

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission's own motion,)	
regarding the regulatory reviews, revisions,)	
determinations, and/or approvals necessary for)	Case No. U-21325
UPPER PENINSULA POWER COMPANY)	
to fully comply with Public Act 295 of 2008,)	
as amended by Public Act 342 of 2016.)	
_____)	

At the December 21, 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 June 30, 2023, Upper Peninsula Power Company (UPPCo) filed an application for approval of the company's energy waste reduction plan for the 2024 and 2025 calendar years.

A prehearing conference was held on August 16, 2023, before Administrative Law Judge Christopher S. Saunders (ALJ), at which the ALJ granted intervention to the Michigan Department of Attorney General and Billerud Americas Corporation. UPPCo and the Commission Staff also participated in the proceeding. Subsequently, the parties submitted a settlement agreement resolving all the issues in the case.

The Commission has reviewed the settlement agreement and finds that the public interest is adequately represented by the parties that 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 in this docket substantially similar to Attachment 1 of 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 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

Alessandra R. Carreon, Commissioner

By its action of December 21, 2023.

Lisa Felice, Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission’s own motion,)	
regarding the regulatory reviews, revisions,)	
determinations, and/or approvals necessary for)	Case No. U-21325
UPPER PENINSULA POWER COMPANY to)	
fully comply with Public Act 295 of 2008, as)	
<u>amended by Public Act 342 of 2016.</u>)	

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 Hearings and Rules, R 792.10431, Upper Peninsula Power Company (“UPPCO” or the “Company”), Attorney General Dana Nessel (“AG”), Billerud Americas Corporation (“Billerud”), and the Michigan Public Service Commission Staff (“Staff”) agree as follows:

1. On December 21, 2022, the Michigan Public Service Commission (“MPSC” or the “Commission”) issued its order in Case No. U-21320 et al., directing UPPCO to file its biennial energy waste reduction (“EWR”) plan for 2024 and 2025.

2. Consistent with the Commission’s December 21, 2023 order, on June 30, 2023, UPPCO filed its application, direct testimony, and exhibits in this case. This filing, among other things, included UPPCO’s plan for providing EWR programs (including low income) to its customers, explained how those programs will be administered, specified the funding necessary for its plan, identified energy savings target, and demonstrated how the EWR costs, including incentive payments, would be recovered in rates for 2024-2025.

3. On July 7, 2023, the Commission's Executive Secretary issued the Notice of Hearing in the case directing the Company to mail a copy of the Notice to all cities, incorporated villages, townships, and counties in its service territory, as well as intervenors in Case Nos. U-21286 and U-20879. Further, the Company was directed to publish the Notice of Hearing in daily newspapers of general circulation throughout its service area. Consistent with those directives, on July 28, 2023, UPPCO filed its affidavits of mailing and publication with the Commission.

4. On August 16, 2023, a prehearing conference was held before Administrative Law Judge Christopher Saunders and counsel for the Company and Staff was in attendance. The petitions to intervene of the AG and Billerud were granted.

5. The Staff conducted a thorough review of the Company's June 30, 2023 filing specifically assessing the feasibility of the implementation, the cost-effectiveness of the programs, and the savings levels projected by the Company in its plan. The outcome of this review led to settlement discussions, whereat, the Staff requested the Company to remove financial incentive mechanism payments from its proposed plan surcharge calculation, in favor of recovering these incentive payments in the annual EWR reconciliation process.

6. As the result of the settlement discussion, the parties hereby agree to the following:

a. UPPCO's filed biennial EWR plan for 2024 and 2025 is reasonable, prudent, meets all requirements of 2008 PA 295 as amended by 2016 PA 342, and should be approved.

b. The biennial EWR plan for 2024 and 2025 and related budget reflect energy saving targets that support an emphasis of investment in long life measures and low-income spending.

c. The Commission should approve the continuation of UPPCO's financial incentive mechanism.

d. The calculated plan surcharges, as set forth in Attachment 1 hereto, reflect the removal of estimated financial incentive mechanism payments with the understanding that such incentive payments will be addressed and recovered through the Company's annual EWR reconciliation process. Further, the Commission should approve the surcharges set forth in Attachment 1 to be effective on and after January 1, 2024.

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

8. 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 reference to, or use this settlement agreement or the order approving it, as a reason, authority, rationale or example for taking any action or position or making any subsequent decision in any other case or proceeding; provided, however, such references may be made to enforce or implement the provisions of this settlement agreement and the order approving it.

