

Founded in 1852  
by Sidney Davy Miller

# MILLER CANFIELD

**Sherri A. Wellman**  
TEL +1.517.483.4954  
FAX +1.517.374.6304  
E-MAIL Wellmans@MillerCanfield.com

**Miller, Canfield, Paddock and Stone, P.L.C.**  
120 N. Washington Square, Suite 900  
One Michigan Avenue Building  
Lansing, Michigan 48933  
TEL (517) 487-2070  
FAX (517) 374-6304  
millercanfield.com

MICHIGAN  
ILLINOIS  
NEW YORK  
OHIO  
WASHINGTON, D.C.  
CALIFORNIA  
CANADA  
CHINA  
MEXICO  
POLAND  
UKRAINE  
QATAR

May 19, 2023

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

Re: Upper Michigan Energy Resources Corporation  
2022 RE Reconciliation  
Case No. U-21357

Dear Ms. Felice:

Enclosed for electronic filing in the above case please find Upper Michigan Energy Resources Corporation's Application, as well as the Direct Testimony and Exhibits of James M. Beyer. I have also included my Appearance.

Should you have any questions, please contact me.

Very truly yours,

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

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

SAW/ehk  
Enclosures  
cc w/enc: James M. Beyer  
Richard Stasik  
Koby Bailey  
Theodore Eidukas

40557766.2/156197.00057

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> to commence a renewable energy	)	
cost reconciliation proceeding for the 12-month period	)	Case No. U-21357
<u>ended December 31, 2022.</u>	)	

**APPLICATION**

Upper Michigan Energy Resources Corporation (“UMERC” or the “Company”) hereby requests the Michigan Public Service Commission (“Commission”) approve its 2022 Renewable Energy Annual Reports (“Report”) and its Renewable Energy (“RE”) reconciliation pursuant to MCL 460.1049 for the 2022 calendar year. In support thereof, the Company respectfully represents as follows:

1. UMERC is a public service corporation organized under the laws of Michigan with service centers located at 800 Industrial Park Drive, Iron Mountain, Michigan, and 1717 Tenth Avenue, Menominee, Michigan. By Order dated December 9, 2016, in Case No. U-18061, UMERC was granted authority by the Commission to, among other things, provide retail electric service to the former Michigan electric customers of Wisconsin Electric Power Company (“Wisconsin Electric”), except initially the Tilden Mining Company (“Tilden”) in service areas located in Alger, Baraga, Delta, Dickinson, Gogebic, Houghton, Iron, Marquette, Menominee, and Ontonagon Counties and to the former Michigan electric and natural gas customers of Wisconsin Public Service Corporation in a service area located in Menominee County,

Michigan. As of April 1, 2019, ensuing with the onset of operations of the RICE generation units, Tilden was transferred to UMERC to be its customer.

2. The Commission's February 2, 2023 Order in Case No. U-21351 *et al.*, requires the Company to file its RE reconciliation for 2022 in this docket on or before May 31, 2023.

3. By Order Approving Settlement Agreement, dated January 23, 2018, in Case No. U-18236, the Commission approved UMERC's renewable energy plan and, as of the date of this application, the approved plan has not been amended and therefore relates to this 2022 reconciled period.

4. The actions regarding renewable energy for 2022 (i) complied with the renewable energy standards; (ii) were consistent with the renewable energy plan, as approved by the Commission; and (iii) were reasonable and prudent.

5. The Renewable Energy Annual Reports for UMERC's WEPCo and WPS Rate Zones are filed herewith as Exhibit A-2 (JMB-2) to the pre-filed direct testimony of James M. Beyer, which is filed contemporaneously herewith and supports the reconciliation for 2022.

6. Consistent with the terms of the settlement agreement approved in Case No. U-21014, UMERC has included data regarding the 2022 RE surcharge revenues collected from Tilden.

