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July 29, 2020

Ms. Lisa Felice  
Executive Secretary  
Michigan Public Service Commission  
7109 W. Saginaw Highway, 3rd Floor  
Lansing, MI 48917

Re: Upper Michigan Energy Resources Corporation  
Case No. U-20812

Dear Ms. Felice:

Enclosed for electronic filing please find the Application of Upper Michigan Energy Resources Corporation, along with the supporting testimony and exhibits of Sarah R. Mead and Diane J. Mier. Also enclosed is the Appearance of Sherri A. Wellman.

Should you have any questions, please kindly advise.

Very truly yours,

Miller, Canfield, Paddock and Stone, P.L.C.

By: \_\_\_\_\_  
Sherri A. Wellman

SAW:ehk  
Enclosures  
cc w/enc: Richard Stasik  
Mary Wolter  
Ted Eidukas  
Koby Bailey  
Sarah R. Mead  
Diane J. Mier

**STATE OF MICHIGAN**

**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

\* \* \* \* \*

In the matter of the application of	)	
<b>UPPER MICHIGAN ENERGY RESOURCES</b>	)	
<b>CORPORATION</b> for approval of a gas cost	)	Case No. U-20812
recovery plan and authorization of gas cost	)	
recovery factors for the 12-month period ending	)	
October 31, 2021, and related approvals.	)	
_____	)	

**APPLICATION**

Upper Michigan Energy Resources Corporation (“UMERC” or the “Company”) hereby applies to the Michigan Public Service Commission (“MPSC” or the “Commission”) for approval, pursuant to 1982 PA 304, MCL 460.6h(6) (“Act 304”), of the Gas Cost Recovery (“GCR”) plan and factors for the 12-month period beginning November 1, 2020 and ending October 31, 2021, and respectfully represents as follows:

1. UMERC is a public service corporation organized under the laws of Michigan with service centers located at 800 Industrial Park Drive, Iron Mountain, Michigan, and 1717 Tenth Avenue, Menominee, Michigan. By Order Approving Settlement dated December 9, 2016, in Case No. U-18061, UMERC was granted authority by the Commission to, among other things, provide retail natural gas service to the former Michigan customers of natural gas of Wisconsin Public Service Corporation (“WPS Corp”) in a service area located in Menominee County, Michigan.

2. Pursuant to Act 304 and the Commission's Opinion and Order dated August 9, 1983 in Case No. U-7506, WPS Corp incorporated a GCR clause in its Michigan rate schedules. Said

GCR clause authorized WPS Corp to include in its rates each month a GCR factor authorized by the Commission. Pursuant to the Commission's December 9, 2016 Order Approving Settlement in Case No. U-18061, UMERC adopted WPS Corp's GCR clause for natural gas service in its WPS Rate Zone.

3. The testimony and exhibits being contemporaneously filed here describe UMERC's expected sources and volumes of gas supply, and the changes in the cost of gas anticipated over the 12-month period beginning November 1, 2020, and ending October 31, 2021. Included in the testimony and exhibits is a discussion of the GCR plan. There is also an evaluation of the reasonableness and prudence of decisions to obtain gas in the manner described in light of alternative gas supplies available, and an explanation of the legal and regulatory actions taken to minimize its cost of gas.

4. The testimony and exhibits also contain a description of the major contract for gas supply for the 12-month period beginning November 1, 2020 and ending October 31, 2021, including the projected gas costs. A five-year forecast of gas requirements and associated costs for customers is also included.

5. Under the plan, a uniform base GCR factor, subject to adjustment under the monthly GCR Factor Adjustment Mechanism, of \$0.32318 per therm for the November 2020 through October 2021 billing months is requested. Exhibit A-4 (DJM-3), reflects proposed tariff Sheet No. D-5.00, which sets forth this base GCR factor.

6. As authorized in Case No. U-12741, UMERC also requests that the following be established: (i) a factor for Peak Day Backup (Annual Option) of \$0.5632 per month per therm of demand, (ii) a factor for Peak Day Backup (Seasonal Option) of \$0.73693 per month per therm of demand, and (iii) the factor for the Backup Service Commodity Charge set equal to \$0. 25360 per

term for the November 2020 through October 2021 billing months. The factor for the Backup Service Commodity Charge will, however, be subject to adjustment under the monthly GCR Factor Adjustment Mechanism as described below. Exhibit A-5 (DJM-4) reflects proposed tariff Sheet No. E-20.00 which sets forth these factors.

7. Authority to implement a monthly Contingent GCR Factor Adjustment Mechanism for the GCR period ending October 31, 2021 is also sought. The monthly Contingent GCR Factor Adjustment Mechanism authorizes, without additional Commission action, UMERC to adjust monthly the base maximum GCR factor, and the factor for Backup Service Commodity Charge, based on the average NYMEX natural gas futures contract prices for the remaining months of the GCR plan year. Exhibit A-6 (DJM-5) reflects proposed tariff Sheets Nos. D-6.00 and D-7.00, which set forth the base GCR Factor, NYMEX Base Price and Contingent GCR Factors for the Contingent GCR Factor Adjustment Mechanism for the GCR period ending October 31, 2021.

8. Also, authority is sought to recover as booked costs of gas hedging costs as allocated pursuant to the Gas Asset Management Agreement.

9. Jurisdiction is pursuant to 1909 PA 300, as amended, MCL 462.2 et seq; 1919 PA 419, as amended, MCL 460.51 et seq; 1939 PA 3, as amended, MCL 460.1 et seq; 1969 PA 306, as amended, MCL 42.201; and the Michigan Administrative Hearing System's Administrative Hearing Rules, 2015 AC, R 792.10401 et seq.

WHEREFORE, UMERC requests that this Commission:

- A. Make and publish its order and notice of hearing, and, after notice and hearing;
- B. Determine that the decisions underlying the GCR plan are reasonable and prudent;
- C. Approve the GCR plan as proposed herein;
- D. Approve the requested base GCR factor;

- E. Approve the requested factors for Annual and Seasonal Peak Day Backup and Backup Service Commodity Charge as requested;
- F. Approve the requested monthly GCR Factor Adjustment Mechanism;
- G. Determine that the decisions underlying the five-year forecast are reasonable and prudent indicating any cost items in the five-year forecast that, on the basis of present evidence, this Commission would be unlikely to permit UMEREC to recover from its customers in rates, rate schedules, or GCR factors established in the future;
- H. Approve the request to recover as booked costs of gas hedging costs as allocated pursuant to the Gas Asset Management Agreement; and
- I. Grant such other and further authority as requested and which may be lawful and proper.

Respectfully submitted,

UPPER MICHIGAN ENERGY RESOURCES  
CORPORATION

Dated: July 29, 2020

By: \_\_\_\_\_

Its Attorney  
Sherri A. Wellman (P38989)  
Miller, Canfield, Paddock and Stone, P.L.C.  
One Michigan Avenue, Suite 900  
Lansing, MI 48933  
(517) 483-4954

Attorney for Upper Michigan Energy Resources Corporation

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of )  
**UPPER MICHIGAN ENERGY RESOURCES** )  
**CORPORATION** for approval of the gas cost recovery )  
plan and factors for the 12-month period ending October )  
31, 2021, and related approvals. )  
\_\_\_\_\_ )

Case No. U-20812

**DIRECT TESTIMONY AND EXHIBIT**

**OF**

**SARAH R. MEAD**

July 2020

1 **Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.**

2 A. My name is Sarah R. Mead. My business address is WEC Energy Group, Inc., 700 North  
3 Adams Street, P.O. Box 19001, Green Bay, Wisconsin 54307-9001. I am the Manager of  
4 Gas Supply within the WEC Energy Group, Inc. (“WEC”), with related responsibilities  
5 for Wisconsin Gas LLC (“WG”), Wisconsin Electric Gas Operations (“WEGO”),  
6 Wisconsin Public Service Corporation (“WPS Corp”) and Upper Michigan Energy  
7 Resources Corporation (“UMERC” or the “Company”). UMERC is a subsidiary of  
8 WEC.

9

10 **Q. WHAT ARE YOUR PRIMARY DUTIES AND RESPONSIBILITIES AS**  
11 **MANAGER – GAS SUPPLY?**

12 A. As Manager of Gas Supply I am responsible for the daily operational oversight and  
13 balancing of the distribution system. I am also responsible for the following: (i)  
14 developing gas supply and storage capacity strategies to provide reliable and cost-  
15 effective natural gas service; (ii) developing and implementing short- and long-term gas  
16 supply and capacity release strategies including gas purchase and hedging strategies; (iii)  
17 administering gas supply, transportation and storage contracts in accordance with  
18 prescribed legal policies, procedures, and approved plans; and (iv) acquiring daily,  
19 monthly, and annual supplies to meet system requirements. Additionally, I review and  
20 approve invoices for supply, storage, and transportation costs as incurred.

21

22 **Q. PLEASE SUMMARIZE YOUR EDUCATION, EMPLOYMENT AND**  
23 **PROFESSIONAL EXPERIENCE.**

Direct Testimony of Sarah R. Mead  
Case No. U-20812

1 A. I hold a Bachelor's Degree from the University of Wisconsin Milwaukee in Business  
2 Administration. I hold a Master of Business Administration Degree in Finance through  
3 Lakeland University in Sheboygan, Wisconsin. My employment started with Integrys  
4 Energy Group (now WEC) in the non-regulated marketing division where I worked as the  
5 Senior Sales Forecaster from May 2000 to October 2009. In this position, I forecasted  
6 natural gas and electric needs on an hourly, daily, monthly, seasonal, and yearly basis for  
7 Wisconsin, Michigan, Illinois, Minnesota, Ohio, limited areas in New England, and  
8 Alberta, Canada. In October 2009, I moved to the regulated division as a Senior Sales  
9 and Revenue Forecaster. In September 2011, I was promoted to the Manager of Gas  
10 Supply for Michigan Gas Utilities Corporation ("MGUC"), and in October 2015 added  
11 the responsibilities of Minnesota Energy Resources Corp. In July 2016, I was promoted  
12 to the Manager of Gas Supply for Wisconsin Public Service Corporation ("WPS Corp"),  
13 UMERG, and Generation assets. In December 2019, I also assumed the responsibilities  
14 of WG and WEGO gas supply management.

