

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 recovery	)	Case No. U-21885
plan and authorization of gas cost recovery factors	)	
for the 12 months ending October 31, 2026.	)	
_____	)	

At the November 6, 2025 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

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

**ORDER APPROVING SETTLEMENT AGREEMENT**

On July 31, 2025, Upper Michigan Energy Resources Corporation (UMERC) filed an application in this case, with supporting testimony and exhibits, requesting approval of its gas cost recovery plan and factors for the 12-month period ending October 31, 2026, pursuant to Section 6h of Public Act 304 of 1982, MCL 460.6h.

A prehearing conference was held on September 9, 2025, before Administrative Law Judge James M. Varchetti. UMERB 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. Upper Michigan Energy Resources Corporation's gas cost recovery plan for the 12-month period ending October 31, 2026, is approved.

C. Within 30 days of the date of this order, Upper Michigan Energy Resources Corporation shall file tariff sheets substantially similar to those attached to the settlement agreement. After the tariff sheets have been reviewed and accepted by the Commission Staff for inclusion in the company's tariff book, Upper Michigan Energy Resources Corporation shall file the final tariff sheets 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](mailto:LARA-MPSC-Edockets@michigan.gov) and to the Michigan Department of Attorney General - Public Service Division at [sheacl@michigan.gov](mailto: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

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Daniel C. Scripps, Chair

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Katherine L. Peretick, Commissioner

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Shaquila Myers, Commissioner

By its action of November 6, 2025.

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Lisa Felice, Executive Secretary

**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-21885
recovery plan and authorization of gas cost	)	
recovery factors for the 12-month period ending	)	
October 31, 2026, and related approvals.	)	
_____	)	

**SETTLEMENT AGREEMENT**

As provided in Section 78 of the Administrative Procedures Act of 1969 (“APA”), as amended, MCL 24.278, and the Michigan Administrative Hearing System’s Administrative Hearing Rule 431, 2015 AG 792.10431, Upper Michigan Energy Resources Corporation (“UMERC” or the “Company”) and the Michigan Public Service Commission (“MPSC” or the “Commission”) Staff (“Staff”) have resolved through settlement discussions the contested issues regarding this proceeding and hereby agree as follows:

1. As required by 1982 PA 304 (“Act 304”), on July 31, 2025, UMEREC filed its application, together with the supporting testimony and exhibits of Thomas A. Smith and Diane J. Mier seeking approval of a Gas Cost Recovery (“GCR”) plan and factors for the twelve months ending October 31, 2026, and a five-year forecast.

2. On August 7, 2025, the Commission’s Executive Secretary issued the Notice of Hearing in this matter, directing UMEREC to mail a copy of the Notice of Hearing to all cities, incorporated villages, townships, and counties in its natural gas service area, as well as to intervenors in Case Nos. U-18061, U-21541, U-21604 and U-21435. Further, UMEREC was

directed to publish the notice of hearing in newspapers of general circulation throughout its natural gas service area.

3. On September 9, 2025, a prehearing conference was held. Administrative Law Judge (“ALJ”) James M. Varchetti presided over the proceeding. UMERC and Staff participated in the proceeding. There were no intervenors.

4. The Staff conducted an analysis of UMERC’s GCR plan and the decisions underlying that plan. Staff’s review found UMERC’s plan consistent with past Commission approvals, is based on reasonable projections, and results in a reasonable GCR factor.

5. Subsequently, the parties engaged in settlement discussions and have agreed as follows:

- a. UMERC’s GCR plan for the 12-month period from November 2025 through October 2026, and the underlying decisions, are reasonable and prudent and in compliance with Act 304 and should be approved by the Commission.
- b. UMERC should be authorized to implement a base GCR factor of up to \$0.58118 per therm for the 12-month period ending October 31, 2026. UMERC’s tariff sheet, MPSC Vol. No. 1-Natural Gas, Sheet No. D-5.00 reflects the base GCR factor as set forth herein and is attached hereto as Attachment 1.
- c. UMERC should be authorized to adjust its base GCR factor on a monthly basis in accordance with the terms and conditions of Attachment 2, MPSC Vol. No. 1-Natural Gas, Sheets Nos. D-6.00 and D-7.00. More specifically, each month the contingent GCR ceiling price will be calculated using the monthly adjustment mechanism contained in

Attachment 2. In no event will the ceiling factor be forced to decrease below the base GCR factor of \$0.58118 per therm due to a contingent adjustment.

