Founded in 1852
by Sidney Davy Miller

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September 29, 2025

Ms. Lisa Felice
Executive Secretary
Michigan Public Service Commission
7109 W. Saginaw Hwy.
Lansing, MI 48917

Re: Upper Michigan Energy Resources Corporation
2026 PSCR Plan
Case No. U-21881

Dear Ms. Felice:

Attached for electronic filing, please find Upper Michigan Energy Resources Corporation's Application and supporting direct case in the above captioned matter. Also included is my Appearance.

Should you have any questions or concerns, please advise.

Very truly yours,

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

Sherri A. Wellman

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Enclosures
cc w/enc James M. Beyer (James.beyer@wecenergygroup.com)
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S T A T E O F M I C H I G A N

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of **UPPER MICHIGAN ENERGY RESOURCES CORPORATION** for approval to implement a power supply cost recovery plan for the 12 months ending December 31, 2026.	)	Case No. U-21881

APPLICATION

UPPER MICHIGAN ENERGY RESOURCES CORPORATION ("UMERC" or the "Company") applies for approval pursuant to § 6j of 1982 PA 304 ("Act 304") as amended 460.6j of its Power Supply Cost Recovery ("PSCR") plan and five-year forecast, and for authority to implement PSCR factors for the 12-month period ending December 31, 2026. In support thereof, UMERC respectfully represents to the Michigan Public Service Commission ("Commission") 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.

2. Pursuant to the Order Approving Settlement Agreement dated December 9, 2016, in Case No. U-18061 ("U-18061 Order"), UMERC was granted the authority necessary by the Commission to, among other things, provide retail electric service to the former Michigan electric customers of Wisconsin Electric Power Company ("Wisconsin Electric") in service areas located in Alger, Baraga, Delta, Dickinson, Gogebic, Houghton, Iron, Marquette, Menominee, and Ontonagon Counties (known as the "WEPCo Rate Zone") and to the former Michigan

electric customers of Wisconsin Public Service Corporation ("WPS Corp") in a service area located in Menominee County, Michigan (known as WPSC Rate Zone").

3. Pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; 1909 PA 300, as amended, MCL 462.2 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; and 1939 PA 3, as amended, MCL 460.1 et seq, the Commission has jurisdiction to regulate UMERC's retail electric business.

4. Pursuant to the Commission's U-18061 Order, incorporated in UMERC's tariff rate schedules are the PSCR clauses previously authorized by the Commission pursuant to Section 6j(2) of Act 304 for Wisconsin Electric and WPS Corp, respectively, pursuant to which UMERC recovers PSCR costs.

5. Pursuant to the Commission's Order Approving Settlement Agreement in UMERC's last electric base rate case, U-21541, a new PSCR base rate of $57.10 and a line loss factor of $0.010391 were approved for both the WEPCo and WPSC Rate Zones, thereby effectively resulting in a combined-singular PSCR factor to be implemented in the Rate Zones.

6. In accordance with Act 304, UMERC files the Direct Testimony and Exhibits of James M. Beyer, which constitute its 2026 PSCR plan and 5-year forecast. In his testimony, Witness Beyer proposes a 2026 PSCR factor of $0.00630 per kWh ($6.30 per MWh).

6. UMERC is also proposing pursuant to MCL 460.6j(6) to continue to implement its PSCR contingency matrix mechanism (Adjustment Mechanism) as approved by the Commission's July 26, 2023 Order Approving Settlement Agreement in Case No. U-21265.

7. UMERC represents that its 2026 PSCR plan, proposed base PSCR factor, 5-year forecast, and PSCR contingency matrix mechanism, as filed in this case, are just, reasonable and in the public interest.

8. Absent a temporary order in this case, and pursuant to MCL 460.6j(9), effective January 1, 2026, UMERC will self-implement its proposed base PSCR factor and the Adjustment Mechanism as set forth in the Direct Testimony of Witness Beyer.

WHEREFORE, UMERC respectfully requests that this Commission:

A. Make and issue a notice of hearing in this case, and after notice and hearing;

B. Issue a final order pursuant to § 6j of Act 304 authorizing the implementation of the PSCR plan and base PSCR factor for the 2026 calendar year consistent with the requests made in this Application, supporting testimony and exhibits;

C. Determine that the decisions underlying UMERC's five-year forecast are reasonable and prudent and that there are no costs unlikely to be permitted to be recovered in customer rates;

D. Approve the continuation of the Adjustment Mechanism; and

E. Grant such other and further authority as is requested and may be lawful and proper.

Respectfully submitted,

UPPER MICHIGAN ENERGY RESOURCES CORPORATION

Dated: September 29, 2025

By: Sherri A. Wellman

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STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of **UPPER MICHIGAN ENERGY RESOURCES CORPORATION** for authority to implement a power supply cost recovery plan for the 12-months ending December 31, 2026.	)	Case No. U-21881

DIRECT TESTIMONY AND EXHIBITS OF

JAMES M. BEYER

ON BEHALF OF

UPPER MICHIGAN ENERGY RESOURCES CORPORATION

September 29, 2025

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

A. My name is James M. Beyer. My business address is WEC Energy Group ("WEC"), 2830 South Ashland Avenue, Green Bay, WI 54304. I am a Project Specialist in the State Regulatory Affairs Department of WEC. Upper Michigan Energy Resources Corporation ("UMERC" or the "Company") is a wholly owned subsidiary of WEC.

Q. Please briefly describe your education, professional, and utility background.

A. I graduated from Northern Michigan University, Marquette, Michigan, with a Bachelor of Science Degree in Accounting in 2002; and from Lakeland College, Sheboygan, Wisconsin, with a Master of Business Administration ("MBA") degree in 2006. I have been employed by WEC and its predecessors, first as a Pricing Analyst and currently as a Project Specialist since 2004. In that position, I perform and am otherwise involved in rate related studies, service and tariff administration, financial analyses, and rate development and administration.

Q. Have you testified before a regulatory agency?

A. Yes. I have testified before the Public Service Commission of Wisconsin ("PSCW") and the Michigan Public Service Commission ("MPSC" or the "Commission").

Q. On whose behalf are you testifying in this proceeding?

A. I am testifying on behalf of UMERC.

Q. Please describe UMERC.

A. UMERC is a Michigan jurisdictional regulated utility authorized to serve the former Michigan electric customers of Wisconsin Electric Power Company ("WEPCO") and Wisconsin Public Service Corporation ("WPS Corp") and the former Michigan natural gas customers of WPS Corp. Michigan approvals for UMERC to provide retail electric and natural gas service in the state of Michigan were granted by the Commission in its December 9, 2016 Order in Case No. U-18061. The approvals granted in Case No. U-18061 included, but were not limited to: (i) the transfer of the electric distribution assets of WEPCO and WPS Corp used for providing retail electric service in Michigan, (ii) (at least initially, with the exception of the Tilden Mining Company, L.C. ("Tilden") and Empire Iron Mining Partnership (collectively the "Mines")) the transfer of WEPCO's and WPS Corp's Michigan retail tariff electric customers to UMERC, (iii) the assumption of WEPCO's and WPS Corp's Power Supply Cost Recovery ("PSCR") clauses, and (iv) the authority to provide electric service under the current rates, terms, and conditions of service set forth in WEPCO's and WPS Corp's then-Michigan electric tariff books.

Q. Is UMERC currently providing electric service to Tilden under a Special Contract between UMERC and Tilden?

A. Yes. Consistent with the U-18061 Settlement Agreement, upon UMERC's completion of the Upper Peninsula ("UP") generation solution and the corresponding termination of both of the 2015-2019 Large Curtailable Special Contracts between WEPCO and the Mines, which occurred on April 1, 2019, Tilden, the remaining Mine customer, transferred to UMERC. Since the transfer to UMERC, electric service has been provided to Tilden

pursuant to the Special Contract between UMERC and Tilden, which was most recently approved by the MPSC on October 25, 2017, in Case No. U-18224.

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

A. The purpose of my testimony is to support (i) UMERC's 2026 PSCR plan, (ii) sponsor the proposed 2026 PSCR factors, (iii) sponsor the five-year forecast, and (iv) update the contingency mechanism. I will describe UMERC's power supply sources for 2026, which include UMERC's UP generation, the Company's participation in the Midcontinent Independent System Operator, Inc. ("MISO") Market and the American Transmission Company LLC ("ATC") for power supply and transmission services.