15

16 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN ANY REGULATORY**  
17 **PROCEEDINGS?**

18 A. Yes, I have testified before the Public Service Commission of Wisconsin ("PSCW") on  
19 behalf of WPS Energy Services, Inc. in Case No. 05-UR-102 and on behalf of Integrys  
20 Energy Services, Inc. ("Integrys") in Case Nos. 6690-GR-101, 6690-UR-119 and 05-UR-  
21 100. Prior to those cases, I was Integrys' representative and an active member in the  
22 Retail Energy Supply Association until October 2009, and in that role I actively  
23 participated in Case No. U-15953 before the Michigan Public Service Commission



Direct Testimony of Sarah R. Mead  
Case No. U-20812

1 (“MPSC”). I submitted rebuttal testimony in MPSC Case Nos. U-16481 and U-16513 on  
2 behalf of MGUC in June 2011. I also submitted testimony and responded to data  
3 requests in MPSC Case Nos. U-16481-R, U-16920, U-16920-R, U-17130, U-17130-R,  
4 U-17331, U-17331-R, U-17690, U-17940, all on behalf of MGUC, and in MPSC Case  
5 Nos. U-18112, U-18400, U-20247, and U-20539, all on behalf of UMERC. Finally, on  
6 behalf of Minnesota Energy Resources Corporation (“MERC”), I submitted testimony  
7 and responded to data requests in Minnesota Public Utilities Commission docket No.  
8 G011/M-15-895.

9  
10 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

11 A. The purpose of my testimony is to describe UMERC’s gas supply plan for the 12-month  
12 period ending October 31, 2021.

13  
14 **Q. ARE YOU SPONSORING ANY EXHIBITS IN THIS PROCEEDING?**

15 A. Yes. I will be sponsoring the following exhibit:

16 Exhibit A-1 (SRM-1) Asset Management Arrangement (“AMA”) between WPS  
17 Corp and UMERC

18  
19 **Q. WAS THIS EXHIBIT PREPARED BY YOU OR UNDER YOUR DIRECTION?**

20 A. Yes, it was.

21  
22 **Q. PLEASE DESCRIBE THE LOCATION OF UMERC’S NATURAL GAS**  
23 **SERVICE TERRITORY AND THE COMPOSITION OF THE GAS CUSTOMER**  
24 **BASE AS SERVED BY UMERC.**

1 A. UMERC serves part of the Upper Peninsula of Michigan in and around the city of  
2 Menominee, Michigan. UMERC is physically served by natural gas deliveries from  
3 ANR's Menominee No. 2 gate station, located in Menominee County, Michigan.  
4

5 **Q. PLEASE DESCRIBE UMERC'S RELATIONSHIP TO WPS CORP.**

6 A. Pursuant to a Settlement Agreement approved by the Commission on December 9, 2016,  
7 in Case No. U-18061 ("U-18061 Settlement Agreement"), UMERC was established as a  
8 Michigan regulated utility providing service only to electric and natural gas customers in  
9 the Upper Peninsula of Michigan in the former Michigan service territories of Wisconsin  
10 Electric Power Company and WPS Corp. Pursuant to the U-18061 Settlement  
11 Agreement, UMERC was granted authority by the Commission to, among other items,  
12 provide natural gas service to the former Michigan natural gas customers of WPS Corp.  
13

14 **GCR PLAN**

15 **Q. DOES UMERC HAVE ANY FIRM TRANSPORTATION CONTRACTS WITH**  
16 **PIPELINES OR WITH THIRD PARTY SUPPLIERS TO SUPPORT ANR-**  
17 **RELATED SERVICES?**

18 A. Yes. UMERC holds a firm transportation contract with ANR of 9,600 Dth/day that, as  
19 part of the asset management agreement ("AMA"), is released to WPS Corp annually.  
20

21 **Q. IS THERE A NORTH AMERICAN ENERGY STANDARDS BOARD ("NAESB")**  
22 **BASE CONTRACT AND SPECIAL PROVISIONS IN PLACE BETWEEN**  
23 **UMERC AND WPS CORP?**

Direct Testimony of Sarah R. Mead  
Case No. U-20812

1 A. Yes, the Base Contract is based on the North American Energy Standards Board  
2 (“NAESB”) form agreement. The NAESB form is commonly used in the wholesale gas  
3 industry and is widely accepted by many buyers and sellers to address violations or non-  
4 performance of either party. WPS Corp uses the NAESB form for most of its gas supply  
5 purchases and sales. UMERC will use WPS Corp’s usual form, including special  
6 provisions. These remain unchanged since the last filing.

7

8 **Q. PLEASE DESCRIBE THE SERVICES THAT WPS CORP PROVIDES TO**  
9 **UMERC UNDER THE AMA.**

10 A. As has been the case in prior GCR periods, UMERC contracts with WPS Corp with an  
11 AMA. The AMA is a full requirements agreement between UMERC and WPS Corp  
12 where WPS Corp performs the gas supply function. This includes natural gas  
13 commodity, transportation, hedging, storage and balancing assets.

14

15 WPS Corp allocates costs for the natural gas commodity, transportation, hedging, storage  
16 and balancing services to UMERC using a monthly ratio of UMERC’s Actual Net GCR  
17 Sales to Total (UMERC plus WPS Corp) Actual Net GCR Sales. The cost ratio has  
18 historically been under 2%.

19

20 The 9,600 Dth/day of ANR capacity released from UMERC to WPS Corp under the  
21 AMA represents the pipeline capacity required to support UMERC’s GCR customers' gas  
22 demand under winter peak day weather conditions, plus about a 5% pipeline capacity  
23 reserve margin. This release complies with Federal Energy Regulatory Commission’s

1 (“FERC”) rules and the terms and conditions of ANR’s FERC Gas Tariff. Under the  
2 AMA between WPS Corp and UMEREC, WPS Corp will: (1) manage this capacity, (2)  
3 contract for gas commodity, (3) deliver the gas to the Menominee No. 2 gate station, and  
4 (4) perform balancing and other essential gas supply services on UMEREC’s behalf. In  
5 essence, WPS Corp supplies UMEREC’s full requirements under the AMA.

6  
7 **Q. WHY IS IT PRUDENT FOR UMEREC TO CONTRACT WITH WPS CORP FOR**  
8 **THESE SERVICES?**

9 A. UMEREC’s arrangement with WPS Corp is reasonable and prudent because UMEREC is  
10 receiving a complete package of gas supply services as part of the AMA with WPS Corp.  
11 As a small utility, it would likely be more costly for UMEREC to hire and equip its own  
12 personnel to perform these functions. This complete package, billed at WPS Corp’s  
13 actual cost, includes the following:

- 14 • WPS Corp provides all Gas Supply Portfolio Planning services.
- 15
- 16 • WPS Corp procures natural gas supplies through a competitive bid process and  
17 provides gas supply from WPS Corp’s gas storage assets.
- 18
- 19 • WPS Corp delivers natural gas to the ANR Menominee No. 2 gate station.
- 20
- 21 • WPS Corp provides balancing services.
- 22
- 23 • WPS Corp assumes the role of “Delivery Point Operator” for the ANR  
24 Menominee No. 2 gate station.
- 25
- 26 • WPS Corp provides all Gas Transportation Customer balancing, billing, and  
27 critical day functions.
- 28
- 29 • WPS Corp ensures there is sufficient interstate pipeline capacity and gas supply to  
30 provide firm natural gas supplies for all of UMEREC’s GCR customers under  
31 Winter Peak Day conditions.
- 32

1 Additionally, since WPS Corp purchases natural gas from multiple suppliers and supply  
2 basins, the risk of losing part of the gas supply delivered to the ANR Menominee No. 2  
3 gate station due to supply cuts, force majeure events, etc. is significantly reduced.  
4 U MERC, in essence, receives a “slice” of the WPS Corp system and the benefits thereof.

5  
6 **Q. PLEASE DESCRIBE HOW WPS CORP CONTRACTS FOR GAS SUPPLIES.**

7 A. WPS Corp conducts a comprehensive gas supply bid solicitation and negotiation process  
8 to secure its firm gas supplies. This process begins by establishing a base set of bid  
9 specifications that WPS Corp desires in its gas supply contracts. Key components of  
10 these specifications are term, volume, purchase obligations, nomination change  
11 flexibility, warranty of supply, balancing obligations, operational flexibility and pricing.  
12 Bid specifications will vary depending on the particular needs of each purchase.

13  
14 Bids are solicited from a target list of gas suppliers that have negotiated and executed  
15 master contracts or NAESB agreements with WPS Corp. At present, WPS Corp has  
16 executed master contracts or NAESB agreements with more than 70 different gas  
17 suppliers.

18  
19 Once agreement is reached on all terms, a transaction confirmation sheet is prepared  
20 summarizing the agreement reached between both parties. The transaction confirmation  
21 identifies the agreement’s primary terms and conditions and serves as an exhibit to the  
22 master contract or NAESB agreement. Final management approval from both  
23 organizations for the transaction confirmation sheet is then secured and the transaction is

1 put into effect.

2

3 **Q. HOW DOES UMERC'S GCR PLAN RELATE TO WPS CORP GAS SUPPLY**  
4 **PLAN?**

5 A. Each year when WPS Corp files its Gas Supply Plan with the PSCW, it includes UMERC  
6 volumes as part of WPS Corp volumes for all aspects (demand, commodity, storage,  
7 etc.). After the initial forecast, UMERC is not separated out for any reason and is treated  
8 as part of WPS Corp plan.