9. Pursuant to Rule 431(6) of the Michigan Administrative Hearing System's Administrative Rules, R 792.1043(6) the parties agree any order approving this settlement agreement shall not establish precedent for future unrelated proceedings. This settlement agreement is based on the facts and circumstances of this case and is intended as the final disposition of Case No. U-21325 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.

10. 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 agreement 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.

11. 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,

**Sherri
Wellman**

Dated: November 28, 2023

By: _____

Its Attorney
Sherri A. Wellman (P38989)
MILLER, CANFIELD, PADDOCK and STONE, P.L.C.
One Michigan Avenue, Suite 900
Lansing, Michigan 48933
(517) 483-4954

Digitally signed by: Sherri Wellman
DN: CN = Sherri Wellman email =
wellmans@millercanfield.com C =
AD O = Miller Canfield
Date: 2023.11.28 12:37:50 -05'00'

MICHIGAN PUBLIC SERVICE COMMISSION STAFF



Dated: November 28, 2023


By: _____

One of Its Attorneys
Monica M. Stephens (P73782)

Alena Clark (P73252)
Assistant Attorneys General
Michigan Public Service Commission
Public Service Division
7109 West Saginaw Highway, 3rd Floor
Lansing, Michigan 48917
(517) 241-6680

ATTORNEY GENERAL DANA NESSEL


Dated: November 28, 2023

By: **Michael E.
Moody**  Digitally signed by Michael E.
Moody
Date: 2023.11.30 16:03:56 -05'00'

Her Attorney
Michael E. Moody (P51985)
Assistant Attorney General
Special Litigation Division
Sixth Floor Williams Bldg.
525 W. Ottawa Street
P.O. Box 30755
Lansing, Michigan 48909
(517) 335-7627

BILLERUD AMERICAS CORPORATION

Dated: November 28, 2023

By: **Timothy J.
Lundgren**  Digitally signed by Timothy J.
Lundgren
Date: 2023.11.30 16:42:10 -05'00'

Its Attorney
Timothy J. Ludgren (P62807)
Potomac Law Group
120 N. Washington Square
Suite 300
Lansing, Michigan 48909
(616) 915-3726

Case No. U-21325

ATTACHMENT 1

UPPER PENINSULA POWER COMPANY

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 per meter, per day as follows:

Rates per kWh

RATE SCHEDULE	EWR Rate	+	Distribution Charge	=	TOTAL Distribution Charge
A-1	\$0.0066	+	0.12269	=	0.1293
AH-1	\$0.0066	+	0.12269	=	0.12929
AH-1, 0-500 kWh, Oct-May	\$0.0066	+	0.12269	=	0.12929
AH-1, 500+ kWh, Oct-May	\$0.0066	+	0.06134	=	0.06794

Rates per meter, per day

	Customers without Self-Directed Plan		Customers with Self-Directed Plan				Customers without Self-Directed Plan		Customers with Self-Directed Plan
RATE SCHEDULE	EWR Rate	OR	EWR Rate	+	Service/Customer Charge	=	TOTAL Service/Customer Charge	OR	TOTAL Service/Customer Charge
C-1	0.2816	OR		+	0.6247	=	0.9063	OR	
H-1	0.2816	OR		+	0.6247	=	0.9063	OR	
P-1	2.7979	OR		+	1.2164	=	4.0143	OR	
CP-U Secondary	24.8084	OR	4.3285	+	16.4383	=	41.2467	OR	20.7668
CP-U Primary	24.8084	OR	4.3285	+	21.3698	=	46.1782	OR	25.6983
CP-U Transmission	24.8084	OR	4.3285	+	49.3150	=	74.1234	OR	53.6435
RTMP	1001.4962	OR	174.7373	+	32.8767	=	1034.3729	OR	207.6140
RTMP-D	1001.4962	OR	174.7373	+	32.8767	=	1034.3729	OR	207.6140
Special Contract	130.1212	OR	22.7031	+		=	130.1212	OR	22.7031
WP-3	151.2648	OR	26.3921	+	49.3150	=	200.5798	OR	75.7071
SL-3	0.1224	OR		+	0.6247	=	0.7471	OR	

Issued: XX-XX-XXXX
By G R Haehnel
Chief Financial Officer
Marquette, Michigan

Effective for Service
On and After: XX-XX-XXXX
Issued Under Auth. of
Mich Public Serv Comm
Dated: XX-XX-XXXX
In Case No: U-21325


