7,809,199
32	Penalty Revenue (Adjustment 3)			\$49,709.62		\$5,165.56								\$55,219.18
33	TRANSPORTATION CASHOUT REVENUE	2,667	898	2,224	1,308	3,884	1,991	2,843	2,295	4,322	1,269	4,274	(443)	61,930
34	TOTAL OTHER REVENUE	\$2,667	\$5,270	\$64,200	\$14,792	\$8,563	\$3,373	\$3,843	\$3,994	\$4,322	\$1,269	\$4,274	\$4,826	\$33,243
35	TOTAL REVENUES	\$310,439	\$359,763	\$511,527	\$451,782	\$342,975	\$213,394	\$138,870	\$58,891	\$23,983	\$29,886	\$42,289	\$139,791	\$2,652,589
36	CURRENT MONTH OVER (UNDER) RECOVERY	(\$34,465)	(\$88,860)	\$57,381	\$7,070	(\$1,867)	(\$14,095)	(\$6,204)	(\$29,889)	(\$5,636)	(\$12,992)	(\$17,428)	\$16,077	(\$72,420)
37	OVER RECOVERY beg. Bal. (U-20216)	\$64,016												
38	CUMULATIVE RECOVERY W/O INTEREST	\$29,551	(\$29,310)	\$28,071	\$35,141	\$33,274	\$47,369	\$41,165	\$11,577	\$5,940	(\$7,052)	(\$24,480)	(\$8,404)	(\$8,404)
39	AVERAGE RECOVERY BALANCE	\$46,783	120	(\$619)	\$31,606	\$34,208	\$40,321	\$44,267	\$26,371	\$8,759	(\$556)	(\$15,766)	(\$16,442)	(\$16,442)
40	ANNUAL INTEREST RATE	14.2500%	14.2500%	14.2500%	14.2500%	14.2500%	14.2500%	14.2500%	14.2500%	14.2500%	14.2500%	14.2500%	14.2500%	14.2500%
41	MONTHLY INTEREST RATE	1.1712%	1.2103%	1.2103%	1.2103%	1.2103%	1.2103%	1.2103%	1.2103%	1.2103%	1.2103%	1.2103%	1.2103%	1.2103%
42	MONTHLY INTEREST AMOUNT	548	1,46	(1,49)	345.51	410.41	472.26	535.75	308.87	106.00	(1.13)	(28.29)	(27.31)	\$2,674
43	Short Term Interest Rate	2.4530%	2.7540%	2.8370%	2.6810%	2.6470%	2.6790%	2.6900%	2.5900%	2.5200%	2.3900%	2.1830%	1.9560%	1.9560%
44	CUMULATIVE INTEREST AMOUNT	\$547.94	\$549.40	\$1,307.42	\$893.41	\$1,307.42	\$2,315.43	\$2,643.30	\$2,624.30	\$2,730.30	\$2,729.16	\$2,700.88	\$2,673.56	\$2,674
45	CUMULATIVE RECOVERY WITH INTEREST	\$309,999	(\$28,760)	\$28,619	\$36,035	\$34,581	\$49,149	\$43,481	\$14,201	\$8,671	(\$4,323)	(\$21,779)	(\$5,730)	(\$5,730)


# PROOF OF SERVICE

STATE OF MICHIGAN )

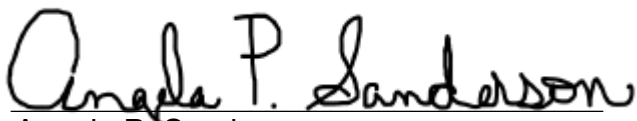
Case No. U-20248

County of Ingham )

Brianna Brown being duly sworn, deposes and says that on July 9, 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 9<sup>th</sup> day of July 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-20248**

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<b>Name</b>	<b>Email Address</b>
Benjamin J. Holwerda	holwerdab@michigan.gov
Daniel E. Sonneveldt	sonneveldtd@michigan.gov
Martin Snider	sniderm@michigan.gov
Sherri A. Wellman	wellmans@millercanfield.com
Upper Michigan Energy Resources Corporation (UMERC)	colleen.sipiorski@wecenergygroup.com