Q. What PSCR base and loss factor will be used for determining PSCR cost recovery in 2026?

A. UMERC will be using the PSCR base and loss factor approved by the MPSC on October 10, 2024 in its most recent general rate case (U-21541). The PSCR Plan reflects a loss factor of 1.0391 and a PSCR base of $57.10 per MWh. The purpose of this filing is to establish a 2026 PSCR factor and related approvals.

Q. Are you sponsoring any exhibits in the proceeding?

A. Yes, I am sponsoring Exhibits A-1 (JMB-1) through A-8 (JMB-8). These exhibits reflect the Commission's Order Approving Settlement Agreement in UMERC's last electric base rate case, U-21541, wherein a new PSCR base rate of $57.10 and a line loss factor of 1.0391 were approved for both the WEPCo and WPSC Rate Zones, thereby effectively

resulting in a combined-singular PSCR factor to be implemented by UMERC in its electric service territory effective January 1, 2025. As such, these exhibits as well as my testimony no longer address the PSCR in terms of rate zones. Additionally, these exhibits reflect the addition of the Renegade Solar Project ("Renegade") to the Company's generation portfolio. Renegade was approved by the Commission in its December 1, 2023 Order in Case U-21081. In UMERC's pending Renewable Energy Plan in Case No. U-21813, the Company proposes to collect a portion of the annual costs associated with Renegade through the PSCR mechanism as required by law. The costs to be collected through the PSCR mechanism is calculated by multiplying the forecasted MWh of generation by the MPSC approved transfer price for 2026 (2023 Basis). This Transfer Price Schedule was filed by the Commission Staff in Case U-15800 on April 5, 2023.

Q. Were these exhibits prepared by you or under your supervision?

A. Yes.

Q. Please describe Exhibit A-1 (JMB-1).

A. Exhibit A-1 (JMB-1) reflects UMERC's forecasted Monthly PSCR Sales (MWh) for the 2026 PSCR period. Since the Tilden load will be served under a special contract, not subject to the PSCR factor, Tilden sales have not been included in the PSCR sales.

Q. How were the forecasted UMERC energy requirements set forth in Exhibit A-1 (JMB-1) determined?

A. The Residential customer class sales forecast was developed using two statistical models: 1) an average use-per customer ("UPC") model; and 2) a customer count model. The average UPC forecast was developed by creating regression models using normal weather and cooling efficiency variables for the regions in the UMERC service territory. The customer count forecast was developed by creating regression models using a number of household variable for the regions associated with each Rate Zone. The historical model data was based on monthly customer counts from the period January 2013 through March 2025, and the current customer counts were as of March 2025. The monthly forecasted results from the average use-per customer and customer count were multiplied to calculate the monthly sales forecasts.

The Commercial customer class sales forecast was developed using two statistical models: 1) an average UPC model; and 2) a customer count model. The average UPC forecast was developed by creating regression models using normal weather for the regions in the UMERC service territory. The customer count forecast was developed by creating regression models using Population, Household Income and GDP variables for the regions in the UMERC service territory. The historical model data was based on monthly customer counts from the period January 2013 through March 2025, and the current customer counts were as of March 2025. The monthly forecasted results from the average use-per customer and customer count were multiplied to calculate the monthly sales forecasts. Customers served by an Alternative Energy Supplier ("AES") including their deliveries were excluded from the customer count and average use-per-customer models.

The Industrial customer class sales forecast was developed using historical monthly billed sales by customer from January 2021 through March 2025. The individual customer forecasts were aggregated by rate schedule.

The Company Use sales forecast was based on averaging monthly volumes from January 2022 through March 2025.

The Lighting sales forecast was developed by using a 6-year average of calendar month historical sales from January 2019 through March 2025.

Distribution losses were calculated by month for each customer class by multiplying the customer class sales forecasts, described above, by the customer class distribution loss factors.

Q. Was the effect of the Michigan Energy Waste Reduction initiative for energy efficiency reflected in energy sales?

A. Yes, the effect has been reflected based on sales impact trends experienced since the start of the initiative in UMERC's (and its predecessors) Michigan service areas.

Q. Please describe Exhibit A-2 (JMB-2).

A. Exhibit A-2 (JMB-2) reflects the 5-year sales forecast for through 2030. The Residential customer class sales forecast was developed using two statistical models: 1) an average UPC model; and 2) a customer count model. The average UPC forecast was developed by creating regression models using normal weather and cooling efficiency variables for the regions in the UMERC service territory. The customer count forecast was developed by creating regression models using a number of household variable for the regions in the

UMERC service territory. The historical model data was based on monthly customer counts from the period January 2013 through March 2025, and the current customer counts were as of March 2025. The monthly forecasted results from the average use-per customer and customer count were multiplied to calculate the monthly sales forecasts for the UMERC service areas.

The Commercial customer class sales forecast was developed using two statistical models: 1) an average UPC model; and 2) a customer count model. The average UPC forecast was developed by creating regression models using normal weather for the regions in the UMERC service territory. The customer count forecast was developed by creating regression models using Population, Household Income, and GDP variables for the regions in the UMERC service territory. The historical model data was based on monthly customer counts from the period January 2013 through March 2025, and the current customer counts were as of March 2025. The monthly forecasted results from the average use-per customer and customer count were multiplied to calculate the monthly sales forecasts for the UMERC service areas. Customers served by an AES including their deliveries were excluded from the customer count and average use-per-customer models.

The Industrial customer class sales forecast was developed using historical monthly billed sales by customer from January 2021 through March 2025. The individual customer forecasts were aggregated by rate schedule for the UMERC service areas.

The Company Use sales forecast was based on averaging monthly volumes from January 2022 through March 2025.

The Lighting sales forecast was developed by using a 6-year average of calendar month

historical sales from January 2019 through March 2025. Distribution losses were calculated by month for each customer class by multiplying the customer class sales forecasts, described above, by the customer class distribution loss factors.

Q. Please describe Exhibit A-3 (JMB-3).

A. Exhibit A-3 (JMB-3) shows the January through August 2025 actual over/under-recovery of power supply costs as requested in item 5 of the Commission Staff Additional Filing Requirements - PSCR Plans. Exhibit A-3 (JMB-3) also shows the forecasted under-recovery of power supply costs for the remaining months of 2025.

Q. Please describe Exhibit A-4 (JMB-4).

A. Exhibit A-4 (JMB-4) shows the calculation of the uniform PSCR factor for January through December 2025.

Q. How were the UMERC PSCR System Costs and the UMERC System supplied MWh determined?

A. As shown on Exhibit A-4 (JMB-4), the UMERC PSCR System Costs (line 9) were calculated by adding the total UMERC fuel, transfer price, purchased power, MISO and ATC costs (lines 1-5), subtracting Ancillary Service Market ("ASM") revenue (line 6), renewable energy premiums (line 7), and revenue from opportunity sales (line 8), which include sales to Tilden for power supply.

As shown on Exhibit A-4 (JMB-4), the UMERC System supplied MWh (line 15) were calculated by adding the total forecasted UMERC generation (RICE Units and Renegade) and purchases MWh (lines 11-13), and subtracting the opportunity sales (line 14), which include sales to Tilden.

The average PSCR System cost per MWh (line 16) was then determined by dividing the UMERC PSCR System Costs (line 9) by the UMERC System supplied MWh (line 15).

Q. How was the PSCR factor determined?

A. The PSCR System cost per MWh of $61.01/MWh, shown on Exhibit A-4 (JMB-4), line 16, was multiplied by the loss factor of 1.0391 (line 20), to determine the PSCR cost of $63.40/MWh on sales (line 21). The PSCR costs were determined by multiplying the PSCR cost per MWh of $63.40/MWh on sales (line 21) times Sales (line 22). The PSCR cost per MWh on sales of $63.40/MWh (line 24), was then compared to the PSCR cost per MWh in base rates of $57.10/MWh (line 25), with the difference of $6.30/MWh being the PSCR factor (line 26) needed to adjust base rates to recover the forecasted PSCR System costs. Adding the forecasted 2025 PSCR over/under-recovery factor (line 27) of $0.00/MWh to the 2026 PSCR factor of $6.30/MWh (line 26) resulted in the combined 2026 PSCR factor of $6.30/MWh (line 29).