PROOF OF SERVICE

STATE OF MICHIGAN)

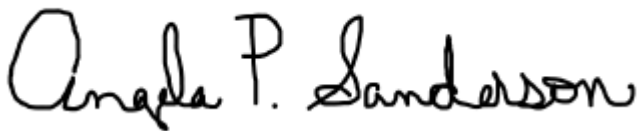
Case No. U-21325

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on December 21, 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 21st day of December 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-21325**

Name	On Behalf Of	Email Address
Alena Clark	MPSC Staff	clarka55@michigan.gov
Benjamin J. Holwerda	Upper Peninsula Power Company (UPPCO)	holwerda@millercanfield.com
Celeste R. Gill	Department of Attorney General	gillc1@michigan.gov
Christopher S. Saunders	ALJs - MPSC	saundersc4@michigan.gov
Justin K. Ooms	Billerud Americas Corporation	jooms@potomaclaw.com
Michael E. Moody	Department of Attorney General	moodym2@michigan.gov
Monica M. Stephens	MPSC Staff	stephensm11@michigan.gov
Sherri A. Wellman	Upper Peninsula Power Company (UPPCO)	wellmans@millercanfield.com
Timothy J. Lundgren	Billerud Americas Corporation	tlundgren@potomaclaw.com
Upper Peninsula Power Company (UPPCO)	Upper Peninsula Power Company (UPPCO)	jlarsen@uppcoco.com

GEMOTION DISTRIBUTION SERVICE LIST

kabraham@mpower.org
mkuchera@AEPENERGY.COM
mfurmanski@algerdelta.com
kd@alpenapower.com
kerrmann@atcllc.com
acotter@atcllc.com
cityelectric@BAYCITYMI.ORG
rbishop@BISHOPENERGY.COM
braukerL@MICHIGAN.GOV
cherie.fuller@bp.com
greg.bass@calpinesolutions.com
Ichappelle@potomaclaw.com
tanderson@cherrylandelectric.coop
frucheyb@DTEENERGY.COM
crystalfallsmgr@HOTMAIL.COM
gpirkola@escanaba.org
mpolega@GLADSTONEMI.COM
ttarkiewicz@CITYOFMARSHALL.COM
ElectricDept@PORTLAND-MICHIGAN.ORG
cwilson@cloverland.com
mheise@cloverland.com
todd.mortimer@CMSENERGY.COM
sarah.jorgensen@cmsenergy.com
Michael.torrey@cmsenergy.com
CANDACE.GONZALES@cmsenergy.com
mpsc.filings@CMSENERGY.COM
mpsc.filings@CMSENERGY.COM
david.fein@CONSTELLATION.COM
kate.stanley@CONSTELLATION.COM
kate.fleche@CONSTELLATION.COM
lpag@dickinsonwright.com
info@dillonpower.com
Neal.fitch@nrg.com
Kara.briggs@nrg.com
Ryan.harwell@nrg.com
mpscfilings@DTEENERGY.COM
adella.crozier@dteenergy.com
karen.vucinaj@dteenergy.com
customerservice@eligoenergy.com
ftravaglione@energyharbor.com
rfawaz@energyintl.com
sejackinchuk@varnumlaw.com
customer care@plymouthenergy.com

Abraham, Katie - MMEA
AEP Energy
Alger Delta Cooperative
Alpena Power
American Transmission Company
American Transmission Company
Bay City Electric Light & Power
Bishop Energy
Brauker, Linda
bp Energy Retail Company, LLC
Calpine Energy Solutions
Chappelle, Laura
Cherryland Electric Cooperative
Citizens Gas Fuel Company
City of Crystal Falls
City of Escanaba
City of Gladstone
City of Marshall
City of Portland
Cloverland
Cloverland
CMS Energy
Consumers Energy Company
Consumers Energy Company
Consumers Energy Company
Consumers Energy Company
Consumers Energy Company
Constellation Energy
Constellation Energy
Constellation New Energy
Dickinson Wright
Dillon Power, LLC
Direct Energy
Direct Energy
Direct Energy
DTE Energy
DTE Energy
DTE Energy
Eligo Energy MI, LLC
Energy Harbor
Energy International Power Marketing d/b/a PowerOne
Energy Michigan
ENGIE Gas & Power f/k/a Plymouth Energy

