

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
ALPENA POWER COMPANY)	
to commence a renewable energy cost)	Case No. U-21351
reconciliation proceeding for the 12-month period)	
ended December 31, 2022.)	
_____)	

At the July 26, 2023 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair
Hon. Katherine L. Peretick, Commissioner
Hon. Alessandra R. Carreon, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On March 21, 2023, Alpena Power Company (Alpena) filed an application, with supporting testimony and exhibits, for a renewable energy cost reconciliation proceeding for the 12-month period ended December 31, 2022.

A prehearing conference was held on May 18, 2023, before Administrative Law Judge Lesley C. Fairrow. Alpena and the Commission Staff participated in the proceeding. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

The Commission has reviewed the settlement agreement and finds that the public interest is adequately represented by the parties who entered into the settlement agreement. The Commission further finds that the settlement agreement is in the public interest, represents a fair and reasonable resolution of the proceeding, and should be approved.

THEREFORE, IT IS ORDERED that 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, 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 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

Katherine L. Peretick, Commissioner

I abstain.

Alessandra R. Carreon, Commissioner

By its action of July 26, 2023.

Lisa Felice, Executive Secretary

STATE OF MICHIGAN
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* * * * *

In the matter of the Application of)
ALPENA POWER COMPANY to)
commence a renewable energy cost)
reconciliation proceeding for the 12)
month period ended December 31, 2022.)
_____)

Case No. U-21351

SETTLEMENT AGREEMENT

Alpena Power Company ("Alpena") by and through its attorney, Timothy M. Gulden, of the law firm of Gillard, Bauer, Mazrum, Florip, Smigelski & Gulden, and the Michigan Public Service Commission Staff ("Staff") by and through its attorney, Assistant Attorney General Michael J. Orris, hereby present this Settlement Agreement in resolution of the above matter.

1. On March 21, 2023, Alpena filed its application for a renewable energy cost reconciliation proceeding for the 12-month period ended December 31, 2022, together with the prepared testimony and exhibits of its witness.

2. On April 18, 2023, the Michigan Public Service Commission ("Commission") issued its notice of hearing, setting this matter for a prehearing conference on May 18, 2023. Pursuant to the Commission's direction, Alpena mailed a copy of the notice of hearing to all cities, incorporated villages, townships, and counties in its service area and published the notice

SETTLEMENT AGREEMENT
U-21351

of hearing in a daily newspaper in its service territory. No parties sought to intervene. The prehearing conference was conducted by Administrative Law Judge Lesley Fairrow.

3. Alpena and Staff commenced discussions prior to and following the prehearing conference, resulting in a Settlement Agreement. The Parties exchanged information and discussed the filing at length. Staff reviewed the Company's RE Reconciliation filing through a number of means including the submission of information requests and reviewed the submittals from the Company. These requests included support for revenues, expenses and the other information listed within the Company's pre-filed testimony and exhibits, including tying the revenues, expenses, and other components to bills, general ledgers, system documentation, interest support, or relevant Commission orders. Staff requested and subsequently thoroughly reviewed the REC inventory, generation, and compliance support from the Company and from the Michigan Renewable Energy Certification System ("MIRECS"). Staff's review revealed an error in the prorated calculation of the Company's short-term interest rates in 6 of the 12 months, which increased the interest and total regulatory liability by \$15.72. The parties agree as follows:

A. Alpena has adhered to its renewable energy plan to meet its PA 295 portfolio standard requirements by purchasing renewable energy credits (RECs). Alpena has entered a contract with Consumers Energy Company ("Consumers") and has entered a contract with Eagle Creek Development Holdings, LLC ("ECDH") to purchase the required RECs through the year 2024. The Alpena contract with Consumers of August 4, 2009, was approved by the

SETTLEMENT AGREEMENT
U-21351

Commission in its opinion and order in Case No. U-15804, wherein it found that the contract was reasonable and prudent and satisfied the factors of Section 37 of PA 295. The Alpena contract with ECDH of December 9, 2021, was approved by the Commission in its opinion and order in Case No. U-21140, wherein it found that the contract was reasonable and prudent and satisfied the factors of Public Act 295 of 2008, as amended by Public Act 342 of 2016. Alpena anticipates that it will procure RECs for the period of 2025 through 2029 through an ongoing RFP process.

B. Alpena incurred \$112,119.49 in expenses in 2022 to obtain renewable energy credits to meet the renewable energy compliance requirement, and Alpena collected no surcharge revenue in 2022. Alpena is not requesting any revenue adjustment to recover its incremental cost of compliance. As no adjustment to the revenue recovery mechanism is needed, the retail rate impact of Alpena's tariffs is unchanged and does not exceed the maximum retail rate impact as specified under Section 45 of PA 295.

C. Alpena's 2022 year-end Regulatory Account Reconciliation is attached hereto, showing a total year-end Regulatory Liability of \$287,347.15, inclusive of interest, and should be reflected as the Company's beginning balance in its 2023 RE Reconciliation case. Please see Exhibit A-8 Rev 1.

D. Alpena has not incurred any costs in the implementation of its Renewable Energy Plan related to Renewable Energy that are recoverable in its PSCR proceedings.

