

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	)	Case No. U-21602
recovery plan for the 12 months ending	)	
December 31, 2025.	)	
_____	)	

At the April 24, 2025 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 30, 2024, 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, 2025, pursuant to Section 6j of Public Act 304 of 1982, MCL 460.6j. 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 14, 2024, before Administrative Law Judge Katherine E. Talbot. 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 company's tariff book, Upper Peninsula Power Company shall promptly file the final tariff sheet in this docket and serve all parties.

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 LARA-MPSC-Edockets@michigan.gov and to the Michigan Department of Attorney General - Public Service Division at sheacl@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 24, 2025.

Lisa Felice, Executive Secretary

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for approval to implement a power supply cost recovery	)	
plan for the 12 months ending December 31, 2025.	)	
_____	)	

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 30, 2024, 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 2025 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 11, 2024, 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-21555, U-21286, U-21267, and U-21433. 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 5, 2024.

3. On November 14, 2024, a prehearing conference was held with Administrative Law Judge (“ALJ”) Katherine E. Talbot 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 2025 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 2025 PSCR plan is reasonable and should be approved by the Commission.
- b. UPPCO should be authorized to implement a ceiling PSCR factor of \$0.01422 per kWh in its retail electric customers’ monthly bills for the 12 month period through the December 2025 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-21602. 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

Dated: March 27, 2025

Sherri A. Wellman
By: **Wellman**
Its Attorney
Sherri A. Wellman (P38989)
MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.
One Michigan Avenue, Suite 900
Lansing, MI 48933

Digitally signed by: Sherri A. Wellman
DN: CN = Sherri A. Wellman
email = wellmans@millercanfield.com, C = US O = Miller Canfield
Date: 2025.03.27 11:54:43 -0400

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Michael J. Orris

Michael J. Orris

2025.03.27

13:08:29 -04'00'

Dated: March 27, 2025

By: _____

Its Attorney

Michael J. Orris (P51232)

Public Service Division

7109 West Saginaw Highway, 3rd Floor

Lansing, MI 48917

Attachment 1
to Settlement Agreement
(MPSC Case No. U-21602)

MPSC Vol No 8-ELECTRIC
 (2025 PSCR Plan, Case No. U-21602)

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

	Billing Months	Power Supply Cost Recovery Factors			Actual Factor Billed \$/kWh
		Authorized 2025 Plan Year PSCR Factor \$/kWh	Prior Years Over/Under Recovery Factor \$/kWh	Maximum Authorized 2025 PSCR Factor \$/kWh	
R	January 2025	\$0.01375	\$0.00047	\$0.01422	
R	February 2025	\$0.01375	\$0.00047	\$0.01422	
R	March 2025	\$0.01375	\$0.00047	\$0.01422	
R	April 2025	\$0.01375	\$0.00047	\$0.01422	
R	May 2025	\$0.01375	\$0.00047	\$0.01422	
R	June 2025	\$0.01375	\$0.00047	\$0.01422	
R	July 2025	\$0.01375	\$0.00047	\$0.01422	
R	August 2025	\$0.01375	\$0.00047	\$0.01422	
R	September 2025	\$0.01375	\$0.00047	\$0.01422	
R	October 2025	\$0.01375	\$0.00047	\$0.01422	
R	November 2025	\$0.01375	\$0.00047	\$0.01422	
R	December 2025	\$0.01375	\$0.00047	\$0.01422	

Continued on Sheet No. D-3.00

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

Effective Jan - Dec
 2025 Billing Months
 Issued Under Auth. of
 1982 PA 304, Section 6j(9) and
 Mich Public Serv Comm
 In Case No. U-21602

PROOF OF SERVICE

STATE OF MICHIGAN)

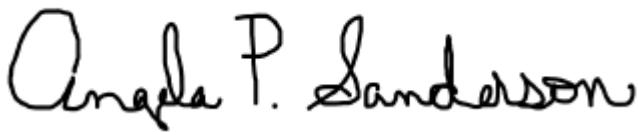
Case No. U-21602

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on April 24, 2025 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 24th day of April 2025.



Angela P. Sanderson
Notary Public, Shiawassee County, Michigan
As acting in Eaton County
My Commission Expires: May 21, 2030

Service List for Case: U-21602

Name	On Behalf Of	Email Address
Katherine E. Talbot	ALJs - MPSC	talbotk@michigan.gov
Michael J. Orris	MPSC Staff	orrism@michigan.gov
Sherri A. Wellman	Upper Peninsula Power Company (UPPCO)	wellmans@millercanfield.com
Upper Peninsula Power Company (UPPCO)	Upper Peninsula Power Company (UPPCO)	jlarsen@uppcoc.com