

S T A T E O F M I C H I G A N
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)
UPPER MICHIGAN ENERGY RESOURCES)
CORPORATION for approval of an annual review) Case No. U-21852
of its state reliability mechanism charge to comply)
with the requirements of Section 6w of 2016 PA 341.)

)

At the April 24, 2025 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair
Hon. Katherine L. Peretick, Commissioner
Hon. Alessandra R. Carreon, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On September 8, 2022, the Commission issued an order approving a settlement agreement in Case No. U-21222 authorizing Upper Michigan Energy Resources Corporation (UMERC) to continue to implement a state reliability mechanism (SRM) capacity charge of \$229,533 per megawatt-year, or \$629 per megawatt-day, for full-service customers who take service from an alternative electric supplier operating in UMERC's service area that fails to make a satisfactory demonstration regarding its forward capacity obligations.

On January 28, 2025, consistent with the Commission's directives in its November 30, 2017 order in Case No. U-18253, UMERC filed its application, with supporting testimony, in this docket for an annual SRM review. The company also requested a continuation of the SRM charge

of \$224,161 per megawatt-year that was recently approved in the October 10, 2024 order and October 11, 2024 erratum in Case No. U-21541.

On March 27, 2025, a prehearing conference was held before Administrative Law Judge Lesley C. Fairrow. UMERC and the Commission Staff participated in the proceeding. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

The Commission has reviewed the settlement agreement and finds that the public interest is adequately represented by the parties who entered into the settlement agreement. The Commission further finds that the settlement agreement is in the public interest, represents a fair and reasonable resolution of the proceeding, and should be approved.

THEREFORE, IT IS ORDERED that the settlement agreement, attached to this order as Exhibit A, is approved.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at LARA-MPSC-Edockets@michigan.gov and to the Michigan Department of Attorney General - Public Service Division at sheac1@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Daniel C. Scripps, Chair

Katherine L. Peretick, Commissioner

Alessandra R. Carreon, Commissioner

By its action of April 24, 2025.

Lisa Felice, Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
UPPER MICHIGAN ENERGY RESOURCES) Case No. U-21852
COROPRATION for approval of an annual review of its)
state reliability mechanism charge to comply with the)
requirements of Section 6w of 2016 PA 341.)

)

SETTLEMENT AGREEMENT

As provided in Section 77 of the Administrative Procedures Act of 1969 (“APA”), as amended, MCL 24.278, and Rule 431 of the Michigan Administrative Hearing System’s Administrative Hearing Rules, Mich Admin Code, R 79210431, Upper Michigan Energy Resources Corporation (“UMERC” or the “Company”) and the Michigan Public Service Commission Staff (“Staff”) hereby agree as follows:

1. On October 10, 2025, the Michigan Public Service Commission (“Commission”) issued its Order Approving Settlement Agreement in Case No. U-21541 authorizing UMERC, among other things, to implement a State Reliability Mechanism (“SRM”) capacity charge of \$224,161 per megawatt-year, effective January 1, 2025, and directing UMERC to continue to comply with the Commission’s November 30, 2017 Order in Case No. U-18253 regarding annual SRM review filings for subsequent years.

2. On January 28, 2025, consistent with the Commission’s directives in its November 30, 2017 Order in Case No. U-18253, UMERC filed its application for the annual SRM review

along with the supporting direct testimony of Richard Stasik which requested a continuation of the SRM charge recently approved in Case No. U-21541.

3. On February 25, 2025, the Commission's Executive Secretary issued a Notice of Hearing and a correspondence directing UMERC to mail and publish the Notice of Hearing. On March 17, 2025, UMERC caused to have filed in this docket affidavits of mailing and publication.

4. On March 27, 2025, Administrative Law Judge Lesley C. Fairrow presided over the prehearing conference. The Staff appeared at the prehearing and there were no intervenors.

5. Staff reviewed UMERC's annual review of its SRM capacity charge in this case and concluded that the \$224,161 per megawatt-year charge, as having just recently been approved in Case No. U-21541, continues to be reasonable.

6. Subsequently, the parties engaged in settlement discussions and agreed that the current SRM capacity charge, as established by the Commission in its Order in Case No. U-21541 shall remain in effect.

