

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
UPPER MICHIGAN ENERGY RESOURCES)	
CORPORATION for approval to implement a)	Case No. U-20808
power supply cost recovery plan for the 12)	
months ending December 31, 2021.)	
_____)	

At the July 27, 2021 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair
Hon. Tremaine L. Phillips, Commissioner
Hon. Katherine L. Peretick, Commissioner

ORDER APPROVING SECOND SETTLEMENT AGREEMENT

On September 23, 2020, Upper Michigan Energy Resources Corporation (UMERC) filed an application, with supporting testimony and exhibits, seeking authority to implement a power supply cost recovery (PSCR) plan for the 12-month period ending December 31, 2021. On March 19, 2021, the Commission approved a settlement agreement signed by all parties¹ in the case.

On June 3, 2021, UMERCE filed a petition to reopen its 2021 PSCR plan citing significant unprecedented increases in power supply costs. Subsequently, on June 25, 2021, a second

¹ The parties include UMERCE, the Commission Staff, and the Citizens Utility Board of Michigan (CUB), which was granted intervention at the prehearing held on November 12, 2020.

settlement agreement resolving all issues in the reopened case was filed, and on June 29, 2021, CUB filing a statement of non-objection to the second settlement agreement.

The Commission has reviewed the second settlement agreement and finds that the public interest is adequately represented by the parties who entered into the second settlement agreement. The Commission further finds that the second 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 filed on June 25, 2021 in this docket and attached as Exhibit A to this order is approved.

B. Within 30 days of the date of this order, Upper Michigan Energy Resources Corporation shall file with the Commission tariff sheets in conformity with Attachment 1 to the June 25, 2021 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

Daniel C. Scripps, Chair

Tremaine L. Phillips, Commissioner

Katherine L. Peretick, Commissioner

By its action of July 27, 2021.

Lisa Felice, Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
UPPER MICHIGAN ENERGY RESOURCES)	
CORPORATION for approval of a power supply cost)	
recovery plan and authorization of monthly power supply)	Case No. U-20808
<u>cost recovery factors for the calendar year 2021.</u>)	

SECOND 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 Systems Administrative Rules, R 792.10431, Upper Michigan Energy Resources Corporation (“UMERC”) and the Michigan Public Service Commission Staff (“Staff”)¹ have resolved through settlement discussions the contested issues relating to the Petition to Reopen and hereby agree as follows:

1. On September 23, 2020, UMERCE filed with the Michigan Public Service Commission (“Commission”) its Application in this docket, along with the testimony and exhibits of its witness John G. Guntlisbergen, to implement a Power Supply Cost Recovery (“PSCR”) plan and PSCR factors for the 2021 calendar year.

2. Following due notice, a prehearing conference, and Staff’s review and audit of the Company’s filing, UMERCE, Staff and CUB entered into a Settlement Agreement which encouraged Commission approval of UMERCE’s plan, 5-year forecast and supported approval of:

¹ The Citizens Utility Board of Michigan (“CUB”) intends to file a statement of non-objection to the Second Settlement Agreement.

(i) a 2021 PSCR factor of (\$0.00779) per KWh in its WEPCO Rate Zone; and (ii) a 2021 PSCR factor of (\$0.00329) per KWh for the WPSC Rate Zone.

3. On March 19, 2021, the Commission issued its Order Approving Settlement Agreement, thereby approving UMER's plan and authorizing UMER to implement the PSCR factors as set forth in the Settlement Agreement.

4. On June 3, 2021, UMER filed pursuant to MCL 460.6h(10) a Petition to Reopen its PSCR plan ('Petition'). In the Petition, UMER represented that there has been a significant, unforeseen increase in natural gas prices which has caused power supply costs to also increase, and that as a result of this unpredicted increase, UMER will experience a under-recovery of approximately \$3.3 million, representing that the recovery of interest in connection with the under-recovery will exacerbate the magnitude of the under-recovery. UMER represents that the anticipated under-recovery and related customer interest burden may be minimized if it is authorized to revise its 2021 PSCR factor to \$0.00630 per kWh for its WEPCO Rate Zone and \$0.01077 per kWh for its WPSC Rate Zone, and implement these revised factors in the first billing month immediately following the issuance of the MPSC's order on reopening.