GEMOTION DISTRIBUTION SERVICE LIST

felice@MICHIGAN.GOV	Felice, Lisa
bgorman@FIRSTENERGYCORP.COM	First Energy
phil@allendaleheating.com	Forner, Phil
dburks@glenergy.com	Great Lakes Energy
slamp@glenergy.com	Great Lakes Energy Cooperative
sculver@glenergy.com	Great Lakes Energy Cooperative
lrgustafson@CMSENERGY.COM	Gustafson, Lisa
jhammel@hillsdalebpu.com	Hillsdale Board of Public Utilities
coneill@homeworks.org	HomeWorks Tri-County Electric Cooperative
psimmer@HOMEWORKS.ORG	HomeWorks Tri-County Electric Cooperative
mgobrien@aep.com	Indiana Michigan Power Company
dan@megautilities.org	Integrays Group
daustin@IGSENERGY.COM	Interstate Gas Supply Inc
general@itctransco.com	ITC Holdings
kadarkwa@itctransco.com	ITC Holdings
igoodman@commerceenergy.com	Just Energy Solutions
krichel@DLIB.INFO	Krichel, Thomas
dbodine@LIBERTYPOWERCORP.COM	Liberty Power
ham557@GMAIL.COM	Lowell S.
tlundgren@potomacclaw.com	Lundgren, Timothy
jreynolds@MBLP.ORG	Marquette Board of Light & Power
suzy@megautilities.org	MEGA
dan@megautilities.org	MEGA
mmann@USGANDE.COM	Michigan Gas & Electric
shannon.burzycki@wecenergygroup.com	Michigan Gas Utilities Corporation
mrzwiars@INTEGRYSGROUP.COM	Michigan Gas Utilities/Upper Penn Power/Wisconsin
kabraham@mpower.org	Michigan Public Power Agency
JHDillavou@midamericanenergyservices.com	MidAmerican Energy Services, LLC
JCAltmayer@midamericanenergyservices.com	MidAmerican Energy Services, LLC
LMLann@midamericanenergyservices.com	MidAmerican Energy Services, LLC
dave.allen@TEAMMIDWEST.COM	Midwest Energy Cooperative
bob.hance@teammidwest.com	Midwest Energy Cooperative
kerri.wade@teammidwest.com	Midwest Energy Cooperative
Marie-Rose.Gatete@teammidwest.com	Midwest Energy Cooperative
meghan.tarver@teammidwest.com	Midwest Energy Cooperative
d.motley@COMCAST.NET	Motley, Doug
rarchiba@FOSTEROIL.COM	My Choice Energy
customerservice@nordicenergy-us.com	Nordic Energy Services, LLC
karl.j.hoesly@xcelenergy.com	Northern States Power
esoumis@ontorea.com	Ontonagon County Rural Elec
mpauley@GRANGERNET.COM	Pauley, Marc
mmpeck@fischerfranklin.com	Peck, Matthew
bschlansker@PREMIERENERGYLLC.COM	Premier Energy Marketing LLC

GEMOTION DISTRIBUTION SERVICE LIST

MVanschoten@pieg.com

johnbistranin@realgy.com

BusinessOffice@REALGY.COM

mvorabout@ses4energy.com

rabaey@SES4ENERGY.COM

cborr@WPSCI.COM

kmarklein@STEPHENSON-MI.COM

kay8643990@YAHOO.COM

regulatory@texasretailenergy.com

bessenmacher@tecmi.coop

vickie.nugent@wecenergygroup.com

jlarsen@upppo.com

estocking@upppo.com

vobmgr@UP.NET

info@VILLAGEOFCLINTON.ORG

jeinstein@volunteerenergy.com

leew@WVPA.COM

tking@WPSCI.COM

Amanda@misostates.org

Deborah.e.erwin@xcelenergy.com

Michelle.Schlosser@xcelenergy.com

Presque Isle Electric & Gas Cooperative, INC

Realgy Corp.

Realgy Energy Services

Santana Energy

Santana Energy

Spartan Renewable Energy, Inc. (Wolverine Power Marketing Corp)

Stephenson Utilities Department

Superior Energy Company

Texas Retail Energy, LLC

Thumb Electric Cooperative

Upper Michigan Energy Resources Corporation

Upper Peninsula Power Company

Upper Peninsula Power Company

Village of Baraga

Village of Clinton

Volunteer Energy Services

Wabash Valley Power

Wolverine Power

Wood, Amanda

Xcel Energy

Xcel Energy