Q. What is the proposed PSCR factor for 2026?

A. The 2026 base PSCR factor is a charge of $6.30/MWh. UMERC proposes to begin implementing this base PSCR factor to retail electric sales January 1, 2026.

Q. Please describe Exhibit A-5 (JMB-5).

A. Exhibit A-5 (JMB-5) shows the forecasted UMERC System Power Supply costs (line 10) broken down by Mihm fuel costs (line 1), Kuester fuel costs (line 2), Renegade transfer price costs (line 3), MISO market purchased power costs (line 4), MISO market other charges and credits (line 5), ATC and MISO transmission charges (line 6), MISO ASM revenue (line 7), Renewable Energy revenue (line 8), and opportunity sales (line 9), which include Tilden sales, for the years 2026 through 2030. Line 17 shows the associated forecasted UMERC System MWh, made up of Mihm generation (line 12), Kuester generation (line 13), Renegade Solar generation MWh (line 14), MISO purchased power (line 15), and less opportunity sales (line 16), which include Tilden sales, for the years 2026 through 2030. The resulting average costs per MWh are shown for Mihm generation (line 19), Kuester generation (line 20), Renegade transfer price (line 21), MISO market purchases (line 22), opportunity sales (line 23), and the overall PSCR system cost per MWh on the net MWh supplied (line 24) for the years 2026 through 2030. Note that in 2026 UMERC's Renegade Solar Facility begins producing energy.

Exhibit A-5 (JMB-5), lines 27-31, show the determination of the PSCR cost per MWh (line 29), multiplied by Sales (line 30), and the resulting PSCR costs (line 31) for the years 2026 through 2030.

Q. Please describe Exhibit A-6 (JMB-6).

A. Exhibit A-6 (JMB-6) shows the comparison of power supply costs approved in the UMERC 2025 PSCR Plan to the forecasted power supply costs included in this 2026 PSCR

Plan filing. For both the 2025 and 2026 PSCR Plans, all power supply for UMERC was forecasted to be from its owned generation and the MISO market and ATC.

The 2026 costs per MWh for generation from the Mihm and Kuester generating units are higher than originally forecasted 2025 costs, primarily due to forecasted higher prices for natural gas. The generating units are forecasted to generate less in 2026 as a result of Renegade Solar beginning operation and producing energy in early 2026.

The 2026 cost per MWh for MISO purchased power forecasted to be slightly higher than the original 2025 forecast, mainly due to an increase in forecasted LMPs.

Similarly, the 2026 revenue per MWh for the opportunity sales is higher than the original 2025 forecast, due to higher forecasted LMPs and recovery of forecasted natural gas costs for generation.

As shown on line 24 of Exhibit A-6 (JMB-6), the forecasted average UMERC PSCR System cost for 2026 is $61.01/MWh as compared to the 2025 PSCR cost of $54.95/MWh. This is primarily due to forecasted higher natural gas costs, LMPs and the transfer price costs related to Renegade coming on line.

Q. Please describe Exhibit A-7 (JMB-7).

A. Exhibit A-7 (JMB-7) represents the Company's contingency mechanism.

Q. Please describe Exhibit A-8 (JMB-8).

A. Exhibit A-8 (JMB-8), page 1 is the PSCR schedule Sheet No. D-3.00 of UMERC's Michigan rate book revised to reflect the proposed base 2026 PSCR factor of $0.00630/kWh. Page 2 reflects the contingency mechanism as described in Exhibit A-7 (JMB-7).

CONTINGENCY MECHANISM

Q. For purposes of the 2026 PSCR plan, is the Company requesting the Commission to approve an update to the contingency mechanism first implemented with the approval of the 2023 PSCR plan which allows UMERC to adjust its PSCR factor during the plan year without seeking a reopener?

A. Yes. The Company is proposing to continue and update the monthly adjustment mechanism similar as was approved in UMERC’s 2023 PSCR Plan Case U-21265.

Q. Why is a PSCR factor contingency mechanism necessary when the Company can file a petition to reopen the plan to address needed changes to its PSCR factors?

A. Although the Company has filed to reopen its plans to address rising power supply costs and request new PSCR factors in an effort to avoid incurring significant year-end under-recoveries, the process of preparing and making the filing and waiting for a Commission order results in regulatory lag. As has been the case on the GCR side, the use of a contingency mechanism has the real-time impact of lessening the difference between the costs incurred by the utility and the revenue received by the utility monthly, thereby reducing the likelihood of an under-recovery. The use of a contingency mechanism

promotes the importance of having customers pay a price for power that is comparable to its cost as close as possible to the time of consumption. In other words, by using a contingency mechanism, customers are receiving real-time pricing signals, whereas the regulatory lag associated with reopeners tend to dull the pricing signals. Finally, having the contingency factor mechanism in place should reduce the need for the Company to file to reopen plan cases and, thereby, save time and resources that Staff and the Commission would otherwise have to devote to a reopener.

Q. Won't a contingency mechanism encourage UMERC to over-recovery?

A. No. The Act 304 interest cost associated with over-recoveries serves as sufficient incentive not to over recover. The Company will not increase its base PSCR factor if there is not the need to address a growing under-recovery.

Q. Please describe how the contingency mechanism, as reflected in Exhibits A-7 (JMB-7), will operate.

A. Exhibit A-7 (JMB-7) represents the Company's proposed contingency mechanism. For each month, UMERC will compare the remaining months' average New York Mercantile Exchange ("NYMEX") gas price ($/dth) forecasted in the PSCR plan to the average NYMEX price for the remaining months of the PSCR plan year averaged over the first five days of the month prior to implementation of the proposed PSCR factor. The difference between these two values will fall into a range represented in the contingency mechanism. UMERC would have the ability to increase the authorized base PSCR factor up to and including the rate shown in the Adjusted Maximum Allowed PSCR Factor. The NYMEX

prices used in the calculations can be independently verified each month by Staff. UMERC will provide a worksheet with this calculation each month along with the proposed PSCR tariff sheets for the upcoming month. This methodology was approved in Case No. U-21265. The maximum allowed Adjusted Maximum PSCR factor has a ceiling of $0.01260/kWh.

UMERC UP GENERATION

Q. Please describe UMERC's owned UP generation currently operating in the UP.

A. UMERC is currently operating reciprocating internal combustion engines ("RICE") as natural gas-fired generation at the following two facilities in the UP: (i) the Kuester Power Plant, with seven generators each with a capacity of 18 MW, and (ii) the Mihm Power Plant, with three generators each with a capacity of 18 MW. UMERC also operates Renegade, which is a 100 MW solar facility located in Delta County. Renegade Solar is expected to start producing clean, reliable and affordable energy February 1, 2026.

Q. How is UMERC recovering the PSCR costs related to its RICE and Renegade generation and its participation in the MISO market and the ATC for power supply and transmission services?

A. As is typical, fuel costs relating to the RICE generation, costs for participation in the MISO, and transmission costs relating to ATC are being recovered via the PSCR mechanism. As discussed above, only a portion of Renegade costs are proposed to be recovered through the PSCR mechanism based on the MPSC established 2026 transfer price (2023 Basis).

The remaining costs are proposed to be collected through a Renewable Energy Surcharge proposed in the Company's most recent Renewable Energy plan filed in Case U-21813.

Q. Please provide a general overview of the Special Contract between UMERC and Tilden, and describe its impact on the PSCR case.

A. As a customer of the Company, Tilden is paying UMERC for fuel costs to operate the RICE units for its load, purchases and sales of power from MISO for its load, and transmission costs for transmission services for its load, per the terms of the approved Tilden Special Contract. UMERC credits the monthly revenues billed by the Company to Tilden for energy and transmission to the total UMERC PSCR fuel, purchased power, MISO and ATC costs.

Q. Please continue.

A. The total UMERC generation and purchases MWh are reduced by the opportunity sales including the Tilden load requirements, resulting in the UMERC load requirements. The PSCR cost per MWh are determined by dividing the remaining PSCR cost by the UMERC load requirements. As discussed earlier, the loss factor of 1.0391 is applied to the PSCR cost per MWh and is compared to the PSCR Base of $57.10/MWh to determine the PSCR factor.