5. Subsequent to the filing of the Petition, UMER and Staff engaged in settlement discussions and have agreed that:

a. UMER's 2021 PSCR plan should be revised to reflect the increase in power supply costs;

b. UMER should be authorized to implement a PSCR factor to \$0.00630 per kWh for its WEPCO Rate Zone and \$0.01077 per kWh for its WPSC Rate Zone as set forth in Attachment 1 hereto for the billing months of August through December 2021; and

c. All other terms and conditions of the Settlement Agreement as approved by the Commission in its March 19, 2021 Order Approving Settlement Agreement remain unchanged and in effect.

6. It is the opinion of the signatories that this Second Settlement Agreement will promote the public interest, will aid in the expeditious conclusion of this case, and will minimize the time and expense which would otherwise have to be devoted to this matter by the parties. This Second Settlement Agreement is not severable, and all provisions of the same are dependent upon all other provisions contained herein.

7. This Second Settlement Agreement has been made for the sole and express purpose of settling this case. All offers of settlement and discussions relating hereto are, and shall be considered, privileged under MRE 408 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.

8. Neither the parties to the case nor the Commission shall use this Second Settlement Agreement or the order approving it, as precedent in any case or proceeding; provided however, reference to Paragraph 5 may be made to enforce or implement the provisions thereof in the 2021 PSCR reconciliation proceeding.

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

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

UPPER MICHIGAN ENERGY RESOURCES
CORPORATION

Dated: June 25, 2021

By:

Sherri Wellman

Digitally signed by: Sherri Wellman
DN: CN = Sherri Wellman email =
wellmans@millercanfield.com C = AD O = Miller
Canfield
Date: 2021.06.25 10:48:44 -04'00'

One of its Attorneys
Sherri A. Wellman (P38989)
Paul M. Collins (P69719)
Miller, Canfield, Paddock and Stone, P.L.C.
One Michigan Avenue, Suite 900
Lansing, MI 48933

MICHIGAN PUBLIC SERVICE COMMISSION
STAFF

Dated: June 25, 2021

By:

**Michael J.
Orris**

Michael J. Orris
2021.06.25
11:22:00 -04'00'

One of its Attorneys
Michael J. Orris (P51232)
Monica M. Stephens (P73782)
Assistant Attorneys General
Special Litigation Division
7109 W. Saginaw Hwy., 3rd Floor
Lansing, MI 48917

37768374.4/156197.00037

ATTACHMENT 1
TO SECOND SETTLEMENT AGREEMENT

MPSC Case No. U-20808

M.P.S.C. No. 1 – Electric
Upper Michigan Energy Resources Corporation

WEPCo Rate Zone
Fifty-fifth Revised Sheet No. D-3.00
Replaces Fifty-fourth Revised Sheet No. D-3.00

POWER SUPPLY COST RECOVERY

PSCR FACTORS

All rates for metered electric service shall include an amount up to the Power Supply Cost Recovery (PSCR) Factor for the specified billing period as set forth below. The PSCR Factor includes an increase or decrease of 0.0104 mills per kWh for each full 0.01 mill increase or decrease in the projected annual power supply costs above or below a cost base of 45.47 mills per kWh, rounded to the nearest one-hundredth of a mill per kWh. The projected power supply costs per kWh shall equal the total projected annual net power cost divided by the projected annual net system energy requirements. Net system energy requirements shall be the sum of net generation and net purchased and interchange power.

An amount not exceeding the PSCR Factor for each month shall be placed into effect in the first billing cycle of that month and shall continue in effect until the first billing cycle of a subsequent month for which a subsequent PSCR Factor becomes operative.