E. The report for expenditures made and revenues collected by Alpena pursuant to

SETTLEMENT AGREEMENT
U-21351

its renewable energy revenue recovery system are reasonable and prudent.

F. Alpena's 2022 Renewable Energy Plan Cost Reconciliation is reasonable and prudent and meets all relevant requirements of PA 295.

G. Alpena had a REC requirement of 52,100 for 2022, and Staff agrees that this requirement was met.

H. It is the opinion of the parties that this Settlement Agreement is reasonable and will promote the public interest; this Settlement Agreement is intended for final disposition of this proceeding; and the parties join in respectfully requesting the Commission to grant prompt approval of the agreement.

I. This Settlement Agreement will become binding upon the parties only if the Commission accepts and approves the same without modification. If the Commission does not approve this Settlement Agreement without modification, this Agreement shall be withdrawn and shall not constitute any part of the record in the proceeding or be used for any purpose whatsoever.

J. This Settlement Agreement has been made for the sole and express purpose of reaching a compromise that promotes administrative efficiency and is without prejudice to the rights of the parties to take new or different positions in other proceedings. All offers of settlement and discussions relating to this Settlement Agreement shall be considered privileged under MRE 408. If the Commission approves this Settlement Agreement without modification, the parties shall make no reference to or use of this Settlement Agreement or the order

SETTLEMENT AGREEMENT
U-21351

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 proceedings; provided, however, such references or use may be made to enforce the Settlement Agreement and order.

K. All parties waive Section 81 of the Administrative Procedures Act of 1969, as amended, MCL 24.281.

MICHIGAN PUBLIC SERVICE COMMISSION



By: _____
Michael J. Orris (P51232)
Its: Attorney

ALPENA POWER COMPANY

**Timothy
M. Gulden**

Digitally signed by Timothy M. Gulden
DN: cn=Timothy M. Gulden, o=Gillard Bauer
Mazum Florip Smigelski & Gulden, ou,
email=tmgulden@gillardlaw.com, c=US
Date: 2023.07.05 10:15:54 -04'00'

By: _____
Timothy M. Gulden (P41232)
Its: Attorney

SETTLEMENT AGREEMENT
U-21351

ALPENA POWER COMPANY
Renewable Energy Portfolio Reconciliation 2022
Interest Calculation by Month

Description	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Beginning Balance Over/(Under) Recover	276,554.56	276,554.56	276,554.56	276,554.56	275,979.66	275,979.66	275,779.76	275,779.76	275,779.76	164,634.97	164,634.97	164,634.97
Expense Approved (A-7)	0.00	0.00	0.00	-574.90	0.00	-199.90	0.00	0.00	-199.90	0.00	0.00	-199.90
RECs Purchased Consumers (A-7)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-61,964.09	0.00	0.00	0.00
RECS Purchased ECDH (A-7)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-48,980.80	0.00	0.00	0.00
Ending Balance Over/(Under) Recovery	276,554.56	276,554.56	276,554.56	275,979.66	275,979.66	275,779.76	275,779.76	275,779.76	164,634.97	164,634.97	164,634.97	164,435.07
Average Over/(Under) Recovery	276,554.56	276,554.56	276,554.56	276,267.11	275,979.66	275,879.71	275,779.76	275,779.76	220,207.37	164,634.97	164,634.97	164,535.02
Interest Rate - Annual	2.250%	2.250%	2.371%	2.500%	2.935%	3.375%	3.847%	4.500%	4.725%	5.250%	5.950%	6.274%
Monthly Interest	518.54	518.54	546.42	575.56	675.00	775.91	884.05	1,034.17	867.07	720.28	816.32	860.27
Beginning Balance Over/(Under) Recover	114,119.96	114,638.50	115,157.04	115,703.46	116,279.01	116,954.01	117,729.93	118,613.98	119,648.15	120,515.22	121,235.50	122,051.81
Cumulative Interest	114,638.50	115,157.04	115,703.46	116,279.01	116,954.01	117,729.93	118,613.98	119,648.15	120,515.22	121,235.50	122,051.81	122,912.08
	391,193.06	391,711.60	392,258.02	392,258.67	392,933.67	393,509.69	394,393.74	395,427.91	285,150.19	285,870.47	286,686.78	287,347.15


PROOF OF SERVICE

STATE OF MICHIGAN)

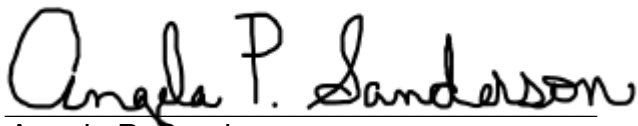
Case No. U-21351

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on July 26, 2023 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 26th day of July 2023.



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

Service List for Case: U-21351

Name	On Behalf of	Email Address
Alpena Power Company	Alpena Power Company	kd@alpenapower.com
Lesley Fairrow	ALJs - MPSC	fairrowl1@michigan.gov
Michael J. Orris	MPSC Staff	orrism@michigan.gov
Timothy M. Gulden	Alpena Power Company	tmgulden@gillardlaw.com