Q. What is the Company's forecast for natural gas costs in 2026?

A. The Company forecasts natural gas costs in 2026 at $3.92/MMBtu, for a total estimated cost of approximately $15.1 million for operating the RICE units in 2026. Price estimates

were based upon the August 31, 2025 closing NYMEX natural gas futures price. The forecasted natural gas costs are based on the forecasted natural gas prices and the resulting economic dispatch of the Kuester and Mihm generating units in the MISO market as described later in this testimony.

Q. How is the Company procuring natural gas for generation at its facilities?

A. UMERC employs a mix of supply options when operationally and economically feasible: (i) term supplies, which are supplies for longer than one month and priced at an index or a fixed price, (ii) first of the month ("FOM") base-load supplies, priced at an index, and (iii) daily purchases, which may be priced at an index or fixed price. In addition, UMERC considers asset management agreements if they can be negotiated with reasonable terms to supply the RICE units. The Company does not currently have any asset management agreements in place at this time for 2026.

Q. Please describe the Company's pipeline transportation assets.

A. The Company has firm transportation contracts with Northern Natural Gas Pipeline ("NNG") with a daily capacity of 24,610 Dth and a reservation rate of $0.48/dth/day. The firm transportation contracts are for a 20-year term beginning on November 1, 2019. These contracts were approved by the Federal Energy Regulatory Commission ("FERC") and include reservation fees and a NNG approved tariff gas transportation rate. UMERC contracts for capacity on the release market to support the units. Contracting for capacity in the release market is dependent on what the market is bearing at the time of the contract. At this time, UMERC plans to evaluate its needs on a month-to-month basis in

2026 and acquire additional capacity when appropriate.

Q. Please describe the Company's pipeline balancing services.

A. The Company has a contract for System Management Service ("SMS") with NNG for 4,000 dth/day. The contract was initially executed to become effective in November 1, 2019 at tariff rates for a five-year term, and has been extended for an incremental five-year term, effective through October 31, 2029.

Q. Please explain why the Company contracts for firm transport from the pipelines.

A. The interstate pipelines serving the UMERC area have much of their firm transportation capacity sold and allocated to the various shippers for multiple years. During severe or colder-than-normal weather consumption increases dramatically for many and it is likely that contracted firm transportation capacity will be fully utilized. Unlike firm transportation, released capacity or interruptible capacity is typically subject to recall under such conditions; therefore, any supplier relying on interruptible or released capacity would likely be unable to deliver its supply to the Company's service territory. The Company secures firm transportation capacity to provide reliable transportation of supply, rather than relying on interruptible or released capacity, which may be potentially cheaper but which also carries the risk of being unavailable when it is most needed.

Q. Does UMERC have base contracts in place with any counterparties?

A. Yes, UMERC has over 30 North American Energy Standards Board base contracts ("NAESB agreements") in place and is actively in negotiations with additional

counterparties. These contracts are standard in the natural gas industry and put the governing terms of transactions in place so that natural gas supply deals can be done more expediently when natural gas supplies are needed. The Company typically has monthly baseload and daily natural gas supply contracted for under these NAESB agreements.

Q. Will the Company utilize a risk management hedging program in order to mitigate and protect against price spikes in its natural gas procurement plans?

A. No. Since Tilden is expected to be responsible for a significant portion of the cost of natural gas used as fuel for the RICE units, the Company does not expect to utilize a risk management hedging program at this time. Therefore, no costs for a risk management hedging program have been included in this PSCR Plan filing.

MISO ENERGY MARKET TRANSACTIONS

Q. How were the generation and cost projections developed from the sales forecasts?

A. The Company used the PLEXOS security-constrained production cost model to project how its generating resources could be utilized economically and reliably under the MISO dispatch given the generating unit operating characteristics, fuel costs, planned outage schedules, and transmission availability. The PLEXOS scheduling simulation is, in turn, used to estimate fuel costs, generator revenue and associated margin, projected LMPs, and the cost of hourly net energy purchases from and sales to MISO. The Company believes that PLEXOS provides a reasonable projection of unit utilization within its modeling footprint.

Q. Please describe how the Company operates in the MISO market on an actual basis.

A. The Company's Power Traders in the Power Generation Department forecast Day-Ahead and Real-Time system loads, evaluate generation availability and market opportunities, and develop generation resource offers and demand bids to reliably meet, at minimal system costs, the real time electric load requirements of the Company.

Q. How do the Power Traders project what load conditions will occur over the next 24-hour period?

A. The Power Traders use a variety of load-forecasting programs that integrate forecasted weather and historic data and simulate and calculate the various factors and conditions which affect load levels. The programs produce hour-by-hour projections of system load levels for the next seven days. The Power Traders develop load forecasts using the output of these programs along with adjustments based on current conditions, weather expectations and experience.

Q. Please describe how the energy forecasts are utilized in the MISO Market and the role these transactions play in UMERC's overall cost of power supply.

A. Under the MISO Energy Market, the Company is required to offer all available generation into both Day-Ahead and Real-Time energy and operating reserve markets and bid its load into the Day-Ahead market. MISO pays the Company for energy generated and operating reserves carried at the hourly LMP for each product, and charges the Company hourly for energy consumed at each load node. The MISO financial settlement for each operating day nets these payments and charges along with other

charges and credits. The net of hourly generation revenue and load cost represents short-term energy purchases or sales within the MISO energy market.

Q. How do the Power Traders minimize the cost of meeting electric load requirements?

A. This is done by effectively and continuously assessing and utilizing available resources, including company-owned assets, load assets, MISO energy market transactions, virtual bids and offers, transmission resources, and load management programs. The Power Traders are supported by sophisticated computer hardware and software programs that produce updated generator offer price matrices using recent fuel cost data and perform analyses on large amounts of market operations data. These programs consider such factors as unit heat rates, unit fuel costs, ramp rates, maximum and minimum operating levels, and historic market operations data. Power Traders use these programs and tools to create demand bids in the UMERC load zone and develop and adjust generation resource offers for each generator owned by UMERC. This information is submitted to the MISO market, a bid/offer-based energy market, using security constrained economic dispatch, to produce LMPs for the MISO market footprint.

Q. You have described how the Power Traders plan for the Day-Ahead operation. How do they operate in the Real-Time?

A. The Power Traders monitor current and projected generation status, load, and market conditions, along with the operating plan represented by the Day-Ahead schedule, modifying resource offers or, in some cases, utilizing load management programs as necessary to minimize the overall cost to serve load. Aided by the computerized,

automatic generation control system, the Power Traders schedule the generating units both on- and off-line according to actual and anticipated MISO energy market results. In response to increases and decreases in load, and changes in the MISO generator set point instructions, the automatic generation control system adjusts loading on generating units consistent with the MISO energy market and reliability standards in order to achieve minimum system production costs while maintaining the reliability of the electric power grid.

Q. Is it your evaluation that the Company's decisions to provide power supply in the manner described in your testimony are reasonable and prudent?

A. Yes, in my opinion such decisions are reasonable and prudent.

Q. What is the Company's projection for the net of MISO generation revenue and load cost for 2026?

A. Exhibit A-4 (JMB-4) provides the Company's fuel run, which is a forecast of generation and energy market transactions necessary to meet the load requirements of its customers. As mentioned earlier in my testimony, the fuel run is developed using the PLEXOS security-constrained production cost model. This exhibit shows how much generation will be required by MISO plus how much additional energy the Company will purchase from MISO at market prices in order to meet the forecasted load requirements.

Q. Please describe any other impacts on power supply costs related to the MISO energy market in the PSCR plan.

A. In addition to energy transactions (sales and purchases) with MISO, other MISO costs and revenues associated with operating in the energy and ASM are included in Exhibit A-4 (JMB-4). Those elements include Day-Ahead and Real-Time Revenue Sufficiency Guarantee ("RSG") uplift charges and Make-Whole Payment ("MWP") revenues, Financial Transmission Rights ("FTR") and Auction Revenue Rights ("ARR") sales revenues, and ASM charges and revenues, to name a few.