The PSCR Factor shall be applicable to all Power Supply charges for the following Rate Schedules:

<u>Class of Service</u>	<u>Rate Schedule No.</u>
Residential	Rg 1 and Rg 2
General Secondary	Cg 1, Cg 2, Cg 3, Cg3C, Cg 5, TssM and TssU
General Primary	Cp 1, Cp 2, Cp 3, Cp 4, Schedule A & Cp LC
Lighting	Ms2, Ms3, GL1, LED1
Other	Mg 1, DS 1
ERER 1, ERER 3	
100% Renewable power	No adjustment for PSCR
50% Renewable power	PSCR factor applicable to rate schedule customer is served under <i>applied to 50% of the kWh for the billing period.</i>
25% Renewable power	PSCR factor applicable to rate schedule customer is served under <i>applied to 75% of the kWh for the billing period.</i>
ERER 2	
Kilowatt-hour in excess of nominated block	PSCR factor applicable to rate schedule customer is served under.
Customer Generating System	CGS Category 1, CGS Category 2, CGS Biogas

Power Supply Cost Recovery Factors

<u>Billing Month</u>	<u>2021 Plan Year PSCR Factor \$/kWh</u>	<u>Prior Period PSCR Factor \$/kWh</u>	<u>Maximum 2021 PSCR Factor \$/kWh</u>	<u>Actual Factor Billed \$/kWh</u>
Jan 2021	(\$0.00779)	\$0.00000	(\$0.00779)	(\$0.00779)
Feb 2021	(\$0.00779)	\$0.00000	(\$0.00779)	(\$0.00779)
Mar 2021	(\$0.00779)	\$0.00000	(\$0.00779)	(\$0.00779)
Apr 2021	(\$0.00779)	\$0.00000	(\$0.00779)	(\$0.00779)
May 2021	(\$0.00779)	\$0.00000	(\$0.00779)	(\$0.00779)
Jun 2021	(\$0.00779)	\$0.00000	(\$0.00779)	(\$0.00779)
Jul 2021	<i>\$0.00630</i>	\$0.00000	<i>\$0.00630</i>	
Aug 2021	<i>\$0.00630</i>	\$0.00000	<i>\$0.00630</i>	
Sep 2021	<i>\$0.00630</i>	\$0.00000	<i>\$0.00630</i>	
Oct 2021	<i>\$0.00630</i>	\$0.00000	<i>\$0.00630</i>	
Nov 2021	<i>\$0.00630</i>	\$0.00000	<i>\$0.00630</i>	
Dec 2021	<i>\$0.00630</i>	\$0.00000	<i>\$0.00630</i>	

Parentheses indicate a credit factor. Should the Company apply lesser factors than those above or if the factors are later revised pursuant to commission orders or 1982 PA 304, the Company will notify the commission if necessary and file a revision of the above list.

(Continued on Sheet No. D-4.00)

Issued xxx
T. T. Eidukas
Vice-President,
Milwaukee, Wisconsin

Effective for bills rendered for
the 2021 Plan year

Issued under authority of the
Michigan Public Service Commission
Dated xxx
in Case No. U-20808

M.P.S.C. No. 1 – Electric
Upper Michigan Energy Resources Corporation

WPSC Rate Zone
Fifty-fifth Revised Sheet No. D-100.00
Replaces Fifty-fourth Revised Sheet No. D-100.00

**SECTION D – WPSC RATE ZONE
RATE SCHEDULES**

D1. POWER SUPPLY COST RECOVERY

PSCRM

1. PSCR FACTORS

All rates for metered electric Power Supply service shall include an amount up to the Power Supply Cost Recovery Factor (the PSCR Factor) for the specified billing period as set forth below. The PSCR Factor for the period covered shall consist of an increase or decrease of .010276 mills per kwh for each full .01 mill per kwh increase or decrease in power supply costs above or below a base cost of 39.43 mills per kwh rounded to the nearest .01 mills per kwh. The projected power supply and transmission service costs per kwh shall equal the total projected net power costs in that month divided by that month's net system kwh requirements. MPSC Order dated April 23, 2015 in Case No. U-17669 established the PSCR base and loss factor effective for service on and after the beginning of the first business month following April 23, 2015, on a bill rendered basis.

