

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
UPPER PENINSULA POWER COMPANY for)	
approval to implement a power supply cost recovery)	Case No. U-21433
plan for the 12 months ending December 31, 2024.)	
_____)	

At the April 11, 2024 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 September 29, 2023, Upper Peninsula Power Company (UPPCo) filed an application, with supporting testimony and exhibits, seeking authority to implement a power supply cost recovery (PSCR) plan and factors for the 12-month period ending December 31, 2024. UPPCo also seeks approval to recover, through the PSCR mechanism, prudently incurred actual costs and credits associated with financial transmission rights.

A prehearing conference was held on November 16, 2023, before Administrative Law Judge James M. Varchetti. UPPCo 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:

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 with the Commission a tariff sheet substantially similar to Attachment 1 to the settlement agreement. After the tariff sheet has been reviewed and accepted by the Commission Staff for inclusion in the tariff book, Upper Peninsula Power Company shall promptly file the final tariff sheet in this docket.

C. If Upper Peninsula Power Company desires to apply a lesser power supply cost recovery factor than that approved by this order, it shall notify the Commission 10 days prior to the use of the lesser factor and shall file during the billing month a tariff sheet showing the lesser factors applied.

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 April 11, 2024.

Lisa Felice, Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)	
UPPER PENINSULA POWER COMPANY)	Case No. U-21433
for approval to implement a power supply cost recovery)	
plan for the 12 months ending December 31, 2024.)	
_____)	

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, 2015 ACR 792.10431, Upper Peninsula Power Company (“UPPCO” or the “Company”) and the Michigan Public Service Commission Staff (“Staff”) hereby agree as follows:

1. On September 29, 2023, UPPCO filed with the Michigan Public Service Commission (“Commission”) its Application, along with the testimony and exhibits of its witness, Nicole E. Bell, to: (i) implement a Power Supply Cost Recovery (“PSCR”) plan and PSCR factors for the 2024 calendar year, (ii) continue to recover through the PSCR the costs and credits associated with Financial Transmission Rights (“FTR”), and (iii) submit its five-year forecast of power supply requirements, anticipated sources of supply and projections of power supply costs.

2. On October 16, 2023, the Commission’s Executive Secretary issued a Notice of Hearing directing UPPCO 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 intervenors in Case Nos. U-20811, U-21058, U-20276, and U-21286. The Commission further directed UPPCO to publish

the Notice of Hearing in newspapers of general circulation throughout its service area. Complying with the directives, UPPCO electronically filed with the Commission the requisite Affidavit of Mailing and Proofs of Publication on November 9, 2023.

3. On November 16, 2023, a prehearing conference was held with Administrative Law Judge (“ALJ”) James Varchetti presiding, and Staff entered its appearance. There were no intervenors.

4. The Staff conducted an analysis of the PSCR plan and the decisions underlying that plan. Staff’s review found UPPCO’s 2024 PSCR plan is consistent with past Commission approvals, is based on reasonable projections, and results in reasonable PSCR factors.

5. The parties have negotiated the terms of this Settlement Agreement and agree as follows:

- a. As based on Staff’s audit, UPPCO’s 2024 PSCR plan is reasonable and should be approved by the Commission.
- b. UPPCO should be authorized to implement a ceiling PSCR factor of \$0.01560 per kWh in its retail electric customers’ monthly bills for the 12 month period through the December 2024 billing month. A tariff sheet, attached as Attachment 1, reflects the recommended factor.
- c. UPPCO’s 5-year forecast of power supply requirements meets the statutory mandates of 1982 PA 304 and should be accepted for filing.
- d. The parties agree that it is reasonable for the Commission to allow for the recovery through the PSCR mechanism of prudently incurred actual costs and credits associated with use of FTR.

6. The signatories are of the opinion that this Settlement Agreement is reasonable, is in the public interest and will aid in the expeditious conclusion of this case.

7. This Settlement Agreement is entered into for the sole and express purpose of reaching a compromise among the positions of the parties and avoiding further litigation in Case No. U-21433. 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. The parties 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 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.