WHEREFORE, UMERC requests that this Commission:

- A. Find and determine that the 2022 Renewable Energy Annual Reports satisfy all applicable requirements;
- B. Find and determine that the actions in 2022 complied with renewable standard requirements, and were reasonable and prudent;
- C. Find and determine that the reconciliation for 2022 is correct; and

D. Grant such other relief as is just and reasonable.

Respectfully submitted,

UPPER MICHIGAN ENERGY RESOURCES  
CORPORATION

Dated: May 19, 2023

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

Its Attorney

Sherri A. Wellman (P38989)

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

One Michigan Avenue, Suite 900

Lansing, MI 48933

(517) 483-4954

Attorney for Upper Michigan Energy Resources Corporation

40557438.2/156197.00057

**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> renewable energy reconciliation	)	Case No. U-21357
proceeding for the 12-month period	)	
<u>ended December 31, 2022, and for related relief.</u>	)	

**DIRECT TESTIMONY AND EXHIBITS OF**  
**JAMES M. BEYER**  
**ON BEHALF OF**  
**UPPER MICHIGAN ENERGY RESOURCES CORPORATION**

**May 19, 2023**

Direct Testimony and Exhibits of  
James M. Beyer

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

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

6  
7 **Q. Please describe briefly your education, professional, and utility background.**

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

15  
16 **Q. Have you cause to have your testimony filed with and/or testified before a regulatory  
17 agency?**

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

20  
21 **Q. What is the purpose of your testimony in this proceeding?**

Direct Testimony and Exhibits of  
James M. Beyer

1 A. The purpose of my testimony is to support the reconciliation of UMERC’s Renewable  
2 Energy (“RE”) surcharge revenues and expenses for the 12-month period from January 1,  
3 through December 31, 2022, and to sponsor UMERC’s 2022 RE Annual Reports.

4  
5 **Q. Are you sponsoring any exhibits?**

6 A. Yes, I am sponsoring (i) Exhibit A-1 (JMB-1), which shows UMERC’s January through  
7 December 2022 RE reconciliation and (ii) Exhibit A-2 (JMB-2), which is the UMERC-  
8 WEPCO Rate Zone and UMERC-WPSC Rate Zone 2022 RE Annual Reports.

9  
10 **Q. Were these exhibits prepared by you or at your direction?**

11 A. Yes, they were.

12  
13 **Q. Please describe Exhibit A-1 (JMB-1).**

14 A. Exhibit A-1 (JMB-1) shows the December 31, 2021 over-recovery regulatory liability  
15 ending balance of \$625,675 as approved in the Commission’s August 23, 2022 Order  
16 Approving Settlement Agreement issued in Case No. U-21202. Exhibit A-1 (JMB-1) also  
17 shows the January through December 2022 RE surcharge revenues totaling \$2,267, and  
18 reflects renewable energy purchases of \$173,250 made during this time period. Netting the  
19 December 31, 2021 over-recovery balance of \$625,675, the surcharge revenue of \$2,267,  
20 the renewable energy purchases of \$173,250 and adding the net over-recovery interest of  
21 \$8,505, results in the net total RE over-recovery balance of \$463,197 as of December 31,  
22 2022, as shown on Exhibit A-1 (JMB-1).

23

Direct Testimony and Exhibits of  
James M. Beyer

1 **Q. Does UMERC plan to change the method for recovering its renewable energy costs**  
2 **from electric customers?**

3 A. No, not at this time. UMERC continues to propose a \$0 surcharge for all Non-Mine  
4 customers until which time the regulatory liability becomes \$0 or becomes a regulatory  
5 asset.

6  
7 **Q. How does UMERC propose to address any remaining regulatory liability balance**  
8 **related to the over-recovery of RE costs?**

9 A. UMERC proposes to use the regulatory liability balance related to the over-recovery of RE  
10 costs for future purchases of RECs needed to meet the Michigan RPS requirements.

11

12 **Q. Is UMERC banking RECS for future use?**

13 A. Yes.

14

15 **Q. Including incentive credits, how many RECs did UMERC procure in 2022 for its**  
16 **retail electric customers?**

17 A. UMERC procured 77,000 RECs in 2022.

18

19 **Q. At the end of 2022, how many RECs, including incentive credits, does UMERC have**  
20 **banked for future compliance?**

21 A. At the end of 2022, UMERC has banked a total of 161,757 RECS for future compliance.

22

23 **Q. Did UMERC comply with Act 295's REC portfolio requirements in 2022?**



Direct Testimony and Exhibits of  
James M. Beyer

1 A. Yes. The 2022 RE Annual Report, Exhibit A-2 (JMB-2), shows that the UMEREC-WEPCO  
2 Rate Zone and the UMEREC-WPSC Rate Zone complied with the REC portfolio  
3 requirement of MCL 460.1027(3).