9

10 **PEAK DAY PLANNING**

11 **Q. PLEASE DESCRIBE THE SPECIFICS OF UMERC'S EXPANDED PEAK**  
12 **DAY/WORSE CASE SCENARIO PLAN AS DIRECTED IN THE MPSC'S**  
13 **SEPTEMBER 11, 2019 ORDER IN CASE NO. U-20539<sup>1</sup>.**

14 A. In addition to the AMA, UMERC and WPS Corp share a unique physical connection at  
15 the WI-MI Interstate Valve (the "Valve"). This connection provides UMERC with  
16 physical gas supplies from WPS Corp in the event that there is a disruption of supply at  
17 UMERC's Menominee #2 Gate. The Valve, an 8" valve on the Michigan side of the  
18 River Crossing, delivers gas directly from WPS Corp's distribution system into

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1 "For future GCR plan filings, utilities will need to go beyond describing how the company would serve a peak day during a colder-than-normal (CTN) winter. This expanded peak day shall consider contingency options for resilience at key facilities and more resilient peak day plans. The Commission expects to see more than one iteration of the original peak day plan, which recognizes that the optimum design solution may not always be possible. Further, peak day planning will need to demonstrate resiliency if faced with supply issues that go beyond extreme weather. In designing these alternative supply iterations, the company should contemplate other contingencies in addition to, and occurring at the same time as, design day weather during a CTN winter, and shall provide, in support of the proposed GCR plan, a detailed explanation of the additional steps the company has taken or would take to maintain service during such an incident. Finally, the utility shall include projections of any added costs that would result from these expanded planning actions." *MPSC Order in Case No. U-20539, September 11, 2019*

1 UMERC's distribution system. This is the only river crossing connecting the UMERC  
2 Gas Distribution system to Wisconsin, so this one Valve separates UMERC from WPS  
3 Corp. Both distribution systems operate at a maximum pressure of 60 psig. The Valve is  
4 normally closed but has a motor operator on it that can be operated remotely by Gas  
5 Control. The Valve also has under pressure control on it that opens the Valve in the  
6 event that either side experiences lower than normal operating pressure. The intent of the  
7 automatic control is to prevent losing service to customers in the event of a regulator  
8 station failure. If the low pressure event was the result of an emergency, such as a  
9 damaged main from an excavator hit, the Valve can be re-closed by Gas Control remotely  
10 or manually by a local mechanic.

11  
12 **Q. PLEASE DESCRIBE THE ADDITIONAL STEPS THAT WPS CORP TAKES TO**  
13 **ENSURE RELIABLE SUPPLY TO UMERC.**

14 **A.** In addition to the Valve, WPS Corp purchases gas from several different locations to  
15 provide gas supply basin diversity. WPS Corp also provides gas supply from WPS  
16 Corp's gas storage assets (ANR and Bluewater) to provide UMERC with higher  
17 deliverability which is required during cold weather periods. A diverse gas supply is  
18 important to provide reliable natural gas service to UMERC's customers. Additionally,  
19 since WPS Corp purchases natural gas from multiple suppliers and supply basins, the risk  
20 of losing part of the gas supply delivered to the ANR Menominee No. 2 gate station due  
21 to supply cuts, force majeure events, etc. is significantly reduced. Finally, if gas supply is  
22 significantly limited, WPS Corp would interrupt its own customers that have interruptible  
23 contracts in-path to UMERC to ensure the firm AMA with UMERC was honored.

1 **Q. HAS THE WI-MI VALVE BEEN OPENED IN THE LAST FEW YEARS?**

2 A. Yes, it was opened on September 28, 2017, and again on October 3, 2018. On September  
3 28, 2017, maintenance was performed on the Menominee #2 gate with ANR Pipeline.  
4 This necessitated the opening of the Valve for a few hours to ensure gas supply to  
5 UMERC. On October 3, 2018 there was a lightning strike in the area that damaged the  
6 Michigan-side pressure transmitter. It caused the transmitter to go to an “instrument fail  
7 low” mode and the Valve opened automatically.

8  
9 **Q. IS THIS SUPPLY PLAN REASONABLE AND PRUDENT?**

10 A. Yes. WPS Corp has contracted for its winter gas supplies under firm, warranted supply  
11 contracts from reliable gas suppliers. WPS Corp has carefully selected a mix of firm  
12 transportation and storage services. This mix of services provides the flexibility required  
13 to respond to both colder-than-normal and warmer-than-normal winter weather.

14  
15 WPS Corp conducts a comprehensive bid solicitation process to ensure it contracts with  
16 highly reliable, creditworthy and competitively priced gas suppliers.

17  
18 As evidenced through the actions described above this plan will ensure a reliable gas  
19 supply for UMERC’s customers at reasonable costs, and as such, its GCR plan is  
20 reasonable and prudent.

21  
22 **Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?**

23 A. Yes, it does.



**TRANSACTION CONFIRMATION: # 45613 (WPSC) / 45614 (UMERC)**

**Date: December 22, 2016**

**(Description: Gas Asset Management Agreement – ANR Menominee No.2 Gate)**

**THE PARTIES EXPRESSLY AGREE THAT THIS TRANSACTION CONFIRMATION IS SUBJECT TO AND SHALL BE MADE PART OF THE BASE CONTRACT FOR SALE AND PURCHASE OF NATURAL GAS BETWEEN UPPER MICHIGAN ENERGY RESOURCES CORPORATION (“BUYER”) AND WISCONSIN PUBLIC SERVICE CORPORATION (“SELLER”) DATED DECEMBER 22, 2016 (“BASE CONTRACT”).**

**1. TRANSACTION CONFIRMATION CONTACT INFORMATION:**

**BUYER:**

**UPPER MICHIGAN ENERGY RESOURCES**

**CORPORATION**

700 North Adams Street, PO Box 19001

Green Bay, WI 54307-9001

Attn: Sarah Mead, Manager Gas Supply

Phone: 920-433-7647

**SELLER:**

**WISCONSIN PUBLIC SERVICE CORPORATION**

700 North Adams Street, PO Box 19001

Green Bay, WI 54307-9001

Attn: Sarah Mead, Manager Gas Supply

Phone: 920-433-7647

**2. TRANSACTION TYPE:** Full Requirements Asset Management Agreement  
Firm Transportation Fixed

**3. TRANSACTION TERM:** January 1, 2017 to December 31, 2017 [One-year term]. At the end of the one-year term of this Transaction Confirmation, the Transaction Confirmation will rollover for successive one-year terms unless either Buyer or Seller provides the other with 45 days prior written notice of its intent to permit the Transaction Confirmation to expire; provided, however, this Transaction Confirmation will terminate, without further notice, if and when Seller is no longer the Asset Manager and replacement shipper for the Released Pipeline Capacity, as described in Paragraphs 5 and 9 of this Transaction Confirmation.

**4. POINTS:**

**A. POINT OF SALE:**

ANR PIPELINE COMPANY

Point ID: #11703

Description: ANR Menominee No. 2 Gate

**B. POINT OF RECEIPT**

ANR PIPELINE COMPANY

Point ID: #11703

Description: ANR Menominee No. 2 Gate

5. **RELEASED CAPACITY:** Buyer appoints Seller “Asset Manager” (as provided in 18 C.F.R. § 284.8) and, as such, agrees to release to Seller, at a rate of \$4.858/dth month (or prevailing reservation rate in the capacity agreement) with recall rights, the following natural gas pipeline transportation capacity for the initial Transaction Term and then for any and each one-year extension of the initial Transaction Term (any rollover rights or rights of first refusal remain with Buyer).

Service Agreement #129005 (January 1, 2017 – January 31, 2017)

#129019 (February 1, 2017 – March 31, 2019)

The released capacity identified above shall be referred to herein as “Released Pipeline Capacity.” The release shall conform to the provisions of ANR Pipeline Company’s FERC Gas Tariff. It is Buyer’s intent, however, only to exercise its pipeline capacity recall rights if Seller is a Defaulting Party under the Base Contract or if Buyer suspends or terminates service under the Base Contract or if Buyer suspends or terminates this Transaction Confirmation.

6. **QUANTITY:**

**Firm (Fixed Quantity)** 9,600 Dth/day

7. **COMMODITY PRICE:** Costs for the gas commodity will be priced at Seller’s actual average monthly Weighted Actual Cost of Gas. Gas commodity is as measured by flow (excluding end use transportation volumes) through the ANR Menominee No. 2 Gate.
8. **NON-COMMODITY COSTS:** Costs for gas transportation, gas storage, and balancing services will be allocated to Buyer each month using the ratio of actual net monthly Michigan sales of Seller to Buyer to the total Seller actual net monthly sales to Michigan and Wisconsin.
9. **ASSET MANAGEMENT ARRANGEMENT:** Buyer and Seller agree that this Transaction Confirmation shall be treated as an Asset Management Arrangement (“AMA”) between Buyer and Seller for purposes of compliance with 18 C.F.R. § 284.8, as it may be amended throughout the Transaction Term.

A. Seller will (1) be responsible for the management of transportation capacity, including nominations, scheduling, resolution of imbalances, payment of transportation fees, surcharges, penalties, fees, and any other matters pertaining to the Released Pipeline Capacity; and (2) hold Buyer harmless from the incurrence of all such transportation costs. Seller shall have the absolute right to receive any FERC-ordered refunds or rebates allocated to Service Agreements 129005 and 129019 associated with any period when it is the replacement shipper.

B. Seller will be responsible for all commodity costs and provide all gas supply planning and contracting services, including winter peak day analysis, winter and summer gas supply planning, gas price risk managing planning, monthly/daily gas supply planning, annual gas sales forecasting, and any other essential services to provide reliable and safe gas supply service.

C. Seller will perform all billing functions.

D. Seller will ensure there is sufficient pipeline capacity and gas supply to provide firm natural gas supplies for all of Buyer's firm sales customers under winter peak day conditions.

E. Seller will assume the role of "Delivery Point Operator," such that it will balance all gas supplies through the Menominee No. 2 Gate.