Q. How were the FTR and MWP revenues determined?

A. FTR and MWP revenues are calculated based upon the specific hourly congestion and dispatch predicted by the PLEXOS model. This ensures that the same transmission topology and transmission events used to calculate the plan year dispatch and pricing are used to value the FTR and MWP revenues. It also matches the LMPs used to calculate generator revenue and load costs to the LMPs used to calculate the plan year FTR and MWP revenues. Specifically, the marginal congestion component of the hourly LMPs calculated in the PLEXOS dispatch forecast is used to determine the value of each specific FTR path. Applying the estimated value of each specific FTR path to the actual FTR quantities obtained in the most recent FTR auction provides the total FTR revenue estimate for the test year. For units offered as economic, MWP revenues are assumed to be realized for any dispatch hours in which the unit cost exceeds the hourly LMP.

Q. Does UMERC purchase any power supply from customer owned generation?

A. Yes. UMERC purchases a small amount of its power supply from customer owned generation under customer owned generation and parallel generation tariffs.

TRANSMISSION COSTS

Q. What amount has UMERC included in the 2026 PSCR Plan for MISO and ATC transmission services?

A. As shown on line 5 of Exhibit A-4 (JMB-4), UMERC has included $27.9 million of transmission costs in the 2026 PSCR Plan. The total transmission costs include $21.1 million of network transmission costs and $6.8 million of non-network transmission costs.

Q. Will UMERC make any firm sales to out-of-state customers?

A. No.

Q. Do the amounts of projected power supply costs include any items of cost that the Commission could reasonably anticipate disallowing under Section 6j(13) of Act 304?

A. No.

Q. What is your evaluation of the reasonableness and prudence of UMERC's proposed 2026 PSCR plan?

A. I believe that UMERC's 2026 PSCR plan is reasonable and prudent. I base this conclusion on sources of capacity and energy that will be available to UMERC in 2026 and on my knowledge of UMERC's actions to meet its power supply requirements and to manage its power supply costs.

Q. Does this conclude your direct testimony at this time?

A. Yes it does.

Upper Michigan Energy Resources Corporation
Monthly PSCR Sales
2026 (MWhs)

Line No.		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
1														
2														
3	Residential	22,132	20,480	19,503	17,237	16,736	18,041	21,504	19,437	16,772	17,070	19,134	21,828	229,875
4	Small Commercial & Industrial	11,395	10,824	10,589	9,588	9,516	11,110	13,766	12,312	10,020	9,611	9,873	10,927	129,529
5	Large Commercial & Industrial	21,711	21,595	19,477	21,344	13,783	18,292	18,591	17,773	19,216	18,425	18,767	17,660	226,634
6	Street Lighting	265	219	202	183	165	154	160	167	180	205	225	247	2,371
7	Michigan Retail Requirement Sales	55,503	53,119	49,771	48,352	40,200	47,597	54,021	49,689	46,187	45,311	47,999	50,662	588,411
8	Distribution Losses	2,125	2,026	1,892	1,813	1,513	1,802	2,079	1,890	1,738	1,716	1,855	1,975	22,423
9	Michigan Retail Sales with Losses	57,628	55,144	51,663	50,165	41,712	49,400	56,100	51,579	47,925	47,027	49,855	52,637	610,833
10														
11	Company Use	73	70	70	68	64	65	66	66	67	64	68	73	813
12	UMERC PSCR System Requirements	57,700	55,214	51,733	50,232	41,776	49,464	56,166	51,645	47,991	47,091	49,923	52,709	611,646

Upper Michigan Energy Resources Corporation
Annual PSCR Sales
2026-2030 (MWhs)

Line No.		2026	2027	2028	2029	2030
1						
2						
3	Residential	229,875	228,869	227,991	227,192	226,514
4	General Secondary	129,529	129,971	130,355	130,839	131,585
5	General Primary	226,634	226,634	226,634	226,634	226,634
6	Street Lighting	2,371	2,371	2,371	2,371	2,748
7	Michigan Retail Requirement Sales	588,411	587,846	587,352	587,037	587,482
8	Distribution Losses	22,423	22,403	22,385	22,374	22,397
9	Michigan Retail Sales with Losses	610,833	610,248	609,737	609,411	609,879
10						
11	Company Use	813	813	813	813	813
12	UMERC PSCR System Requirements	611,646	611,061	610,550	610,224	610,691

Upper Michigan Energy Resources Corporation
Estimated Prior Year's PSCR True-up

Line No.	2025 PSCR Reconciliation	Actual 2024 Balance	Actual 2025 Jan	Actual 2025 Feb	Actual 2025 Mar	Actual 2025 Apr	Actual 2025 May	Actual 2025 Jun	Actual 2025 Jul	Actual 2025 Aug	Forecast 2025 Sep	Forecast 2025 Oct	Forecast 2025 Nov	Forecast 2025 Dec		2025 TOTAL
1	Sales Subject to PSCR Billed (MWh)		52,537	49,117	45,956	45,848	40,963	41,953	48,841	48,876	46,982	43,018	41,713	49,303		555,107
2	Unbilled Sales Subject to PSCR (MWh)		20,712	18,286	18,086	15,394	15,847	17,711	18,488	19,006	16,003	15,966	18,111	20,791		214,401
3	Unbilled Prior Month Sales Subject to PSCR (MWh)		(20,451)	(20,712)	(18,286)	(18,086)	(15,394)	(15,847)	(17,711)	(18,488)	(17,674)	(15,916)	(15,296)	(18,690)		(212,551)
4	Sales Subject to PSCR Calendar (MWh)		52,798	46,691	45,756	43,156	41,416	43,818	49,618	49,394	45,310	43,068	44,527	51,404		556,957
5																
6	Fuel Base Incl. Losses (Mills/kWh)		57.10	57.10	57.10	57.10	57.10	57.10	57.10	57.10	57.10	57.10	57.10	57.10	57.10	
7	PSCR Factor Applied (Mills/kWh)		0.00	0.00	(1.74)	(1.74)	(1.74)	(16.50)	(20.50)	(20.50)	(16.50)	(5.00)	(5.03)	(5.03)	(5.03)	
8																
9	PSCR Revenue Billed ($)		$2,999,857	$2,804,607	$2,544,148	$2,538,136	$2,267,717	$1,703,295	$1,787,594	$1,788,846	$1,907,453	$2,241,258	$2,172,007	$2,567,244		$27,322,162
10	PSCR Revenue Unbilled Current Month		$1,182,671	$1,012,323	$1,001,223	$852,213	$643,374	$648,227	$676,668	$771,653	$833,751	$831,353	$943,044	$1,082,590		$10,479,090
11	PSCR Revenue Unbilled Prior Month		($1,167,737)	($1,182,671)	($1,012,323)	($1,001,223)	($852,213)	($643,374)	($648,227)	($676,668)	($717,574)	($829,234)	($796,493)	($973,192)		($10,500,929)
12	Total PSCR Revenue ($)		$3,014,791	$2,634,259	$2,533,048	$2,389,126	$2,058,878	$1,708,148	$1,816,035	$1,883,831	$2,023,630	$2,243,377	$2,318,558	$2,676,642		$27,300,323
13																
14	PSCR Costs		$3,362,193	$2,308,576	$2,468,415	$2,508,827	$2,173,646	$2,023,348	$2,852,957	$2,816,900	$2,251,854	$2,018,501	$2,171,414	$2,879,674		$29,836,303
15	PSCR Generation		63,608	54,271	57,074	52,027	50,875	53,473	61,253	57,467	45,812	43,554	44,987	51,877		636,277
16	PSCR Cost/Mwh on Generation		$52.86	$42.54	$43.25	$48.22	$42.73	$37.84	$46.58	$49.02	$49.15	$46.34	$48.27	$55.51		
17	PSCR Loss Factor		1.0391	1.0391	1.0391	1.0391	1.0391	1.0391	1.0391	1.0391	1.0391	1.0391	1.0391	1.0391		
18	PSCR Cost/MWh on Sales		$54.92	$44.20	$44.94	$50.11	$44.40	$39.32	$48.40	$50.93	$51.08	$48.16	$50.15	$57.68		
19																
20	UMERC - MWh		52,798	46,691	45,756	43,156	41,416	43,818	49,618	49,394	45,310	43,068	44,527	51,404		556,957
21	UMERC - PSCR Costs		$2,899,690	$2,063,758	$2,056,271	$2,162,556	$1,838,859	$1,722,906	$2,401,531	$2,515,618	$2,314,447	$2,074,157	$2,233,035	$2,964,983		$27,247,811
22																
23	Over/(Under) Recovery ($)		$115,101	$570,501	$476,777	$226,570	$220,019	($14,758)	($585,496)	($631,787)	($290,817)	$169,220	$85,523	($288,341)		
24	Beginning Recovery Balance ($)		($112,835)	$2,266	$572,767	$1,049,544	$1,276,114	$1,496,133	$1,481,375	$895,879	$264,092	($26,725)	$142,495	$228,018		
25	Ending Recovery Balance ($)	($112,835)	$2,266	$572,767	$1,049,544	$1,276,114	$1,496,133	$1,481,375	$895,879	$264,092	($26,725)	$142,495	$228,018	($60,323)		
26	Average Recovery Balance ($)		($55,285)	$287,517	$811,156	$1,162,829	$1,386,124	$1,488,754	$1,188,627	$579,986	$118,684	$57,885	$185,257	$83,848		
27																
28	Interest Rate Undercollection (%)		4.32%	4.31%	4.32%	4.34%	4.32%	4.32%	4.30%	4.28%	4.28%	4.28%	4.28%	4.28%		
29	Interest Rate Overcollection (%)		9.86%	9.86%	9.86%	9.86%	9.86%	9.86%	9.86%	9.86%	9.86%	9.86%	9.86%	9.86%		
30	Days in Month		31	28	31	30	31	30	31	31	30	31	30	31		365
31	Monthly Interest ($)		($203)	$2,175	$6,793	$9,424	$11,608	$12,065	$9,954	$4,857	$962	$485	$1,501	$702		$60,323
32	Interest Balance		($203)	$1,972	$8,765	$18,189	$29,797	$41,862	$51,816	$56,673	$57,635	$58,120	$59,621	$60,323		
33																
34	Ending Recovery Balance & Interest		$2,063	$574,739	$1,058,309	$1,294,303	$1,525,930	$1,523,237	$947,695	$320,765	$30,910	$200,615	$287,639	$0		