4

5 **Q. Is RPS compliance for the Mine determined the same way it is determined for all other**  
6 **customers UMEREC serves?**

7 A. No. Rather than being based on the amount of its electric usage, the RPS requirement  
8 associated with the Mine is based on the amount of the RE surcharge that is billed to and  
9 collected from the Mine. Specifically, UMEREC acquires and retires as many RECs as those  
10 funds can purchase. In 2022, the amount collected from the Mine through the RE surcharge  
11 was \$2,250 and UMEREC was able to acquire RECs at \$2.00/REC. Therefore, UMEREC  
12 acquired and retired 1,125 RECs to meet RPS compliance for the Mine load. See Exhibit  
13 A-1 (JMB-1).

14

15 **Q. What is UMEREC requesting the Commission to approve in this RE reconciliation**  
16 **filing?**

17 A. UMEREC requests that the Commission: (i) approve the reconciliation of its renewable  
18 energy plan revenues and expenses; (ii) find that the 2022 Renewable Energy Annual  
19 Reports satisfy the requirements of MCL 460.1001 et seq., as amended, and (iii) find that  
20 UMEREC is in compliance with the renewable energy standards and that the renewable  
21 energy credit portfolio requirements have been met.

22

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

## Direct Testimony and Exhibits of James M. Beyer

1 A. Yes, it does.

2 40682212.1/156197.00057

**UPPER MICHIGAN ENERGY RESOURCES CORPORATION**  
2022 Renewable Energy Reconciliation Cost Recovery

Case No. U-21357  
Exhibit: A-1 (JMB-1)  
Witness: James M. Beyer

Line	Description	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals 2022
1	<b>UMERC</b>													
2														
3	Total Surcharge Collected*	\$188	\$188	\$188	\$190	\$188	\$191	\$195	\$188	\$191	\$187	\$188	\$188	\$2,267
4	Renewable Energy Credits - Expense	\$14,438	\$14,438	\$14,438	\$14,438	\$14,438	\$14,438	\$86,625	\$0	\$0	\$0	\$0	\$0	\$173,250
5	Under/(Over)-Recovery	\$14,250	\$14,250	\$14,250	\$14,248	\$14,250	\$14,246	\$86,430	(\$188)	(\$191)	(\$187)	(\$188)	(\$188)	\$170,983
6	Beginning Recovery Balance (\$)	(\$625,675)	(\$611,425)	(\$597,175)	(\$582,926)	(\$568,678)	(\$554,428)	(\$540,182)	(\$453,751)	(\$453,939)	(\$454,130)	(\$454,317)	(\$454,505)	
7	Ending Recovery Balance (\$)	(\$611,425)	(\$597,175)	(\$582,926)	(\$568,678)	(\$554,428)	(\$540,182)	(\$453,751)	(\$453,939)	(\$454,130)	(\$454,317)	(\$454,505)	(\$454,692)	
8	Average Recovery Balance (\$)	(\$618,550)	(\$604,300)	(\$590,051)	(\$575,802)	(\$561,553)	(\$547,305)	(\$496,966)	(\$453,845)	(\$454,034)	(\$454,223)	(\$454,411)	(\$454,598)	
9														
10	Interest Rate Undercollection (%)	0.07%	0.16%	0.32%	0.44%	0.80%	1.35%	1.90%	2.33%	2.80%	3.28%	3.88%	4.20%	
11	Days in Month	31	28	31	30	31	30	31	31	30	31	30	31	365
12	Monthly Interest (\$)	(\$36)	(\$81)	(\$157)	(\$211)	(\$374)	(\$616)	(\$787)	(\$881)	(\$1,059)	(\$1,242)	(\$1,469)	(\$1,591)	(\$8,505)
13	Interest Balance (\$)	(\$36)	(\$117)	(\$274)	(\$485)	(\$860)	(\$1,475)	(\$2,262)	(\$3,143)	(\$4,203)	(\$5,444)	(\$6,914)	(\$8,505)	
14	Ending Recovery Balance + Interest (\$)	(\$611,461)	(\$597,292)	(\$583,200)	(\$569,163)	(\$555,287)	(\$541,657)	(\$456,013)	(\$457,082)	(\$458,332)	(\$459,761)	(\$461,418)	(\$463,197)	
15														
16														
17														
18	<b>Special Contract (U-18224)</b>													
19														
20	Year	2022												
21	Surcharge Collection	\$2,250.00												
22	Cost per REC	\$2.00												
23	Tilden RPS Requirement (Surcharge REC Cost Cap)	1,125												