F. Buyer shall have the right to call upon the Seller to deliver to Buyer up to 100 percent of the daily contract demand (9,600 dth) of the released transportation during a minimum period of five months of the initial Transaction Term and of any and each one-year extension of the initial Transaction Term.

10. **REGULATORY CONTINGENCY.** In addition to the rights set forth in Section 15.6 of the Base Contract, in the event this Agreement is rejected by any regulatory body with jurisdiction to do so, this Agreement shall be null and void and neither Party shall be liable to the other for any costs or claims arising from such termination.

Buyer:

Upper Michigan Energy Resources Corporation

By: 

Title: DIRECTOR GAS SUPPLY & CONTROL

Date: 12-22-16

Seller:

Wisconsin Public Service Corporation

By: 

Title: DIRECTOR OF GAS SUPPLY & CONTROL

Date: 12-22-16

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

\* \* \* \* \*

In the matter of the application of )  
**UPPER MICHIGAN ENERGY RESOURCES** )  
**CORPORATION** for approval of the gas cost )  
recovery plan and factors for the 12-month period )  
ending October 31, 2021, and related approvals (for )  
the WPS Rate Zone). )

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Case No. U-20812

**DIRECT TESTIMONY AND EXHIBITS**

**OF**

**DIANE J. MIER**

July 2020

**Part I - Qualifications**

1 **Q. Please state your name, position and business address.**

2 A. My name is Diane J. Mier, and my business address is 700 North Adams Street, Green  
3 Bay, Wisconsin 54307-9001. I have been employed by Wisconsin Public Service  
4 Corporation (“WPS Corp”) since December of 2003. I am testifying in this case on  
5 behalf of Upper Michigan Energy Resources Corporation (“UMERC” or the  
6 “Company”). UMERC and WPS Corp are wholly owned subsidiaries of WEC Energy  
7 Group (“WEC”).

8  
9 **Q. Please describe your educational and business experience.**

10 A. I have a Bachelor of Science Degree from the University of Wisconsin -Green Bay, in  
11 Managerial Accounting. Since 2003 I have held various positions in the WPS Corp Non-  
12 Regulated and Corporate Risk Departments. In November 2014, I transferred to the  
13 Regulatory Affairs Department where I currently hold the position of Project Specialist 2.  
14 In my current position, my primary duties are the calculation and administration of  
15 natural gas rates for WPS Corp and UMERC.

16  
17 **Q. Have you previously filed testimony with the Michigan Public Service Commission**  
18 **(“MPSC” or the “Commission”)?**

19 A. Yes. I have previously submitted testimony and exhibits with the Commission in gas cost  
20 recovery proceedings, Case Nos. U-17279, U-17890, U-18112, U-18400, U-20066, U-  
21 20247 and U-20539; energy waste reduction proceedings, Case Nos. U-18018, U-18266,  
22 U-18336, U-20377 and U-20707; and the Tax Cuts and Jobs Act (TCJA), Case Nos. U-

1 18494, U- 20110 and U- 20314.

**Part II**

2 **Q. What is the purpose of your testimony in this proceeding?**

3 A. The purpose of my testimony is to support UMERC’s Gas Cost Recovery (“GCR”) plan  
4 for the 12-month period ending October 31, 2021.

5  
6 **Q. Are you sponsoring any exhibits in this proceeding?**

7 A. Yes, I am sponsoring the following exhibits:

- |    |                     |  |
|----|---------------------|--|
| 8  | Exhibit A-2 (DJM-1) | A calculation of cost of gas and the proposed uniform base   |
| 9  |                     | factor.  |
| 10 |                     |  |
| 11 | Exhibit A-3 (DJM-2) | Annual Requirements Forecast, a Peak Day Forecast for        |
| 12 |                     | winter extreme conditions, a Peak Day Forecast for April     |
| 13 |                     | extreme conditions, and a five-year forecast of required gas |
| 14 |                     | supplies and projected gas costs.                            |
| 15 |                     |  |
| 16 | Exhibit A-4 (DJM-3) | Tariff Sheet No. D-5.00 stating a uniform base GCR factor,   |
| 17 |                     | subject to adjustment pursuant to the proposed Contingent    |
| 18 |                     | GCR Factor Adjustment Mechanism.                             |
| 19 |                     |  |
| 20 | Exhibit A-5 (DJM-4) | Tariff Sheet No. E-20.00 stating a Peak Day Backup           |
| 21 |                     | (Annual Option) factor of \$0.56032 per month per therm of   |
| 22 |                     | demand, a Peak Day Backup (Seasonal Option) factor of        |
| 23 |                     | \$0.73693 per month per therm of demand, and a Backup        |
| 24 |                     | Service Commodity Charge factor of \$0.25360 per therm       |
| 25 |                     | for the November 2020 through October 2021 billing           |
| 26 |                     | months. The factor for the Backup Service Commodity          |
| 27 |                     | Charge will be subject to adjustment under the monthly       |
| 28 |                     | Contingent GCR Factor Adjustment Mechanism. This             |
| 29 |                     | exhibit is being submitted pursuant to the authority granted |
| 30 |                     | by the Commission in Case No. U-12741, which authorized      |
| 31 |                     | WPS Corp to use annual GCR plan filings as the               |
| 32 |                     | mechanism to change rate factors associated with Peak Day    |
| 33 |                     | Backup Service and Annual Supply Backup Service, and         |
| 34 |                     | consistent with the requested approvals in Case No. U-       |
| 35 |                     | 18061.   |

Direct Testimony of Diane J. Mier  
Case No. U-20812

1  
2 Exhibit A-6 (DJM-5) Tariff Sheet Nos. D-6.00 and D-7.00 which set forth the  
3 monthly Contingent GCR Factor Adjustment Mechanism.  
4  
5 Exhibit A-7 (DJM-6) A summary of prices for alternate heating fuels in  
6 UMERC's gas service territory.  
7  
8 Exhibit A-8 (DJM-7) A summary of federal regulatory cases which may impact  
9 the cost or reliability of gas service to UMERC's  
10 customers.  
11  
12

13 **Q. Were these exhibits prepared by you or under your direction?**

14 A. Yes.

15

16 **Q. Please describe Exhibit A-2 (DJM-1).**

17 A. Based on the UMERC GCR plan as described by Witness Mead, Exhibit A-2 (DJM-1)  
18 reflects the calculation of the cost of gas and the proposed uniform base GCR factor for  
19 UMERC's 2020-2021 GCR Plan. Page 1 of 2 details the calculation of the proposed  
20 uniform base GCR factor by cost of gas component. Page 2 of 2 shows a consolidation  
21 of all of the cost of gas components and lists the proposed uniform base GCR factor by  
22 month.

23

24 **Q. Please describe Exhibit A-3 (DJM-2).**

25 A. Exhibit A-3 (DJM-2), Page 1 of 4 is a five-year forecast of UMERC's annual gas  
26 requirements by sales and transportation customer classes. Page 2 of 4 is a five-year  
27 forecast of UMERC's Peak Day load for a winter extreme weather condition. Page 3 of 4  
28 is a five-year forecast of UMERC's Peak Day load for an April extreme weather  
29 condition. Page 4 of 4 is a five-year forecast of required gas supplies and projected gas

Direct Testimony of Diane J. Mier  
Case No. U-20812

1 costs. The gas commodity and annual demand (D-2) prices used in the five-year forecast  
2 were inflated at 3% per year. The transportation rates and reservation fees were held  
3 constant, with peak day capacity costs increasing due to projected increases in corporate  
4 peak day capacity needs. The load growth increases correspond to the sponsored  
5 corporate annual gas load forecast.

6  
7 **Q. Does UMERC plan to conduct any sales to out-of-state customers?**

8 A. No, UMERC does not plan to make any sales to out-of-state customers.

9  
10 **Q. How are the corporate Gas Lost and Unaccounted For volumes calculated?**

11 A. Consistent with the Asset Management Agreement between UMERC and WPS Corp,  
12 Gas Lost and Unaccounted For volumes used in this GCR plan were allocated based on  
13 UMERC sales divided by the sum of UMERC and WPS sales volumes. The forecasted  
14 amount for the plan year is 28,000 therms, or approximately \$6,620.

15  
16 **Q. Are any contracted gas supplies or contracted interstate pipeline transportation  
17 services dedicated for use by UMERC gas transportation customers?**

18 A. No. There are no contracted gas supplies or contracted interstate pipeline transportation  
19 services dedicated for use by any UMERC gas transportation customer.

20  
21 **Q. Please describe how interest rates are to be determined for this filing.**

22  
23 A. Consistent with the methodology approved by the Commission in Docket U-20228, the



1 power supply cost recovery plan for UMERC for 2019, UMERC will use an interest rate  
2 based on the WPS Commercial Paper rate for much of 2019. Then beginning on  
3 November 1, 2020, UMERC Gas will begin using the same interest rate as UMERC  
4 Electric – the 30-Day AA Nonfinancial Commercial Paper Interest Rate, Percent,  
5 Monthly, Not Seasonally Adjusted. Therefore, UMERC will have interest rates that are  
6 consistent between its electric and gas reconciliations.

7  
8 **Q. Are there revenues that are expected to be collected from gas transportation**  
9 **customers that will affect the GCR reconciliation of this case?**

10 A. Yes. In accordance with UMERC’s Commission-approved gas transportation tariff,  
11 UMERC collects revenue from gas transportation customers via the Daily Balancing  
12 Service and Daily Cashout. The estimated revenue from the Daily Balancing Service,  
13 based on historical data, has been included in the calculation of the proposed GCR factors  
14 in this plan. The estimated revenue from the Gas Commodity Daily Cashout has not been  
15 included in the calculation of the proposed GCR factors in this plan because of the  
16 difficulty in forecasting this amount. All actual revenues and expenses associated with  
17 these two services will be reflected in the annual GCR reconciliation.