Upper Michigan Energy Resources Corporation
Development of 2026 Power Supply Cost Recovery Factors

Line No.	UMERC Power Supply	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
1	RICE Units Fuel Costs	$1,197,059	$986,939	$1,076,094	$772,750	$993,508	$1,947,959	$2,357,753	$2,140,180	$1,444,232	$912,207	$637,358	$602,608	$15,068,646
2	Renegade Transfer Price Costs	$0	$733,855	$1,137,008	$1,189,529	$1,599,010	$1,740,031	$1,829,288	$1,612,888	$1,224,277	$815,984	$610,587	$277,250	$12,769,707
3	MISO Market Purchases Cost	$6,215,624	$5,363,661	$3,573,386	$3,282,556	$2,242,131	$1,777,924	$2,160,353	$2,073,421	$2,643,988	$3,558,484	$4,380,997	$5,606,800	$42,879,325
4	MISO Market Other Charges & Credits	($51,763)	($160,223)	($57,330)	($22,155)	($22,715)	($149,383)	($333,882)	($286,398)	($132,141)	($91,527)	($96,547)	($117,359)	($1,521,423)
5	ATC & MISO Transmission Charges	$2,354,756	$2,328,428	$2,341,583	$2,313,806	$2,265,646	$2,287,482	$2,357,095	$2,302,499	$2,339,458	$2,329,146	$2,327,262	$2,359,609	$27,906,772
6	MISO ASM Revenue	($338,675)	($248,694)	($292,290)	($387,757)	($548,407)	($1,988,418)	($629,626)	($758,834)	($242,663)	($199,139)	($153,364)	($252,084)	($6,039,949)
7	Renewable Energy Revenue	($666)	($666)	($666)	($666)	($666)	($666)	($666)	($666)	($666)	($666)	($666)	($666)	($7,989)
8	Opportunity Sales	($5,835,513)	($5,366,560)	($4,486,426)	($4,057,802)	($3,576,882)	($3,712,947)	($4,259,123)	($3,955,039)	($4,067,116)	($4,407,419)	($4,688,612)	($5,317,088)	($53,730,527)
9	UMERC PSCR System Costs	$3,540,823	$3,636,741	$3,291,359	$3,090,260	$2,951,626	$1,901,982	$3,481,192	$3,128,052	$3,209,370	$2,917,071	$3,017,014	$3,159,071	$37,324,562
10														
11	RICE Units Generation (MWh)	16,243	12,145	23,086	13,292	22,334	58,430	68,056	59,615	36,716	16,995	6,279	4,023	337,216
12	Renegade Solar Generation (MWh)	-	11,214	17,375	18,177	24,435	26,590	27,954	24,647	18,708	12,469	9,330	4,237	195,136
13	MISO Purchased Power (MWh)	144,301	128,222	116,758	115,923	85,338	63,760	69,946	68,395	91,779	124,074	139,334	151,411	1,299,240
14	Oportunity Sales (MWh)	(102,836)	(96,359)	(105,478)	(97,152)	(90,324)	(99,308)	(109,781)	(101,004)	(99,206)	(106,440)	(105,012)	(106,953)	(1,219,852)
15	PSCR System (MWh)	57,708	55,222	51,741	50,240	41,783	49,472	56,174	51,653	47,998	47,098	49,932	52,718	611,740
16	UMERC PSCR System Cost ($/MWh)	$61.36	$65.86	$63.61	$61.51	$70.64	$38.45	$61.97	$60.56	$66.87	$61.94	$60.42	$59.92	$61.01
17														
18	**WEPCO and WPSC Rate Zones**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Total**
19	PSCR Cost on Supplied ($/MWh)	$61.36	$65.86	$63.61	$61.51	$70.64	$38.45	$61.97	$60.56	$66.87	$61.94	$60.42	$59.92	$61.01
20	Loss Factor	1.0391	1.0391	1.0391	1.0391	1.0391	1.0391	1.0391	1.0391	1.0391	1.0391	1.0391	1.0391	1.0391
21	PSCR Cost on Sales ($/MWh)	$63.76	$68.43	$66.10	$63.91	$73.40	$39.95	$64.39	$62.93	$69.48	$64.36	$62.79	$62.27	$63.40
22	UMERC WEPCO and WPSC Rate Zone Sales (MWh)	55,503	53,119	49,771	48,352	40,200	47,597	54,021	49,689	46,187	45,311	47,999	50,662	588,411
23	UMERC WEPCO and WPSC Rate Zone PSCR Costs	$3,538,660	$3,635,002	$3,289,824	$3,090,409	$2,950,811	$1,901,463	$3,478,635	$3,126,765	$3,209,068	$2,916,095	$3,013,640	$3,154,563	$37,304,897
24	PSCR Cost on Sales ($/MWh)	$63.76	$68.43	$66.10	$63.91	$73.40	$39.95	$64.39	$62.93	$69.48	$64.36	$62.79	$62.27	$63.40
25	PSCR Base	$57.10	$57.10	$57.10	$57.10	$57.10	$57.10	$57.10	$57.10	$57.10	$57.10	$57.10	$57.10	$57.10
26	2026 PSCR Factor	$6.66	$11.33	$9.00	$6.81	$16.30	($17.15)	$7.29	$5.83	$12.38	$7.26	$5.69	$5.17	$6.30
27	2025 Estimated Under/(Over)-recovery													$0
28	PSCR Rate for 2025 Under/(Over)-recovery ($/MWh)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
29	2026 PSCR Factor + 2025 Under/(Over)-recovery ($/MWh)	$6.66	$11.33	$9.00	$6.81	$16.30	($17.15)	$7.29	$5.83	$12.38	$7.26	$5.69	$5.17	**$6.30**

Upper Michigan Energy Resources Corporation
Power Supply Costs by Rate Zone
5 Year Forecast