\*Total Surcharges Collected is made up of \$2,250 from Special Contract (U-18224) and \$17 from prior month billing adjustments from other retail customers

**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> renewable energy reconciliation	)	Case No. U-21357
proceeding for the 12 month period	)	
<u>ended December 31, 2022.</u>	)	

**EXHIBIT A-2 (JMB-2)  
UPPER MICHIGAN ENERGY RESOURCES  
CORPORATION  
2022 RENEWABLE ENERGY  
ANNUAL REPORT**

Renewable Energy Annual Report

Revised April 2023

Electric Provider: UMERC-WEPCO Rate Zone

Reporting Period: Calendar Year 2022

- The purpose of this annual report is to provide information regarding activities that occurred within calendar year 2022.
- Many of the requested figures are available from MIRECS reports; names of which are noted within this template. If your figures agree with those within MIRECS, you may submit the MIRECS report as an attachment to this annual report. If your figures differ from those within MIRECS, please explain any discrepancies. Staff from the MPSC and MIRECS Administrator, APX, Inc., are available to help reconcile.

**Section 51(2)(f).**

Within this section, list the method and the retail sales in MWh for the reporting period.

List the Method: either average of 2019-2021 retail sales or the 2021 weather normalized retail sales.

Average of 2019-2021 retail sales.

The method chosen should be consistent with the method approved in the initial plan case from 2017. All sales are retail (net of wholesale).

(A) List the sales in MWh based on the method selected above. Please show the calculation of this figure (including listing the sales of each year if the three-year average method is used).

2019 – 344,990

2020 – 349,578

2021 – 349,780

Average – 348,116

15.00% of Average = 52,217

Mines Requirement – 1,125

RECS Total = 53,342

NOTE: These MWh sales values do not include the mine because RPS compliance is accomplished by procuring an amount of RECS equal to the mines RE surcharge – Not the mines load. This approach was approved in Case U-18236.

(B) 15% RPS Portfolio: List the energy credits used for the 15% RPS portfolio voluntary retirement in calendar year 2022. This number should agree with the voluntary retirement listed in the 2022 voluntary retirement subaccount in MIRECS. Take into account any energy waste reduction substitutions and limits on their use.

Total 2022 Compliance account has a value of 53,342 RECs for 2022 compliance.

Calculate the renewable energy percentage. Figure above divided by sales in MWh above (B divided by A).

100%

Renewable Energy Annual Report

Revised April 2023

Electric Provider: UMERC-WPS Rate Zone

Reporting Period: Calendar Year 2022

- The purpose of this annual report is to provide information regarding activities that occurred within calendar year 2022.
- Many of the requested figures are available from MIRECS reports; names of which are noted within this template. If your figures agree with those within MIRECS, you may submit the MIRECS report as an attachment to this annual report. If your figures differ from those within MIRECS, please explain any discrepancies. Staff from the MPSC and MIRECS Administrator, APX, Inc., are available to help reconcile.

**Section 51(2)(f).**

Within this section, list the method and the retail sales in MWh for the reporting period.

List the Method: either average of 2019-2021 retail sales or the 2021 weather normalized retail sales.

Average of 2019-2021 retail sales.

The method chosen should be consistent with the method approved in the initial plan case from 2017. All sales are retail (net of wholesale).

(A) List the sales in MWh based on the method selected above. Please show the calculation of this figure (including listing the sales of each year if the three-year average method is used).

2019 – 272,513  
2020 – 246,412  
2021 – 270,972  
Average – 263,299  
15.00% of Average = 39,495

(B) 15% RPS Portfolio: List the energy credits used for the 15% RPS portfolio voluntary retirement in calendar year 2022. This number should agree with the voluntary retirement listed in the 2022 voluntary retirement subaccount in MIRECS. Take into account any energy waste reduction substitutions and limits on their use.

Total 2022 Compliance account has a value of 39,495 RECs for 2022 compliance.

Calculate the renewable energy percentage. Figure above divided by sales in MWh above (B divided by A).

100%

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- 21357

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

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

Name Sherri A. Wellman  
Address Miller Canfield  
One Michigan Avenue, Suite 900  
City Lansing State MI  
Zip 48933 Phone 517-483-4954  
Email wellmans@millercanfield.com  
Date 05/19/2023

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

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