18  
19 **Q. UMERC offered Annual Supply Backup Service to its transportation customers for**  
20 **the winter of 2019-2020. Is Annual Supply Backup Service being offered for the**  
21 **GCR period ending October 31, 2021?**

22 A. Yes, UMERC has Annual Supply Backup Service available. The proposed rates for the  
23 backup service are found in Exhibit A-5 (DJM-4), Tariff Sheet No. E-20.00. UMERC

1 provides its gas transportation customers with Annual Supply Backup Service in  
2 conjunction with Peak Day Backup Service. For the GCR period ending October 31,  
3 2021, no transportation customers have requested Peak Day Backup Service. Thus,  
4 although Annual Supply Backup Service is available, it will not be used by gas  
5 transportation customers.

6  
7 **Q. If Peak Day Backup and Annual Supply Backup Service will not be used by**  
8 **UMERC's gas transportation customers, why is the Company filing for new rates**  
9 **for these services?**

10 A. Although UMEREC's gas transportation customers have chosen not to participate in these  
11 services at this time, the new rates are filed in the event that customers choose to  
12 participate in these services in the future. The Peak Day Backup and Annual Supply  
13 Backup Service rates are calculated based on current gas transportation and gas supply  
14 costs. The rates are being updated to reflect the costs in the instant GCR filing.

15  
16 **Q. How were the proposed factors for Peak Day Backup (Annual Option), Peak Day**  
17 **Backup (Seasonal Option) calculated?**

18 A. The proposed factors for Peak Day Backup (Annual Option) and Peak Day Backup  
19 (Seasonal Option) were calculated in accordance with Sheet No. E-6.00 of UMEREC's gas  
20 tariff, which states:

21 "The annual rate shall be equal to the Company's annual D1 costs, divided  
22 by the Company's interstate pipeline winter peak day maximum daily  
23 quantity, and divided by 12. The seasonal rate shall be equal to the  
24 Company's November - March D1 costs, divided by the Company's  
25 interstate pipeline winter peak day maximum daily quantity, and divided

1           by 5.”  
2

3 **Q. How were the proposed factors for Annual Supply Backup calculated?**

4 A. The proposed factors for Annual Supply Backup were calculated in accordance with  
5 Sheet No. E-6.00 of UMERC’s gas tariff, which states:

6           "This rate will be equal to the maximum authorized gas cost recovery  
7           factor, less the D1 rate.”

8  
9 **Q. Has any amount of forecasted net GCR over-recovery or under-recovery for the  
10 current period been included in the calculation of the GCR factors proposed here?**

11 A. No. UMERC is anticipating that by the end of the current GCR period it will not have a  
12 significant over or under collection.

13  
14 **Q. Please discuss the proposed uniform base GCR factors.**

15 A. Reflective of the UMERC GCR Plan, I have prepared Exhibit A-2 (DJM-1), which shows  
16 the computation of the uniform base GCR factor for the November 2020 through October  
17 2021 billing months. As shown in Page 1 of Exhibit A-4 (DJM-3), the Company is  
18 proposing a uniform base GCR factor of \$0.32318 per therm. This base factor will be  
19 subject to the monthly Contingent GCR Factor Adjustment Mechanism.

20  
21 **Q. Is the monthly Contingent GCR Factor Adjustment Mechanism proposed herein the  
22 same as approved in Case No. U-20247?**

23 A. No. The need for a monthly Contingent GCR Factor Adjustment Mechanism has not  
24 changed, but as requested by Staff the methodology has changed slightly. The new

1 methodology will include replacing the original forecasted NYMEX pricing with the  
2 final NYMEX closing prices to-date determining the current month's NYMEX average  
3 for comparison to the base NYMEX average. The Contingent GCR Factor Adjustment  
4 Mechanism will be self-implemented if the Commission does not issue its final order in  
5 this proceeding before the billing month of November 2020.

6  
7 **Q. How does the monthly Contingent GCR Factor Adjustment Mechanism, as reflected**  
8 **in Exhibit A- 6 (DJM-5) operate?**

9 A. The uniform base GCR factor that is filed with and approved by the Commission is  
10 reviewed monthly by the Company and will be adjusted based on changes in the  
11 NYMEX natural gas futures contract prices for all months of the GCR period. The  
12 monthly Contingent GCR factor adjustment, on a per-therm basis, is equal to the  
13 Fractional Multiplier x ("NYMEX Natural Gas Futures Contract Average Price" for all  
14 months of the GCR period less the "NYMEX Natural Gas Futures Contract Base Price"  
15 for all the months of the GCR period) for Flowing gas and Storage gas.

16  
17 The "NYMEX Natural Gas Futures Contract Average Price" for all months of the GCR  
18 period is equal to the simple average of the known actual monthly NYMEX natural gas  
19 futures contract prices for all months of the GCR period. The calculation is conducted at  
20 least 15 days, but no more than 30 days, prior to the beginning of the upcoming month.

21  
22 The "NYMEX Natural Gas Futures Contract Base Price" for all months of the GCR  
23 period is equal to the average monthly NYMEX natural gas futures prices for the first

Direct Testimony of Diane J. Mier  
Case No. U-20812

1 five business days of a specified month, in this case July 2020. For the GCR period  
2 ending October 31, 2021, UMERG used the monthly NYMEX natural gas futures  
3 contract settlement prices on July 1, 2, 6, 7, and 8, 2020. The simple average of the  
4 monthly NYMEX natural gas futures contract prices for all months in the GCR period are  
5 as follows:

6	First Month	(November 2020 – October 2021):	\$2.605 per MMBtu
7	Second Month	(December 2020 – October 2021):	\$2.631 per MMBtu
8	Third Month	(January 2021 – October 2021):	\$2.617 per MMBtu
9	Fourth Month	(February 2021 – October 2021):	\$2.586 per MMBtu
10	Fifth Month	(March 2021 – October 2021):	\$2.552 per MMBtu
11	Sixth Month	(April 2021 – October 2021):	\$2.523 per MMBtu
12	Seventh Month	(May 2021 – October 2021):	\$2.528 per MMBtu
13	Eighth Month	(June 2021 – October 2021):	\$2.542 per MMBtu
14	Ninth Month	(July 2021 – October 2021):	\$2.554 per MMBtu
15	Tenth Month	(August 2021 – October 2021):	\$2.557 per MMBtu
16	Eleventh Month	(September 2021 – October 2021):	\$2.556 per MMBtu
17	Twelfth Month	(October 2021 – October 2021):	\$2.565 per MMBtu

18  
19 The calculation of the pricing adjustment and the revised Sheet Nos. D-5.00 and E-20.00  
20 are filed with the Commission at least 15 days prior to the beginning of the month (See  
21 Exhibits A-4 (DJM-3) and A-5 (DJM-4). The adjusted GCR factors are then  
22 implemented without additional Commission approval, (See Exhibit A-6 (DJM-5). The  
23 adjusted GCR factors represent the maximum GCR factors that could be billed, but a  
24 lower GCR factor will be billed if the Company finds itself in an over-recovery situation.

25  
26 **Q. Will the contingent GCR Factor Adjustment Mechanism eliminate over- or under-**  
27 **recoveries?**

28 A. No, it will not eliminate over- or under-recoveries, but it is expected to significantly  
29 mitigate them. There are many other factors besides gas commodity price that can lead to

1 over- or under-recoveries. For example, a cold winter could lead to increased sales which  
2 in turn would lead to over-recovery of the demand cost components in the GCR. A warm  
3 winter would have the opposite effect. Further, forecasted gas supply costs may  
4 significantly differ from actual costs. All of these factors will affect the over/under-  
5 recovery. However, at this time, changes in the commodity cost of gas are the biggest  
6 contributor to large under-recoveries.

7  
8 **Q. Please explain how UMERC's winter Peak Day Forecast was developed.**

9 A. The result of UMERC's Winter Peak Day Forecast is shown in Exhibit A-3 (DJM-  
10 2). The current method relies on using daily data from the most recent three years. The  
11 winter design day is estimated using daily data from December, January, and February.  
12 Data points from days with average wind chills greater than 32°F were excluded. The  
13 WPSC system was segregated into nine Pressure Groups, with nine regressions. The  
14 results were then combined into a single overall load forecast for WPSC. The Pressure  
15 Groups were also disaggregated, including an estimate for the UMERC interconnection  
16 with WPSC.

17  
18 The regression results provide both a regression line equation and a measure of the  
19 possible variability of the actual data around the regression line. Points on the regression  
20 line provide "point estimates" of firm load for a given set of independent variable values,  
21 including design peak day conditions. There is a 50% chance that actual data points will  
22 be above and a 50% chance that they will be below the regression line point  
23 estimate. The measure of the possible variability of the actual data around the regression

Direct Testimony of Diane J. Mier  
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1 line is called the standard error. The higher the standard error, the further the actual data  
2 points are spread around the regression line.

3  
4 In order to provide a certain confidence level that an actual data point will not exceed a  
5 forecast, there must be an allowance for the possible spread, or variability, of actual data  
6 points around the regression line. This spread represents both sampling and modeling  
7 error. Statisticians have quantified the number of standard errors (also called sigmas) that  
8 must be added to a point estimate in order to provide a forecast with a specific confidence  
9 level that actual occurrence will not exceed that forecast. The risk preference of UMERC  
10 management requires a 97.5% confidence level that the actual firm load occurring under  
11 design conditions will not exceed the forecast.

12  
13 The Public Service Commission of Wisconsin (“PSCW”) definition of design day  
14 conditions has been used for GCR purposes by UMERC’s predecessor, WPS Corp, since  
15 1997. At that time the PSCW chose January 18, 1994, as the day WPS Corp should use  
16 as its coldest day. The PSCW chose this date since it was the date most other utilities in  
17 the state experienced their coldest conditions in the last 20 years. The design condition of  
18 this variable for analysis related to the UMERC interconnection is based on the current  
19 9am to 9am gas day that was experienced on January 18, 1994:  $-44.15^{\circ}$  F or a wind chill  
20 heating degree day of 99.15. On January 18, 1994, the 9am to 9am average temperature  
21 was  $-23.58^{\circ}$  F and the average wind speed was 9.08 MPH. On the previous day, January  
22 17, 1994, WPS Corp experienced a 9am to 9am average temperature of  $-14^{\circ}$  F and wind  
23 speeds of 10.25 MPH with a wind chill of  $-33.53^{\circ}$  F. For purposes of this plan UMERC

1 decided to continue to use/rely on this weather data, based on the current 9am to 9am gas  
2 day, for the peak day model.