- d. UMERC's five-year forecast, as filed, meets the statutory mandates of Act 304 and should be accepted for filing. Furthermore, the decisions underlying UMERC's five-year forecast are reasonable and prudent based upon present evidence.
- e. The parties also agree that reasonably and prudently incurred premiums on hedging instruments (natural gas futures and options) and the corresponding gains and losses shall be treated as part of the booked costs of gas for purposes of the gas cost recovery clause. UMERC shall report these gains or losses on separate lines as part of its GCR monthly (45-day) reports and its GCR reconciliation case filing.
- f. UMERC should also be authorized, as set forth in Attachment 3, MPSC Vol. No. 1-Natural Gas, Sheet No. E-20.00 to implement the transportation charges of: (i) \$0.62655 per month per therm of demand for Peak Day Backup (Annual Option); and (ii) \$0.96089 per month per therm of demand for Peak Day Backup (Seasonal Option). Furthermore, UMERC should be authorized to implement a factor for Annual Supply Backup (Commodity Charge – City Gate Rate) equal to \$0.48916 per therm beginning November 1, 2025 through October 31, 2026. This Annual Supply Backup Commodity Charge will, however, be subject to adjustment pursuant to the monthly adjustment mechanism.

6. It is the opinion of all signatories that this settlement agreement is reasonable, will promote the public interest and will aid the expeditious conclusion of this case.

7. This settlement agreement is intended for a final disposition of all issues in 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. This settlement agreement has been made for the sole and express purpose of settling this case, and all discussions relating hereto are and shall be privileged and shall not be used in any manner, or be admissible, for any other purposes in connection with this proceeding or any other proceeding, except as necessary to enforce the provisions hereof. This settlement agreement shall not constitute a precedent in any other case or proceeding except as necessary to carry out its terms.

9. The parties agree to waive Section 81 of the APA of 1969, as amended, MCL 24.281 as it applies to the issues in this proceeding if the Commission approves this settlement agreement without modification.

UPPER MICHIGAN ENERGY RESOURCES  
CORPORATION

Dated: October 10, 2025

**Sherri A. Wellman**

Digitally signed by: Sherri A. Wellman  
DN: CN = Sherri A. Wellman email =  
wellmans@millercanfield.com C = US O = Miller Canfield  
Date: 2025.10.10 10:31:26 -04'00'

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

Its Attorney  
Sherri A. Wellman (P38989)  
Miller, Canfield, Paddock & Stone, P.L.C.  
123 West Allegan, Street Suite 200  
Lansing, Michigan 48933  
(517) 483-4954

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

**Michael J. Orris**



2025.10.10

12:08:59 -04'00'

Dated: October 10, 2025

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

Its Attorney  
Michael J. Orris (P57232)  
Assistant Attorney General  
Public Service Division  
7109 W. Saginaw Hwy.  
Lansing, Michigan 48917



