S T A T E O F M I C H I G A N

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of **UPPER PENINSULA POWER COMPANY** for reconciliation of its power supply cost recovery plan (Case No. U-21602) for the 12 months ended December 31, 2025.	))))))	Case No. U-21603

At the October 15, 2026 meeting of the Michigan Public Service Commission in Houghton, Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair
Hon. Katherine L. Peretick, Commissioner
Hon. Shaquila Myers, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On March 31, 2026, Upper Peninsula Power Company (UPPCo) filed an application in this case, with supporting testimony and exhibits, requesting approval of its power supply cost recovery reconciliation for the 12-month period ended December 31, 2025, pursuant to Section 6j of Public Act 304 of 1982, MCL 460.6j.

A prehearing conference was held on May 5, 2026, before Administrative Law Judge Lesley C. Fairrow. UPPCo 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 LARA-MPSC-Edockets@michigan.gov and to the Michigan Department of Attorney General - Public Service Division at sheac1@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

Shaquila Myers, Commissioner

By its action of October 15, 2026.

Lisa Felice, Executive Secretary

EXHIBIT A

S T A T E O F M I C H I G A N

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of **UPPER PENINSULA POWER COMPANY** for reconciliation of its power supply cost recovery plan (U-21602) for the 12-months ended December 31, 2025.	))))))	Case No. U-21603

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, R 792.10431, Upper Peninsula Power Company ("UPPCO") and the Michigan Public Service Commission Staff ("Staff") hereby agree as follows:

1. On March 31, 2026, UPPCO filed with the Michigan Public Service Commission ("Commission") its application, along with the testimony and exhibits of Nicole E. Bell, seeking authority to reconcile its power supply costs with its power supply revenues for the 12-month period ending December 31, 2025.

2. On April 3, 2026, a Notice of Hearing was issued directing UPPCO to mail a copy of the Notice of Hearing to all cities, incorporated villages, townships, and counties in its electric service area and to intervenors in Case Nos. U-21555 and U-21602. 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 an affidavit of mailing and proofs of publication prior to the prehearing conference.

3. On May 5, 2026, Administrative Law Judge Lesley C. Fairrow presided over a prehearing conference in this matter, and Staff entered its Appearance. There were no intervenors.

4. Staff performed its due diligence by assessing the reasonableness and prudence of the Company's operations described in the testimony and exhibits of the Company's witnesses, reviewing all audit responses, and completing an analysis of the entire record. Staff's audit resulted in a cumulative under-recovery of $4,381,465. This $7,342 difference as compared to the Company's filed under-recovered amount of $4,388,807 consists of: (i) a $5,815 adjustment to Net Purchased Power Cost for an invoice being recorded for an incorrect amount in December; (ii) a $1,518 adjustment to Net Purchased Power Cost for Monthly Network Charge discrepancies in January, February, September, October, and November, (iii) a $6 adjustment to net monthly interest from the previous adjustments; and (iv) a $3 rounding adjustment.

5. Subsequently, Staff and UPPCO entered into settlement discussions, and as a result thereof have agreed to settle all contested issues as follows:

a. The 2025 power supply expenses were incurred under reasonable and prudent policies and practices.

b. For the 12-month period ending December 31, 2025, it is agreed that the difference between PSCR revenues and expenses for 2025 results in a total cumulative under-recovery of $4,381,465. This amount includes the under-recovery of $1,170,265 from the 2024 PSCR reconciliation and interest through December 2025. It is agreed that UPPCO will reflect the 2025 power supply cost total cumulative under-recovery of $4,381,465 as its 2026 PSCR reconciliation beginning balance.

6. It is the opinion of the parties that Commission approval of this settlement agreement will promote the public interest, will represent a fair and reasonable resolution of this proceeding, will aid in expeditious conclusion of this case, and will minimize the time and

expense which would otherwise have to be devoted to this matter by the Commission and the parties.

7. This settlement agreement is intended for a final disposition of Case No. U-21603, and the parties join in respectfully requesting that the Commission grant prompt approval. Each signatory agrees not to appeal, challenge, or contest the Commission's order accepting and approving this settlement agreement without modification. It is agreed that if the Commission does not accept this settlement agreement in its entirety, then 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. This settlement agreement and all offers of settlement and discussions are privileged and shall not be used in any manner, nor be admissible, for any other purpose in connection with this proceeding or any other proceeding except so as to prove the contents herein.

9. All signatories agree to waive § 81 of the APA as amended, 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 A. Wellman

Digitally signed by: Sherri A. Wellman
DN: CN = Sherri A. Wellman email = wellmans@millercanfield.com C = US O = Miller Canfield
Date: 2026.09.28 15:44:32 -04'00'

Dated: September 28, 2026 By:_____

Its Attorney
Sherri A. Wellman (P38989)
MILLER, CANFIELD, PADDOCK and STONE, P.L.C.
123 West Allegan Street, Suite 200
Lansing, Michigan 48933
(517) 483-4954

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

September 28, 2026 By:_____

Its Attorney
Michael J. Orris (P51232)
Assistant Attorney General
Public Service Division
7109 West Saginaw Highway, 3rd Floor
Lansing, Michigan 48917
(517) 284-8140

P R O O F O F S E R V I C E

STATE OF MICHIGAN)

Case No. U-21603

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on October 15, 2026 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 15th day of October 2026.

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

Service List for Case: U-21603

Name	On Behalf Of	Email Address
Lesley C. Fairrow	ALJs - MPSC	fairrowl1@michigan.gov
Michael J. Orris	MPSC Staff	orrism@michigan.gov
Sherri A. Wellman	Upper Peninsula Power Company	wellmans@millercanfield.com
Upper Peninsula Power Company	Upper Peninsula Power Company	jlarsen@uppco.com