3  
4 The final result is a Firm Sales Peak Day load of 7,692 Dth and Transport Sales Peak Day  
5 load of 6,199 Dth for the 2020-2021 winter season. The summer 2021 Firm Sales Peak  
6 Day load is 4,245 Dth and Transport Sales Peak Day load and Transport Sales Peak Day  
7 load is 4,326 Dth.

8  
9 **Q. Please explain WEC's involvement in federal regulatory proceedings that may**  
10 **impact the cost or reliability of gas service to UMERC's customers.**

11 A. WEC and its subsidiaries take a very active role intervening in ANR, Guardian, and other  
12 pipeline rate cases and filings which may impact the cost or reliability of service. WEC's  
13 subsidiaries participate both on an individual basis and as a member of the Wisconsin  
14 Distributor Group ("WDG"). The WDG is an ad hoc group of Wisconsin Local  
15 Distribution Companies ("LDCs") who have organized together to take an active role in  
16 Federal Energy Regulatory Commission ("FERC") proceedings in which they have a  
17 common interest, particularly in ANR and other pipeline proceedings. Members of the  
18 WDG include, but are not limited to, WPS Corp, WE Energies, Alliant-WP&L, Madison  
19 Gas and Electric Company, and City Gas Company. The WDG retains the Washington  
20 law firm of Bracewell & Giuliani LLP to monitor all ANR and other pipeline company  
21 filings at FERC and to represent the group at FERC hearings and court appeals. When  
22 the companies' positions do not align with the WDG, participation may be on an  
23 individual basis using WEC's internal FERC counsel.



Direct Testimony of Diane J. Mier  
Case No. U-20812

1

2 **Q. What specific dockets are the WDG and WEC presently participating in at the**  
3 **federal regulatory level which may impact the cost or reliability of gas service to**  
4 **UMERC's customers?**

5 A. Exhibit A-8 (DJM-7) summarizes the various federal gas regulatory matters in which the  
6 WDG and WEC Corp are or were active participants.

7

8 **Q. Does this complete your direct testimony?**

9 A. Yes, it does.

10 36286329.1\156197-00033

**WISCONSIN PUBLIC SERVICE CORPORATION**

Gas Cost Recovery Plan  
 Rate Schedule Distribution  
 (Michigan)

	<b>COMMODITY</b> ----(1)----	<b>ACQ (D-2)</b> <b>DEMAND</b> ----(2)----	<b>BALANCING</b> ----(3)----	<b>Projected</b> <b>(Over)/Under</b> <b>Recovery</b> ----(4)----	<b>ANNUAL</b> <b>SUPPLY</b> <b>BACKUP</b> ----(5)----	<b>PK DAY (D-1)</b> <b>DEMAND</b> ----(6)----	<b>GCR</b> <b>FACTOR</b> ----(7)----
<b>Nov 2020</b>	\$0.23764	\$0.01088	\$0.00244	\$0.00264	<b>\$0.25360</b>	\$0.06958	<b>\$0.32318</b>
<b>Dec 2020</b>	\$0.23764	\$0.01088	\$0.00244	\$0.00264	<b>\$0.25360</b>	\$0.06958	<b>\$0.32318</b>
<b>Jan 2021</b>	\$0.23764	\$0.01088	\$0.00244	\$0.00264	<b>\$0.25360</b>	\$0.06958	<b>\$0.32318</b>
<b>Feb 2021</b>	\$0.23764	\$0.01088	\$0.00244	\$0.00264	<b>\$0.25360</b>	\$0.06958	<b>\$0.32318</b>
<b>Mar 2021</b>	\$0.23764	\$0.01088	\$0.00244	\$0.00264	<b>\$0.25360</b>	\$0.06958	<b>\$0.32318</b>
<b>Apr 2021</b>	\$0.23764	\$0.01088	\$0.00244	\$0.00264	<b>\$0.25360</b>	\$0.06958	<b>\$0.32318</b>
<b>May 2021</b>	\$0.23764	\$0.01088	\$0.00244	\$0.00264	<b>\$0.25360</b>	\$0.06958	<b>\$0.32318</b>
<b>Jun 2021</b>	\$0.23764	\$0.01088	\$0.00244	\$0.00264	<b>\$0.25360</b>	\$0.06958	<b>\$0.32318</b>
<b>Jul 2021</b>	\$0.23764	\$0.01088	\$0.00244	\$0.00264	<b>\$0.25360</b>	\$0.06958	<b>\$0.32318</b>
<b>Aug 2021</b>	\$0.23764	\$0.01088	\$0.00244	\$0.00264	<b>\$0.25360</b>	\$0.06958	<b>\$0.32318</b>
<b>Sep 2021</b>	\$0.23764	\$0.01088	\$0.00244	\$0.00264	<b>\$0.25360</b>	\$0.06958	<b>\$0.32318</b>
<b>Oct 2021</b>	\$0.23764	\$0.01088	\$0.00244	\$0.00264	<b>\$0.25360</b>	\$0.06958	<b>\$0.32318</b>

**WISCONSIN PUBLIC SERVICE CORPORATION**  
 Gas Cost Recovery Plan  
 Calculation of System Per Therm Rates  
 (Michigan)

	-----Commodity-----			-----Peak Day (D-1)-----			-----Ann Dmnd (D-2)-----		
	Costs	Sales	Rate	Costs	Sales	Rate	Costs	Sales	Rate
	----(1)----	----(2)----	----(3)----	----(4)----	----(5)----	----(6)----	----(7)----	----(8)----	----(9)----
Nov 2020	\$142,285	729,909	\$0.23764	\$60,776	729,909	\$0.06958	\$7,991	729,909	\$0.01088
Dec 2020	\$251,809	1,042,957	\$0.23764	\$57,007	1,042,957	\$0.06958	\$8,076	1,042,957	\$0.01088
Jan 2021	\$289,509	1,155,598	\$0.23764	\$59,826	1,155,598	\$0.06958	\$8,507	1,155,598	\$0.01088
Feb 2021	\$261,335	1,002,589	\$0.23764	\$50,546	1,002,589	\$0.06958	\$7,235	1,002,589	\$0.01088
Mar 2021	\$200,607	862,216	\$0.23764	\$49,401	862,216	\$0.06958	\$6,492	862,216	\$0.01088
Apr 2021	\$138,314	559,050	\$0.23764	\$28,251	559,050	\$0.06958	\$5,414	559,050	\$0.01088
May 2021	\$63,260	280,868	\$0.23764	\$21,284	280,868	\$0.06958	\$4,543	280,868	\$0.01088
Jun 2021	\$21,990	98,827	\$0.23764	\$13,025	98,827	\$0.06958	\$2,286	98,827	\$0.01088
Jul 2021	\$10,189	44,099	\$0.23764	\$9,557	44,099	\$0.06958	\$802	44,099	\$0.01088
Aug 2021	\$14,225	60,540	\$0.23764	\$14,559	60,540	\$0.06958	\$1,583	60,540	\$0.01088
Sep 2021	\$43,661	191,661	\$0.23764	\$35,327	191,661	\$0.06958	\$6,492	191,661	\$0.01088
Oct 2021	\$109,357	479,623	\$0.23764	\$53,236	479,623	\$0.06958	\$11,416	479,623	\$0.01088
<b>Total</b>	<b>\$1,546,540</b>	<b>6,507,938</b>	<b>\$0.23764</b>	<b>\$452,796</b>	<b>6,507,938</b>	<b>\$0.06958</b>	<b>\$70,836</b>	<b>6,507,938</b>	<b>\$0.01088</b>

	-----Balancing (Bal)-----			-----Projected (Over)/Underrecovery-----		
	Costs	Sales	Rate	Costs	Sales	Rate
	----(10)----	----(11)----	----(12)----	----(13)----	----(14)----	----(15)----
Nov 2020	\$3,747	729,909	\$0.00244		729,909	\$0.00264
Dec 2020	\$3,433	1,042,957	\$0.00244		1,042,957	\$0.00264
Jan 2021	\$3,697	1,155,598	\$0.00244		1,155,598	\$0.00264
Feb 2021	\$2,919	1,002,589	\$0.00244		1,002,589	\$0.00264
Mar 2021	\$2,763	862,216	\$0.00244		862,216	\$0.00264
Apr 2021	\$1,011	559,050	\$0.00244		559,050	\$0.00264
May 2021	(\$268)	280,868	\$0.00244		280,868	\$0.00264
Jun 2021	(\$880)	98,827	\$0.00244		98,827	\$0.00264
Jul 2021	(\$1,283)	44,099	\$0.00244		44,099	\$0.00264
Aug 2021	(\$1,071)	60,540	\$0.00244		60,540	\$0.00264
Sep 2021	\$261	191,661	\$0.00244		191,661	\$0.00264
Oct 2021	\$1,570	479,623	\$0.00244		479,623	\$0.00264
<b>Total</b>	<b>\$15,900</b>	<b>6,507,938</b>	<b>\$0.00244</b>	<b>\$0</b>	<b>6,507,938</b>	<b>\$0.00264</b>

**Upper Michigan Energy Resources Corporation**  
UMERC Gas Cost Recovery Plan  
Natural Gas Annual Requirements Forecast  
(in 000's Dth, ANR Pressure Base)