Case No: U-21881
Exhibit: A-5 (JMB-5)
Witness: James M. Beyer

	UMERC System Power Supply	**2026**	**2027**	**2028**	**2029**	**2030**
1	Mihm Fuel Costs	$4,595,884	$4,653,578	$5,770,928	$6,955,605	$7,998,087
2	Kuester Fuel Costs	$10,472,762	$10,630,178	$13,364,101	$15,964,458	$18,384,545
3	Renegade Transfer Price Costs	$12,769,707	$13,738,291	$14,078,049	$14,284,838	$14,587,355
4	MISO Market Purchases Cost	$42,879,325	$42,218,067	$38,506,081	$35,059,190	$30,679,546
5	MISO Market Other Charges & Credits	($1,521,423)	($1,575,384)	($1,554,391)	($1,573,158)	($1,652,407)
6	ATC & MISO Transmission Charges	$27,906,772	$29,627,375	$31,104,788	$32,903,669	$33,211,253
7	MISO ASM Revenue	($6,039,949)	($6,106,033)	($6,611,967)	($6,927,092)	($6,858,497)
8	Renewable Energy Revenue	($7,989)	($7,989)	($7,989)	($7,989)	($7,989)
9	Opportunity Sales	($53,730,527)	($54,486,912)	($54,920,304)	($55,665,197)	($54,884,457)
10	PSCR System Costs	$37,324,562	$38,691,172	$39,729,296	$40,994,325	$41,457,437
11						
12	Mihm Generation (MWh)	100,467	105,205	149,855	195,400	241,552
13	Kuester Generation (MWh)	236,748	248,141	357,802	457,162	561,109
14	Renegade Solar Generation (MWh)	195,136	201,678	202,039	201,678	201,678
15	MISO Purchased Power (MWh)	1,299,240	1,277,988	1,137,976	1,002,293	855,820
16	Opportunity Sales (MWh)	(1,219,852)	(1,221,857)	(1,237,027)	(1,246,215)	(1,249,374)
17	PSCR System (MWh)	611,740	611,154	610,644	610,317	610,785
18						
19	Mihm Fuel Cost ($/MWh)	$45.75	$44.23	$38.51	$35.60	$33.11
20	Kuester Fuel Cost ($/MWh)	$44.24	$42.84	$37.35	$34.92	$32.76
21	Renegade Solar Transfer Price Cost ($/MWh)	$65.44	$68.12	$69.68	$70.83	$72.33
22	MISO Market Purchases Cost ($/MWh)	$33.00	$33.03	$33.84	$34.98	$35.85
23	Opportunity Sales ($/MWh)	$44.05	$44.59	$44.40	$44.67	$43.93
24	PSCR System Cost on Supplied ($/MWh)	$61.01	$63.31	$65.06	$67.17	$67.88
25						
26	**UMERC WEPCO and WPSC Rate Zones**	**2026**	**2027**	**2028**	**2029**	**2030**
27	PSCR System Cost on Supplied ($/MWh)	$61.01	$63.31	$65.06	$67.17	$67.88
28	Loss Factor	1.0391	1.0391	1.0391	1.0391	1.0391
29	PSCR System Cost on Sales ($/MWh)	$63.40	$65.78	$67.61	$69.80	$70.53
30	Sales Supplied by UMERC System (MWh)	588,411	587,846	587,352	587,037	587,482
31	UMERC WEPCO and WPSC Rate Zone PSCR System Costs	$37,304,897	$38,670,658	$39,708,109	$40,972,352	$41,434,844

Upper Michigan Energy Resources Corporation
Power Supply Costs
PSCR Plan Cost Comparison

Line No.		2025	2026	
1	**UMERC System Power Supply**	**PSCR Plan**	**PSCR Plan**	**Difference**
2	Mihm Fuel Costs	$7,587,094	$4,595,884	($2,991,210)
3	Kuester Fuel Costs	$18,326,979	$10,472,762	($7,854,217)
4	Renegade Transfer Price Costs	$0	$12,769,707	$12,769,707
5	MISO Market Purchases Cost	$37,988,224	$42,879,325	$4,891,101
6	MISO Market Other Charges & Credits	($2,411,309)	($1,521,423)	$889,887
7	ATC & MISO Transmission Charges	$24,418,635	$27,906,772	$3,488,137
8	MISO ASM Revenue	($6,156,593)	($6,039,949)	$116,644
9	Renewable Energy Revenue	($7,989)	($7,989)	$0
10	Opportunity Sales	($45,378,668)	($53,730,527)	($8,351,859)
11	PSCR System Costs	$34,366,373	$37,324,562	$2,958,189
12				
13	Mihm Generation (MWh)	222,294	100,467	(121,827)
14	Kuester Generation (MWh)	547,356	236,748	(310,608)
15	Renegade Solar Generation (MWh)	-	195,136	195,136
16	MISO Purchased Power (MWh)	1,111,877	1,299,240	187,362
17	Opportunity Sales (MWh)	(1,256,062)	(1,219,852)	36,210
18	PSCR System (MWh)	625,465	611,740	(13,726)
19				
20	Mihm Fuel Cost ($/MWh)	$34.13	$45.75	$11.61
21	Kuester Fuel Cost ($/MWh)	$33.48	$44.24	$10.75
22	Renegade Fuel Cost ($/MWh)	$0.00	$65.44	$65.44
22	MISO Market Purchases Cost ($/MWh)	$34.17	$33.00	($1.16)
23	Opportunity Sales ($/MWh)	$36.13	$44.05	$7.92
24	PSCR System Cost on Supplied ($/MWh)	$54.95	$61.01	$6.07
25				
26	**UMERC WEPCO and WPSC Rate Zones**	**2025**	**2026**	**Difference**
27	PSCR System Cost on Supplied ($/MWh)	$54.95	$61.01	$6.06
28	Loss Factor	1.0391	1.0391	$0.00
29	PSCR System Cost on Sales ($/MWh)	$57.10	$63.40	$6.30
30				
31	Sales Supplied by UMERC System (MWh)	590,788	588,411	(2,378)
32	UMERC WEPCO and WPSC Rate Zone PSCR System Costs	$33,731,417	$37,304,897	$3,573,480
33				

Upper Michigan Energy Resources Corporation
2026 PSCR Adjustment Mechanism
WEPCO and WPSC Rate Zones

Base PSCR Factor from 2026 Plan $/MWh	**$6.30**
Jan-Dec NYMEX Average Forecast $/Dth (X)	**$3.90**
Jan-Dec NYMEX Average from Plan $/Dth ($X_{plan}$)	**$3.92**
Difference	**($0.02)**
Adjusted Maximum PSCR Factor $/kWh	**$0.00630**

NYMEX Increase		Adjusted	NYMEX Increase		Adjusted
Greater than or Equal to	But less than	Maximum Allowed PSCR Factor ($/kWh)	Greater than or Equal to	But less than	Maximum Allowed PSCR Factor ($/kWh)
$0.00	$0.25	$0.00630	$2.50	$2.75	$0.00891
$0.25	$0.50	$0.00652	$2.75	$3.00	$0.00923
$0.50	$0.75	$0.00675	$3.00	$3.25	$0.00955
$0.75	$1.00	$0.00699	$3.25	$3.50	$0.00989
$1.00	$1.25	$0.00724	$3.50	$3.75	$0.01024
$1.25	$1.50	$0.00749	$3.75	$4.00	$0.01060
$1.50	$1.75	$0.00776	$4.00	$4.25	$0.01097
$1.75	$2.00	$0.00803	$4.25	$4.50	$0.01136
$2.00	$2.25	$0.00831	$4.50	$4.75	$0.01176
$2.25	$2.50	$0.00861	$4.75	$5.00	$0.01217
			>$5.00		$0.01260