7. The parties further agree that UMERC's SRM capacity charges will be subject to review in the Company's next general rate case, and UMERC, as part of its application and direct testimony in that case, will do the following:

- a. Split power supply costs between fuel, power purchased pursuant to contract, and power obtained from the market, and provide any supporting information necessary to show how the split was conducted and why it is reasonable;
- b. Split the above categories of costs further between demand and energy and provide any supporting information necessary to show how the split was performed and why it is reasonable;

- c. Separately provide the market value of all purchases in the market, Company generation, and purchases pursuant to contract, calculated as hourly LMP times the energy in question;
- d. Continue separately identifying fuel and non-fuel power supply expenses and plant and provide any supporting information necessary to show how the split was conducted and why it is reasonable;
- e. Identify revenues from ancillary services, and any other of the offsets identified by the Commission in U-18253 not previously addressed;
- f. Make a proposal on the appropriate calculation of the SRM capacity charges pursuant to the Commission's prior direction; notwithstanding it is understood that the Company may as well make an alternative proposal; and
- g. Fulfill the directive made in the November 30, 2017 order issued in Case No. U-18253 (pp 41-42) and file a COSS and rate design as related to the SRM capacity charges in a manner similar to that approved in Case Nos. U-18239 and U-18248, unless otherwise directed by future Commission order or precedent.

8. The next annual review of the Company's SRM capacity charge will be in UMERC's next general rate case. In the event a general rate case is not filed or is significantly delayed, the next annual review of the Company's SRM capacity charge will occur in a standalone case commenced in 2026.

9. It is the opinion of the parties that this Settlement Agreement is reasonable, will promote the public interest, will aid the expeditious conclusion of this case, and will minimize the time and expense which would otherwise have to be devoted to this matter by the parties. This

Settlement Agreement is not severable, and all provisions of the same are dependent upon all other provisions contained herein.

10. This Settlement Agreement has been made for the sole and express purpose of settling this case. All offers of settlement and discussions relating hereto are, and shall be considered, privileged under MRE 408 and shall not be used in any manner, or be admissible for any other purpose in connection with this proceeding or any other proceeding hereof.

11. Neither the parties to the settlement nor the Commission shall use this Settlement Agreement or the order approving it, as precedent in any other case or proceeding, except as necessary to carry out its terms.

12. This Settlement Agreement is intended to be a final disposition of this proceeding, and the parties join in respectfully requesting that the Commission grant prompt approval. The parties agree not to appeal, challenge, or contest the Commission's Order accepting and approving this Settlement Agreement without modification. If the Commission does not accept the Settlement Agreement without modification, the Agreement shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever.

13. All signatories 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

Sherri A. Wellman

Dated: March 31, 2025

By:

Digitally signed by: Sherri A. Wellman
DN: CN = Sherri A. Wellman email = wellmans@millercanfield.com C = US O = Miller
Canfield
Date: 2025.03.31 15:49:59 -04'00'

Its Attorney
Sherri A. Wellman (P38989)
MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.
123 West Allegan Street, Suite 200
Lansing, Michigan 48933
(517) 487-2070

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Adam Cozort



2025.04.01

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Dated: March 31, 2025

By:

One of Its Attorneys
Heather M.S. Durian (P67587)
Adam M. Cozort (P78363)
Assistant Attorneys General
Public Service Division
7109 W. Saginaw Highway, 3rd Floor
Lansing, MI 48917
(517) 284-8140

PROOF OF SERVICE

STATE OF MICHIGAN)

Case No. U-21852

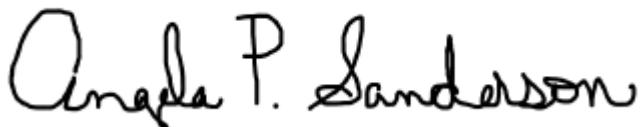
County of Ingham)

Brianna Brown being duly sworn, deposes and says that on April 24, 2025 A.D. she electronically notified the attached list of this **Commission Order via e-mail transmission**, to the persons as shown on the attached service list (Listserv Distribution List).



Brianna J. Brown
Brianna Brown

Subscribed and sworn to before me
this 24th day of April 2025.



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

Service List for Case: U-21825

Name	On Behalf Of	Email Address
Heather M.S. Durian	MPSC Staff	durianh@michigan.gov
Jonathan F. Thoits	ALJs - MPSC	thoitsj@michigan.gov
Michael E. Moody	Department of Attorney General	moodym2@michigan.gov
SEMCO Energy Gas Company (1 of 2)	SEMCO Energy Gas Company	jennifer.dennis@semcoenergy.com
SEMCO Energy Gas Company (2 of 2)	SEMCO Energy Gas Company	vanessa.gostiaux@semcoenergy.com
Theresa A.G. Staley	SEMCO Energy Gas Company	tastaley@dykema.com