8. All offers of settlement and discussions relating to this Settlement Agreement 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 matter. 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 proceeding, providing the Commission approves the Settlement Agreement without modification.

UPPER PENINSULA POWER COMPANY

Sherri A.

Digitally signed by: Sherri A. Wellman
DN: CN = Sherri A. Wellman email =
wellmans@millercanfield.com C = AD
O = Miller Canfield
Date: 2024.03.12 15:13:08 -04'00'

Dated: March 12, 2024

By: **Wellman**

Its Attorney


Sherri A. Wellman (P38989)

MILLER, CANFIELD, PADDOCK AND STONE,
P.L.C.

One Michigan Avenue, Suite 900
Lansing, MI 48933

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Dated: March 12, 2024

By: 
One of Its Attorneys
Daniel E. Sonneveldt (P58222)
Alena Clark (P73252)
Public Service Division
7109 West Saginaw Highway, 3rd Floor
Lansing, MI 48917

41486561.2/130062.00142

UPPER PENINSULA POWER COMPANY

MPSC Vol No 8-ELECTRIC
(2024 PSCR Plan, Case No. U-21433)XXX Revised Sheet No. D-2.00
Replaces XXX Revised Sheet No. D-2.00**D1. Power Supply Cost Recovery****PSCR**

Continued from Sheet No. D-1.00

Should the Company apply lesser factors than those below, or if the factors are later revised pursuant to Commission Orders or 1982 PA 304, the Company will notify the Commission and file a revision of the following list.

ALL CLASSES**Power Supply Cost Recovery Factors**

		Authorized 2024 Plan Year PSCR Factor \$/kWh	Prior Years Over/Under Recovery Factor \$/kWh	Maximum Authorized 2024 PSCR Factor \$/kWh	Actual Factor Billed \$/kWh
R	January 2024	\$0.01229	\$0.00331	\$0.01560	\$0.01504
R	February 2024	\$0.01229	\$0.00331	\$0.01560	\$0.01504
R	March 2024	\$0.01229	\$0.00331	\$0.01560	\$0.01504
R	April 2024	\$0.01229	\$0.00331	\$0.01560	
R	May 2024	\$0.01229	\$0.00331	\$0.01560	
R	June 2024	\$0.01229	\$0.00331	\$0.01560	
R	July 2024	\$0.01229	\$0.00331	\$0.01560	
R	August 2024	\$0.01229	\$0.00331	\$0.01560	
R	September 2024	\$0.01229	\$0.00331	\$0.01560	
R	October 2024	\$0.01229	\$0.00331	\$0.01560	
R	November 2024	\$0.01229	\$0.00331	\$0.01560	
R	December 2024	\$0.01229	\$0.00331	\$0.01560	

Continued on Sheet No. D-3.00

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

Effective Jan - Dec
2024 Billing Months
Issued Under Auth. of
1982 PA 304, Section 6j(9) and
Mich Public Serv Comm
In Case No. U-21433


PROOF OF SERVICE

STATE OF MICHIGAN)

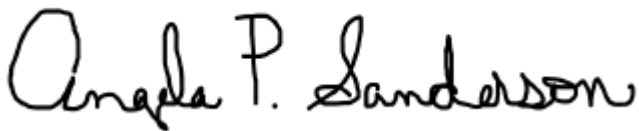
Case No. U-21443

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on April 11, 2024 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 11th day of April 2024.



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

Service List for Case: U-21443

Name	On Behalf Of	Email Address
Benjamin J. Holwerda	Northern States Power Company	holwerda@millercanfield.com
James M. Varchetti	ALJs - MPSC	varchettij@michigan.gov
Michael E. Moody	Department of Attorney General	moodym2@michigan.gov
Michael J. Orris	MPSC Staff	orrism@michigan.gov
Northern States Power Company	Northern States Power Company	nspw.regulatory@xcelenergy.com
Sherri A. Wellman	Northern States Power Company	wellmans@millercanfield.com