**Attachment 1**  
**to Settlement Agreement**  
**(MPSC Case No. U-21885)**

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SECTION D  
RATE SCHEDULES

D2. GAS COST RECOVERY FACTORS

NATURAL GAS

Billing Months	Base GCR Factor \$/Therm	MAX GCR Factor \$/Therm	Actual Factor Billed \$/Therm
<i>November, 2025</i>	<i>\$0.58118 per Therm</i>	<i>\$0.00000 per Therm</i>	<i>\$0.00000 per Therm</i>
<i>December, 2025</i>	<i>\$0.58118 per Therm</i>	<i>\$0.00000 per Therm</i>	<i>\$0.00000 per Therm</i>
<i>January, 2026</i>	<i>\$0.58118 per Therm</i>	<i>\$0.00000 per Therm</i>	<i>\$0.00000 per Therm</i>
<i>February, 2026</i>	<i>\$0.58118 per Therm</i>	<i>\$0.00000 per Therm</i>	<i>\$0.00000 per Therm</i>
<i>March, 2026</i>	<i>\$0.58118 per Therm</i>	<i>\$0.00000 per Therm</i>	<i>\$0.00000 per Therm</i>
<i>April, 2026</i>	<i>\$0.58118 per Therm</i>	<i>\$0.00000 per Therm</i>	<i>\$0.00000 per Therm</i>
<i>May, 2026</i>	<i>\$0.58118 per Therm</i>	<i>\$0.00000 per Therm</i>	<i>\$0.00000 per Therm</i>
<i>June, 2026</i>	<i>\$0.58118 per Therm</i>	<i>\$0.00000 per Therm</i>	<i>\$0.00000 per Therm</i>
<i>July, 2026</i>	<i>\$0.58118 per Therm</i>	<i>\$0.00000 per Therm</i>	<i>\$0.00000 per Therm</i>
<i>August, 2026</i>	<i>\$0.58118 per Therm</i>	<i>\$0.00000 per Therm</i>	<i>\$0.00000 per Therm</i>
<i>September, 2026</i>	<i>\$0.58118 per Therm</i>	<i>\$0.00000 per Therm</i>	<i>\$0.00000 per Therm</i>
<i>October, 2026</i>	<i>\$0.58118 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, 2026** for maximum Gas Cost Recovery factors for **November 2026 – October 2027**. The Gas Cost Recovery Factor to be charged beginning November 2023 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)

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

Effective for bills rendered for the  
November 2025 – October 2026  
billing months. Issued Under Auth. Of  
Mich Public Service Comm  
In Case No. U-21885  
Dated xx-xx-xx

**Attachment 2**  
**to Settlement Agreement**  
**(MPSC Case No. U-21885)**

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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-21885 the 2025-26* 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-21885* 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 2025 through October 2026* 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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Vice-President,  
Milwaukee, Wisconsin

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Mich Public Service Comm  
Dated xx-xx-xx  
In Case No. U-21885

M.P.S.C. No. 1 – Natural Gas  
Upper Michigan Energy Resources Corporation

x<sup>th</sup> Rev. Sheet No. D-7.00  
Replaces x<sup>th</sup> Rev. Sheet No. D-7.00  
Schedule GCRFM