An amount not exceeding the PSCR Factor for each month shall be placed into effect in the first billing cycle of that monthly billing period and shall continue in effect until the first billing cycle of a subsequent month for which a subsequent PSCR Factor becomes operative. This procedure shall apply to the following rate schedules:

<u>Class of Service</u>	<u>Schedule No.</u>
Residential	Rg-1M, RG-OTOUM
Commercial & Industrial	Cg-1M, Cg-3M, Cg-OTOUM, Cp-1M
Other	Mp-1M

Power Supply Cost Recovery Factors

<u>Billing Month</u>	<u>2021 Plan Year PSCR Factor \$/kWh</u>	<u>Prior Period PSCR Reconciliation Factor \$/kWh</u>	<u>Maximum 2021 PSCR Factor \$/kWh</u>	<u>Actual Factor Billed \$/kWh</u>
Jan 2021	(\$0.00329)	\$0.00000	(\$0.00329)	(\$0.00329)
Feb 2021	(\$0.00329)	\$0.00000	(\$0.00329)	(\$0.00329)
Mar 2021	(\$0.00329)	\$0.00000	(\$0.00329)	(\$0.00329)
Apr 2021	(\$0.00329)	\$0.00000	(\$0.00329)	(\$0.00329)
May 2021	(\$0.00329)	\$0.00000	(\$0.00329)	(\$0.00329)
Jun 2021	(\$0.00329)	\$0.00000	(\$0.00329)	(\$0.00329)
Jul 2021	\$0.01077	\$0.00000	\$0.01077	
Aug 2021	\$0.01077	\$0.00000	\$0.01077	
Sep 2021	\$0.01077	\$0.00000	\$0.01077	
Oct 2021	\$0.01077	\$0.00000	\$0.01077	
Nov 2021	\$0.01077	\$0.00000	\$0.01077	
Dec 2021	\$0.01077	\$0.00000	\$0.01077	

Parentheses indicate a credit factor.

(Continued on Sheet No. D-101.00)

Issued xxx
T. T. Eidukas
Vice-President,
Milwaukee, Wisconsin

Effective for bills rendered for
the 2021 Plan year

Issued under authority of the
Michigan Public Service Commission
Dated xxx
in Case No. U-20808

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * *

In the matter of the application of)
UPPER MICHIGAN ENERGY RESOURCES)
CORPORATION for approval of a power supply)
cost recovery plan and authorization of monthly) Case No. U-20808
power supply cost recovery factors for the calendar)
year 2021, and other related approvals.)
_____)

PROOF OF SERVICE

STATE OF MICHIGAN)
) ss
COUNTY OF INGHAM)

Elizabeth H. Kunc, being first duly sworn, deposes and states that on June 25, 2021, she served the **Second Settlement Agreement** and this **Proof of Service** upon those listed below by e-mailing same to:

ALJ Sally Wallace	wallaces2@michigan.gov
John R. Liskey	john@liskeypllc.com
Monica M. Stephens	StephensM11@michigan.gov
Michael J. Orris	orrism@michigan.gov

Elizabeth H. Kunc

Digitally signed by: Elizabeth H. Kunc
DN: CN = Elizabeth H. Kunc email =
kunc@millerkanfield.com C = AD O = Miller
Kanfield OU = Legal Secretary
Date: 2021.06.25 14:14:34 -04'00'

Elizabeth H. Kunc

Subscribed and sworn before me
on this 25th day of June, 2021.

Allison Kellogg

Digitally signed by: Allison Kellogg
DN: CN = Allison Kellogg email =
kellogg@millerkanfield.com C = US O = Miller
Kanfield
Date: 2021.06.25 14:14:51 -04'00'

Allison Kellogg, Notary Public
State of Michigan, Shiawassee County
My Commission Expires: 09/03/2025
Acting in the County of Ingham


PROOF OF SERVICE

STATE OF MICHIGAN)

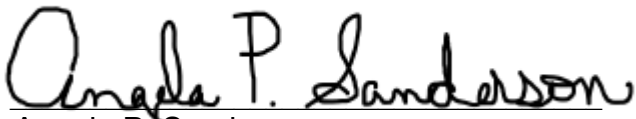
Case No. U-20808

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on July 27, 2021 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 27th day of July 2021.



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

Service List for Case: U-20808

Name	Email Address
John R. Liskey	john@liskeypllc.com
Michael J. Orris	orrism@michigan.gov
Monica M. Stephens	stephensm11@michigan.gov
Sally Wallace	wallaces2@michigan.gov
Sherri A. Wellman	wellmans@millercanfield.com
Upper Michigan Energy Resources Corporation (UMERC)	colleen.sipiorski@wecenergygroup.com