	<u>Sales</u>			<u>Transportation</u>	<u>Total</u>
	Firm	Interruptible	Total	Transportation	Total
2020-2021	636,592	0	636,592	1,331,902	1,968,495
2021-2022	643,896	0	643,896	1,331,902	1,975,798
2022-2023	644,330	0	644,330	1,331,902	1,976,233
2023-2024	645,146	0	645,146	1,334,845	1,979,991
2024-2025	645,407	0	645,407	1,335,551	1,980,958

**Upper Michigan Energy Resources Corporation**  
UMERC Gas Cost Recovery Plan  
Natural Gas Winter Peak Day Forecast  
(in Dth, ANR Pressure Base)

	<u>Sales</u>			<u>Transportation</u>	<u>Total</u>
	Firm	Interruptible	Total	Transportation	Total
2020-2021	7,692	0	7,692	6,199	13,891
2021-2022	7,692	0	7,692	6,199	13,891
2022-2023	7,692	0	7,692	6,199	13,891
2023-2024	7,692	0	7,692	6,199	13,891
2024-2025	7,692	0	7,692	6,199	13,891

**Upper Michigan Energy Resources Corporation**  
UMERC Gas Cost Recovery Plan  
Natural Gas April Peak Day Forecast  
(in Dth, ANR Pressure Base)

	<u>Sales</u>			<u>Transportation</u>	<u>Total</u>
	Firm	Interruptible	Total	Transportation	Total
2020-2021	4,245	0	4,245	4,326	8,571
2021-2022	4,245	0	4,245	4,326	8,571
2022-2023	4,245	0	4,245	4,326	8,571
2023-2024	4,245	0	4,245	4,326	8,571
2024-2025	4,245	0	4,245	4,326	8,571

**Upper Michigan Energy Resources Corporation**  
 UMERC Gas Cost Recovery Plan  
 5 YEAR FORECAST

<b>Year</b> -----	<b>Total UMERC Requirement</b> ----(1)----	<b>Flowing Gas Volume</b> ----(2)----	<b>Flowing Gas Fuel</b> ----(3)----	<b>Storage Gas City Gate Volume</b> ----(4)----	<b>City Gate Purchase Volume</b> ----(5)----	<b>City Gate Deliveries</b> ----(6)----
2020-2021	993,110	770,895	(10,459)	232,675	0	993,110
2021-2022	993,110	770,895	(10,459)	232,675	0	993,110
2022-2023	1,004,504	779,739	(10,579)	235,344	0	1,004,504
2023-2024	1,005,182	780,265	(10,586)	235,503	0	1,005,182
2024-2025	1,006,454	781,253	(10,600)	235,801	0	1,006,454

NOTE: All columns are expressed in Dekatherms (DTH), using ANR pressure base.

<b>Year</b> -----	<b>Commodity (Comm) Charges</b> ----(6)----	<b>Peak Day Demand (D-1) Charges</b> ----(7)----	<b>Annual Demand (D-2) Charges</b> ----(8)----	<b>Balancing (Bal) Charges</b> ----(9)----	<b>Hedging (Hed) Charges</b> ----(10)----	<b>Total Charges</b> ----(11)----
2020-2021	\$2,285,766	\$668,335	\$117,001	\$51,787	\$66,399	\$3,189,287
2021-2022	\$2,354,339	\$668,335	\$120,511	\$51,787	\$68,391	\$3,263,362
2022-2023	\$2,452,790	\$668,335	\$125,550	\$51,787	\$71,251	\$3,369,712
2023-2024	\$2,528,079	\$668,335	\$129,404	\$51,787	\$73,438	\$3,451,042
2024-2025	\$2,607,217	\$668,335	\$133,455	\$51,787	\$75,737	\$3,536,530

**Case No. U-20812**  
**Exhibit A-4 (DJM-3)**  
**Witness: D. J. Mier**



**SECTION D  
 RATE SCHEDULES**

**D2. GAS COST RECOVERY FACTORS**

**NATURAL GAS**

<b>Billing Months</b>	<b>Base GCR Factor \$/Therm</b>	<b>MAX GCR Factor \$/Therm</b>	<b>Actual Factor Billed \$/Therm</b>
<i>November, 2020</i>	<i>\$0.32318 per Therm</i>	<i>\$0.00000 per Therm</i>	<i>\$0.00000 per Therm</i>
<i>December, 2020</i>	<i>\$0.32318per Therm</i>	<i>\$0.00000 per Therm</i>	<i>\$0.00000 per Therm</i>
<i>January, 2021</i>	<i>\$0.32318 per Therm</i>	<i>\$0.00000 per Therm</i>	<i>\$0.00000 per Therm</i>
<i>February, 2021</i>	<i>\$0.32318 per Therm</i>	<i>\$0.00000 per Therm</i>	<i>\$0.00000 per Therm</i>
<i>March, 2021</i>	<i>\$0.32318 per Therm</i>	<i>\$0.00000 per Therm</i>	<i>\$0.00000 per Therm</i>
<i>April, 2021</i>	<i>\$0.32318 per Therm</i>	<i>\$0.00000 per Therm</i>	<i>\$0.00000 per Therm</i>
<i>May, 2021</i>	<i>\$0.32318 per Therm</i>	<i>\$0.00000per Therm</i>	<i>\$0.00000per Therm</i>
<i>June, 2021</i>	<i>\$0.32318 per Therm</i>	<i>\$0.00000per Therm</i>	<i>\$0.00000 per Therm</i>
<i>July, 2021</i>	<i>\$0.32318 per Therm</i>	<i>\$0.00000 per Therm</i>	<i>\$0.00000 per Therm</i>
<i>August, 2021</i>	<i>\$0.32318per Therm</i>	<i>\$0.00000 per Therm</i>	<i>\$0.00000 per Therm</i>
<i>September, 2021</i>	<i>\$0.32318 per Therm</i>	<i>\$0.00000 per Therm</i>	<i>\$0.00000 per Therm</i>
<i>October, 2021</i>	<i>\$0.32318 per Therm</i>	<i>\$0.00000 per Therm</i>	<i>\$0.00000 per Therm</i>

The company will file a revised Sheet No. D-5.00 monthly or as necessary to reflect the factor to be billed the following month.

The Base GCR Factor is subject to adjustment pursuant to the Contingent GCR Factors on Sheet Nos. D-6.00 and D-7.00.  
 The Maximum GCR Factor Allowed is based upon changes in the NYMEX and adjusted according to Sheet No. D-7.00.  
 The adjusted GCR Factors per the Contingent GCR Factors are the maximum GCR Factors the Company may charge. The actual GCR Factor charged in any month may be less than the adjusted GCR Factor.

The Company will file by **July 31, 2021** for maximum Gas Cost Recovery factors for **November 2021 – October 2022**. The Gas Cost Recovery Factor to be charged beginning **November 2020** is authorized pursuant to §6(h)(9) of 1982 PA 304, as amended, MCL 460.6h et seq.

(Continued on Sheet No. D-6.00)

Issued xx-xx-xx  
 T. T. Eidukas  
 Vice-President,  
 Milwaukee, Wisconsin

Effective for bills rendered for the  
**November 2020 – October 2021**  
 billing months. Issued Under Auth. Of  
 Mich Public Service Comm  
 Dated xx-xx-xx  
 In Case No. **U-20812**

**Case No. U-20812**  
**Exhibit A-5 (DJM-4)**  
**Witness: D. J. Mier**

**E3. GAS TRANSPORTATION SERVICE-RATES**

**NATURAL GAS**

GAS TRANSPORTATION SERVICE

	<u>Distribution Charge</u>	<u>Take-or-Pay Rate</u>	<u>Effective Rate</u>
<u>Cg-TM</u>	\$	\$	\$
Monthly Customer Charge*	--	--	4.8493/147.50
Rate Per Therm	0.08514	0.00000	0.08514
 <u>Cg-TL</u>			
Monthly Customer Charge*	--	--	6.9698/212.00
Rate Per Therm	0.06214	0.00000	0.06214
 <u>Cg-TSL</u>			
Monthly Customer Charge*	--	--	6.9698/212.00
Rate Per Therm	0.03000	0.00000	0.03000

\* This charge includes a \$140.00 per month Administrative Charge.

PEAK DAY BACKUP SERVICE AND ANNUAL SUPPLY BACKUP SERVICE

Demand Charge - Per Therm of Demand Per Month (Annual Option)	<b><i>\$0.56032</i></b>
Demand Charge - Per Therm of Demand Per Month (Seasonal Option)	<b><i>\$0.73693</i></b>
Commodity Charge - City Gate Rate Per Therm**	<b><i>\$0.25360</i></b>
D1 Rate (Case No. <b><i>U-20812</i></b> )	<b><i>\$0.06958</i></b>

\*\* Rate at the Company's city gate. The transportation Distribution Charge corresponding to the customer's rate class (from above) must be added to calculate the effective rate for deliveries to the customer's meter. This rate is subject to adjustment pursuant to the GCR Factor Adjustment Mechanism on Sheet No. D-6.00.

ANR-WPSC PRESSURE BASE CORRECTION:

(14.73/14.60) = 1.0089

DAILY BALANCING SERVICE

<u>% Difference From Nomination</u>	<u>Floor Rate Per Therm</u>	<u>Ceiling Rate Per Therm</u>	<u>Effective Rate Per Therm</u>
>0.0% up to 8.0%	\$0.0020	\$0.0519	\$0.0175
>8.0% \$0.0323	\$0.0842	\$0.0370	

Issued xx-xx-xx  
T. T. Eidukas  
Vice-President,  
Milwaukee, Wisconsin

Effective for bills rendered for the  
November 2020 – October 2021  
billing months. Issued Under Auth. Of  
Mich Public Service Comm  
Datedxx-xx-xx  
In Case No. U-20812

**Case No. U-20812**  
**Exhibit A-6 (DJM-5)**  
**Witness: D. J. Mier**

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**SECTION D**  
**RATE SCHEDULES**  
(Continued on Sheet No. D-5.00)

**D2. GAS COST RECOVERY FACTORS**

**NATURAL GAS**

**CONTINGENT GAS COST RECOVERY (“GCR”) FACTORS**

Pursuant to the Commission’s order approving the settlement in Case No. *U-20812* the **2020-21** GCR factors listed on Sheet No. D-5.00 will be increased or decreased on a monthly basis, contingent upon NYMEX futures prices for natural gas increasing to a level above that which was incorporated in the calculation of the Commission approved GCR factor ceiling prices. Commission mandated downward adjustments can reduce the monthly maximum GCR factor back down to base GCR factor, but will never cause the factor to go below original base factor that was requested in the plan filing, or that was approved by the Commission.