**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 <sub>m</sub>		0.09423	Fractional Mult. F <sub>m</sub>		0.09423
Plan NYMEX (X <sub>plan</sub> )		4.1585/Dth	Plan NYMEX (X <sub>plan</sub> )		4.1585/Dth
Base GCR Factor		\$0.58118	Base GCR Factor		\$0.58118
NYMEX Increase		Incremental Contingent GCR Factor \$/therm	NYMEX Increase		Incremental Contingent GCR Factor \$/therm
Greater than Or Equal to	But Less than		Greater than Or Equal to	But Less than	
\$0.00	\$0.05	\$0.00000	\$1.55	\$1.60	\$0.14606
\$0.05	\$0.10	\$0.00471	\$1.60	\$1.65	\$0.15077
\$0.10	\$0.15	\$0.00942	\$1.65	\$1.70	\$0.15548
\$0.15	\$0.20	\$0.01413	\$1.70	\$1.75	\$0.16019
\$0.20	\$0.25	\$0.01885	\$1.75	\$1.80	\$0.16490
\$0.25	\$0.30	\$0.02356	\$1.80	\$1.85	\$0.16961
\$0.30	\$0.35	\$0.02827	\$1.85	\$1.90	\$0.17433
\$0.35	\$0.40	\$0.03298	\$1.90	\$1.95	\$0.17904
\$0.40	\$0.45	\$0.03769	\$1.95	\$2.00	\$0.18375
\$0.45	\$0.50	\$0.04240	\$2.00	\$2.05	\$0.18846
\$0.50	\$0.55	\$0.04712	\$2.05	\$2.10	\$0.19317
\$0.55	\$0.60	\$0.05183	\$2.10	\$2.15	\$0.19788
\$0.60	\$0.65	\$0.05654	\$2.15	\$2.20	\$0.20259
\$0.65	\$0.70	\$0.06125	\$2.20	\$2.25	\$0.20731
\$0.70	\$0.75	\$0.06596	\$2.25	\$2.30	\$0.21202
\$0.75	\$0.80	\$0.07067	\$2.30	\$2.35	\$0.21673
\$0.80	\$0.85	\$0.07538	\$2.35	\$2.40	\$0.22144
\$0.85	\$0.90	\$0.08010	\$2.40	\$2.45	\$0.22615
\$0.90	\$0.95	\$0.08481	\$2.45	\$2.50	\$0.23086
\$0.95	\$1.00	\$0.08952	\$2.50	\$2.55	\$0.23558
\$1.00	\$1.05	\$0.09423	\$2.55	\$2.60	\$0.24029
\$1.05	\$1.10	\$0.09894	\$2.60	\$2.65	\$0.24500
\$1.10	\$1.15	\$0.10365	\$2.65	\$2.70	\$0.24971
\$1.15	\$1.20	\$0.10836	\$2.70	\$2.75	\$0.25442
\$1.20	\$1.25	\$0.11308	\$2.75	\$2.80	\$0.25913
\$1.25	\$1.30	\$0.11779	\$2.80	\$2.85	\$0.26384
\$1.30	\$1.35	\$0.12250	\$2.85	\$2.90	\$0.26856
\$1.35	\$1.40	\$0.12721	\$2.90	\$2.95	\$0.27327
\$1.40	\$1.45	\$0.13192	\$2.95	\$3.00	\$0.27798
\$1.45	\$1.50	\$0.13663	\$3.00	above	\$0.28269
\$1.50	\$1.55	\$0.14135			

Issued xx-xx-xx  
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Vice-President,  
Milwaukee, Wisconsin

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Mich Public Service Comm  
Dated xx-xx-xx  
In Case No. U-21885

**Attachment 3**  
**to Settlement Agreement**  
**(MPSC Case No. U-21885)**

M.P.S.C. No. 1 – Natural Gas  
Upper Michigan Energy Resources Corporation

x<sup>th</sup> Rev. Sheet No. E-20.00  
Replaces x<sup>th</sup> Rev. Sheet No. E-20.00  
Schedule GT

### 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>\$0.62655</i></b>
Demand Charge - Per Therm of Demand Per Month (Seasonal Option)	<b><i>\$0.96089</i></b>
Commodity Charge - City Gate Rate Per Therm**	<b><i>\$0.48916</i></b>
D1 Rate (Case No. <b><i>U-21885</i></b> )	<b><i>\$0.09202</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

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In Case No. U-21885

# PROOF OF SERVICE

STATE OF MICHIGAN )

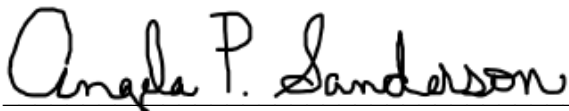
Case No. U-21885

County of Ingham )

Brianna Brown being duly sworn, deposes and says that on November 6, 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 6<sup>th</sup> day of November 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-21885**

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<b>Name</b>	<b>On Behalf Of</b>	<b>Email Address</b>
James M. Varchetti	ALJs - MPSC	varchettij@michigan.gov
John G. Walker Mogen	Upper Michigan Energy Resources Corporation	mogen@millercanfield.com
Michael J. Orris	MPSC Staff	orrism@michigan.gov
Sherri A. Wellman	Upper Michigan Energy Resources Corporation	wellmans@millercanfield.com
Upper Michigan Energy Resources Corporation	Upper Michigan Energy Resources Corporation	colleen.sipiorski@wecenergygroup.com