Range Price Factor 1.035280

	NYMEX Plan X_{plan}	NYMEX Forward Looking (X)					
		9/1/2025	9/2/2025	9/3/2025	9/4/2025	9/5/2025	5-Day Avg
Jan-26	$4.24	$4.24	$4.23	$4.25	$4.25	$4.18	$4.23
Feb-26	$4.01	$4.01	$4.00	$4.02	$4.03	$3.96	$4.00
Mar-26	$3.62	$3.62	$3.61	$3.63	$3.64	$3.58	$3.62
Apr-26	$3.49	$3.49	$3.47	$3.49	$3.50	$3.45	$3.48
May-26	$3.53	$3.53	$3.51	$3.53	$3.53	$3.48	$3.51
Jun-26	$3.71	$3.71	$3.69	$3.70	$3.70	$3.65	$3.69
Jul-26	$3.91	$3.91	$3.88	$3.89	$3.89	$3.84	$3.88
Aug-26	$3.96	$3.96	$3.93	$3.93	$3.93	$3.89	$3.93
Sep-26	$3.92	$3.92	$3.88	$3.89	$3.89	$3.85	$3.88
Oct-26	$3.96	$3.96	$3.92	$3.93	$3.93	$3.89	$3.93
Nov-26	$4.17	$4.17	$4.14	$4.14	$4.14	$4.09	$4.13
Dec-26	$4.56	$4.56	$4.53	$4.53	$4.51	$4.47	$4.52
Jan-Dec Avg	$3.92						$3.90

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

WEPCo and WPSC Rate Zone
110th Revised Sheet No. D-3.00
Replaces 109th Revised Sheet No. D-3.00

POWER SUPPLY COST RECOVERY

PSCR FACTORS

All rates for metered electric service shall include an amount up to the Adjusted Maximum Power Supply Cost Recovery (PSCR) Factor for the specified billing period as set forth below. The Maximum PSCR Factor includes an increase or decrease of 0.010391 mills per kWh for each full 0.01 mill increase or decrease in the projected annual power supply costs above or below a cost base of 54.95 mills per kWh, rounded to the nearest one-hundredth of a mill per kWh or 57.10 mills per kWh. The projected power supply costs per kWh shall equal the total projected annual net power cost divided by the projected annual net system energy requirements. Net system energy requirements shall be the sum of net generation and net purchased and interchange power. An amount not exceeding the Adjusted Maximum PSCR Factor for each month shall be placed into effect in the first billing cycle of that month and shall continue in effect until the first billing cycle of a subsequent month for which a subsequent PSCR Factor becomes operative.

The PSCR Factor shall be applicable to all Power Supply charges for the following Rate Schedules:

Class of Service	Rate Schedule No.
Residential	Rg1, Rg2, Rg-1M and Rg-OTOU-1M
General Secondary	Cg1, Cg2, Cg3, Cg3C, Cg5, TssM, TssU, Cg-1M, Cg-3M, Cg-OTOU-1M, Mp-1M
General Primary	Cp1, Cp2, Cp3, Cp4, Schedule A, CpLC and Cp-1M
Lighting	Ms2, Ms3, GL1, LED1, Ls-1M
Other	Mg1, Ds1
ERER 1, ERER 3	
100% Renewable power	No adjustment for PSCR
50% Renewable power	PSCR factor applicable to rate schedule customer is served under applied to 50% of the kWh for the billing period.
25% Renewable power	PSCR factor applicable to rate schedule customer is served under applied to 75% of the kWh for the billing period.
ERER 2	
Kilowatt-hour in excess of nominated block	PSCR factor applicable to rate schedule customer is served under.
Customer Generating System	CGS Category 1, CGS Category 2, CGS Biogas and DG-1

Power Supply Cost Recovery Factors

Billing Month	***2026*** Plan Year PSCR Factor $/kWh	Prior Period PSCR Reconciliation Factor $/kWh	Maximum ***2026*** PSCR Factor $/kWh	Adjusted Maximum ***2026*** PSCR Factor $/kWh	Actual Factor Billed $/kWh
Jan ***2026***	***$0.00630***	$0.00000	***$0.00630***	***$0.00630***	***$0.00630***
Feb ***2026***	***$0.00630***	$0.00000	***$0.00630***		
Mar ***2026***	***$0.00630***	$0.00000	***$0.00630***		
Apr ***2026***	***$0.00630***	$0.00000	***$0.00630***		
May ***2026***	***$0.00630***	$0.00000	***$0.00630***		
Jun ***2026***	***$0.00630***	$0.00000	***$0.00630***		
Jul ***2026***	***$0.00630***	$0.00000	***$0.00630***		
Aug ***2026***	***$0.00630***	$0.00000	***$0.00630***		
Sep ***2026***	***$0.00630***	$0.00000	***$0.00630***		
Oct ***2026***	***$0.00630***	$0.00000	***$0.00630***		
Nov ***2026***	***$0.00630***	$0.00000	***$0.00630***		
Dec ***2026***	***$0.00630***	$0.00000	***$0.00630***		

Parentheses indicate a credit factor. Should the Company apply lesser factors than those above or if the factors are later revised pursuant to commission orders or 1982 PA 304, the Company will notify the commission if necessary and file a revision of the above list. The Maximum PSCR Factor is subject to adjustment as shown on Sheet No. D-3.01

(Continued on Sheet No. D-4.00)

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

Effective for bills rendered for
the 2026 Plan year

Issued under authority of the
Michigan Public Service Commission
Dated xxxxxxxxxxx
in Case No. U-21881

POWER SUPPLY COST RECOVERY

(Continued from Sheet No. D-3.00)

ADJUSTED MAXIMUM PSCR FACTORS

The Maximum PSCR Factor is subject to adjustment. The Adjusted Maximum PSCR Factor is calculated based upon changes to the PSCR Plan's forecasted NYMEX Price for the specified billing period as set forth in the table below. The Adjusted Maximum PSCR Factors are the maximum PSCR Factors the Company may charge. The actual PSCR factor charged in any month may be less than the Adjusted Maximum PSCR Factor.

No less than fifteen days before the beginning of each month, the Company shall file with the Michigan Public Service Commission a worksheet reflective of the calculation below and an updated tariff sheet reflecting the adjustment.

ADJUSTMENT MECHANISM (SAMPLE)

Base PSCR Factor from Plan $/MWh	***$6.30***
Jan-Dec NYMEX Average Forecast $/Dth (X)	***$3.90***
Jan-Dec NYMEX Average from Plan $/Dth ($X_{plan}$)	***$3.92***
Difference	***($0.02)***
Adjusted Maximum PSCR Factor $/kWh	***$0.00630***

2026 NYMEX Increase

Greater than or Equal to	But less than	Adjusted Maximum PSCR Factor ($/kWh)	Greater than or Equal to	But less than	Adjusted Maximum PSCR Factor ($/kWh)
$0.00	$0.25	***$0.00630***	$2.50	$2.75	***$0.00891***
$0.25	$0.50	***$0.00652***	$2.75	$3.00	***$0.00923***
$0.50	$0.75	***$0.00675***	$3.00	$3.25	***$0.00955***
$0.75	$1.00	***$0.00699***	$3.25	$3.50	***$0.00989***
$1.00	$1.25	***$0.00724***	$3.50	$3.75	***$0.01024***
$1.25	$1.50	***$0.00749***	$3.75	$4.00	***$0.01060***
$1.50	$1.75	***$0.00776***	$4.00	$4.25	***$0.01097***
$1.75	$2.00	***$0.00803***	$4.25	$4.50	***$0.01136***
$2.00	$2.25	***$0.00831***	$4.50	$4.75	***$0.01176***
$2.25	$2.50	***$0.00861***	$4.75	$5.00	***$0.01217***
				>$5.00	***$0.01260***

DEFINITIONS:

NYMEX Increase = ($X - X_{plan}$)

X = the average NYMEX price ($/Dth) for the remaining months of the PSCR plan year averaged over the first five trading days of the month prior to implementation of the proposed PSCR factor.

X_{plan} = NYMEX average price for the remaining months of the PSCR plan as incorporated into the current year PSCR Plan.

(Continued on Sheet No. D-4.00)

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- 21881

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

123 West Allegan Street, Suite 200

City Lansing State MI

Zip 48933 Phone 517-483-4954

Email wellmans@millercanfield.com

Date 09/29/2025

Signature: Sherri A. Wellman

Digitally signed by: Sherri A. Wellman
DN: CN = Sherri A. Wellman email = wellmans@millercanfield.com C = US O = Miller Canfield
Date: 2025.09.26 16:03:12 -04'00'

○ I am not an attorney

◉ I am an attorney whose:

Michigan Bar # is P- 38989

_____ Bar # is: _____
(state)