At least fifteen days before the beginning of each month, the Company shall file with the Michigan Public Service Commission an updated tariff Sheet, if NYMEX futures prices increase to a level allowing for the implementation of a higher contingent GCR price ceiling. The informational filing shall include the monthly five-day average and the dates used to calculate the new ceiling price. The filing shall be incorporated in the GCR Plan docket *U-20812* with notice of filing provided to all interveners.

**DEFINITIONS:**

The Contingent Gas Cost Recovery Factors shown in the table on Sheet No. D-7.00 are authorized for the **November 2020 through October 2021** GCR Plan period and include any changes due to flowing gas as well as known changes from the GCR plan for hedged gas and storage gas. For purposes of determining the authorized Contingent Gas Cost Recovery Factors, the following relationships apply:

NYMEX Increase =  $(X - X_{\text{plan}})$  (This equation is applicable to all sources of gas supply with some modifications for storage gas and fixed price gas.)

X = the simple average of the actual NYMEX monthly natural gas futures contract prices, (\$/Mmbtus), for the 12 month period during which this plan case will be in effect ***averaged over the first five trading days of the month prior to implementation. Closing prices may be used for months that are no longer trading on NYMEX.***

X<sub>plan</sub> = the 12 month NYMEX average, incorporated in the calculation of the base GCR factor.

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(Continued on Sheet No. D-7.00)

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Issued xx-xx-xx  
T. T. Eidukas  
Vice-President,  
Milwaukee, Wisconsin

Effective for bills rendered for the  
November 2020 – October 2021  
billing months. Issued Under Auth. Of  
Mich Public Service Comm  
Dated xx-xx-xx  
In Case No. U-20812

**SECTION D**  
**RATE SCHEDULES**  
(Continued from Sheet No. D-6.00)

**D2. GAS COST RECOVERY FACTORS**

**NATURAL GAS**

		Nov-Oct			Nov-Oct
Fractional Mult. $F_m$		0.0712	Fractional Mult. $F_m$		0.0712
Plan NYMEX ( $X_{plan}$ )		2.6053/Dth	Plan NYMEX ( $X_{plan}$ )		2.6053/Dth
Base GCR Factor		\$0.32318	Base GCR Factor		\$0.32318
NYMEX Increase		Incremental Contingent GCR Factor	NYMEX Increase		Incremental Contingent GCR Factor
Greater than Or Equal to	But Less than	\$/therm	Greater than Or Equal to	But Less than	\$/therm
\$0.00	\$0.05	\$0.0000	\$1.55	\$1.60	\$0.1103
\$0.05	\$0.10	\$0.0036	\$1.60	\$1.65	\$0.1139
\$0.10	\$0.15	\$0.0071	\$1.65	\$1.70	\$0.1174
\$0.15	\$0.20	\$0.0107	\$1.70	\$1.75	\$0.1210
\$0.20	\$0.25	\$0.0142	\$1.75	\$1.80	\$0.1246
\$0.25	\$0.30	\$0.0178	\$1.80	\$1.85	\$0.1281
\$0.30	\$0.35	\$0.0214	\$1.85	\$1.90	\$0.1317
\$0.35	\$0.40	\$0.0249	\$1.90	\$1.95	\$0.1352
\$0.40	\$0.45	\$0.0285	\$1.95	\$2.00	\$0.1388
\$0.45	\$0.50	\$0.0320	\$2.00	\$2.05	\$0.1424
\$0.50	\$0.55	\$0.0356	\$2.05	\$2.10	\$0.1459
\$0.55	\$0.60	\$0.0391	\$2.10	\$2.15	\$0.1495
\$0.60	\$0.65	\$0.0427	\$2.15	\$2.20	\$0.1530
\$0.65	\$0.70	\$0.0463	\$2.20	\$2.25	\$0.1566
\$0.70	\$0.75	\$0.0498	\$2.25	\$2.30	\$0.1602
\$0.75	\$0.80	\$0.0534	\$2.30	\$2.35	\$0.1637
\$0.80	\$0.85	\$0.0569	\$2.35	\$2.40	\$0.1673
\$0.85	\$0.90	\$0.0605	\$2.40	\$2.45	\$0.1708
\$0.90	\$0.95	\$0.0641	\$2.45	\$2.50	\$0.1744
\$0.95	\$1.00	\$0.0676	\$2.50	\$2.55	\$0.1780
\$1.00	\$1.05	\$0.0712	\$2.55	\$2.60	\$0.1815
\$1.05	\$1.10	\$0.0747	\$2.60	\$2.65	\$0.1851
\$1.10	\$1.15	\$0.0783	\$2.65	\$2.70	\$0.1886
\$1.15	\$1.20	\$0.0819	\$2.70	\$2.75	\$0.1922
\$1.20	\$1.25	\$0.0854	\$2.75	\$2.80	\$0.1957
\$1.25	\$1.30	\$0.0890	\$2.80	\$2.85	\$0.1993
\$1.30	\$1.35	\$0.0925	\$2.85	\$2.90	\$0.2029
\$1.35	\$1.40	\$0.0961	\$2.90	\$2.95	\$0.2064
\$1.40	\$1.45	\$0.0997	\$2.95	\$3.00	\$0.2100
\$1.45	\$1.50	\$0.1032	\$3.00	above	\$0.2135
\$1.50	\$1.55	\$0.1068			

**UPPER MICHIGAN ENERGY RESOURCES CORPORATION**  
 UMERC Gas Cost Recovery Plan  
 Type and Prices of Alternative Fuels Available

**Conversion Factors**

#2 Oil	139,000 BTU Per Gallon
Propane	91,600 BTU Per Gallon
Electricity	3,412 BTU Per Kwh

**Alternative Fuel Prices**

<u>Type</u>	<u>Unit Rate</u>	<u>Equivalent</u>
	\$	Per Therm
		\$
<b>#2 Fuel Oil (per gallon)</b>		
Residential	2.39	1.72
Commercial/Industrial	1.79	1.29
<b>Propane (per gallon)</b>		
Residential	1.45	1.58
Commercial/Industrial	0.81	0.88
<b>Electricity - Residential (per kwh)</b>		
Regular	0.1132	3.32
Time-of-Use		
On-Peak	0.2466	7.23
Off-Peak	0.0619	1.82
<b>WPSC Natural Gas - Residential (per Therm)</b>		0.4184

NOTES: -Residential electric rates reflect June 2020 WPSC Michigan rates.  
 -#2 fuel oil, propane and natural gas rates are average rates for the 2019/2020 winter heating season.  
 -#2 fuel oil & propane pricing data obtained from U.S. Energy Information Agency (EIA) website.

UPPER MICHIGAN ENERGY RESOURCES  
GCR Year for the 12 Months Ending June 30, 2020

Participation of UMERC in Federal Regulatory Matters

**DOCKET**

**SUBJECT/ ISSUES INVOLVED**

CP20-1	ANR Application to Abandon Leases and Acquire Storage Assets from Mid Michigan Gas Storage Company Filing
RP19-403	ANR FERC Form 501-G filing in compliance with Order No. 849 (re 2017 Tax Reform)
RP19-741	ANR Tariff Fuel Reimbursement Adjustment and EPC Charges filing
RP20-22	ANR Tariff Revision re Backhaul revision and EPC Charges filing
RP20-608	ANR Tariff Penalty Updates filing
RP20-636	ANR Tariff Fuel Reimbursement Adjustment and EPC Charges filing
CP09-465	NNG Section 7 Application for Cunningham Storage Boundary Expansion
CP18-534	NNG Section 7 Application for Northern Lights 2019 Expansion Project
RP19-59	NNG FERC Form 501-G filing in compliance with Order No. 849 (re 2017 Tax Reform)
RP19-1353	NNG Section 4 Rate Case and Tariff Changes filing
RP20-519	NNG Penalty and Daily Delivery Variance Charge report filing



MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
PUBLIC SERVICE COMMISSION

**ENTRY OF APPEARANCE IN AN ADMINISTRATIVE HEARING**

This form is issued as provided for by 1939 PA 3, as amended, and by 1933 PA 254, as amended. The filing of this form, or an acceptable alternative, is necessary to ensure subsequent service of any hearing notices, Commission orders, and related hearing documents.

**General Instructions:**

Type or print legibly in ink. For assistance or clarification, please contact the Public Service Commission at 517-284-8090.

*Please Note: The Commission will provide **electronic** service of documents to all parties in this proceeding.*

**THIS APPEARANCE TO BE ENTERED IN ASSOCIATION WITH THE ADMINISTRATIVE HEARING:**

Case / Company Name: Upper Michigan Energy Resources Corporation Docket No. U- 20812

Please enter my appearance in the above-entitled matter on behalf of:

1. (Name) Upper Michigan Energy Resources Corporation
2. (Name)
3. (Name)
4. (Name)
5. (Name)
6. (Name)
7. (Name)

Name Sherri A. Wellman  
Address Miller Canfield  
One Michigan Avenue, Suite 900  
City Lansing State MI  
Zip 48933 Phone 517-483-4954  
Email wellmans@millercanfield.com  
Date 07/29/2020

<input type="radio"/> I am not an attorney
<input checked="" type="radio"/> I am an attorney whose: Michigan Bar # is P- <u>38989</u> _____ Bar # is: _____ ( state )

Signature: \_\_\_\_\_