

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
ALPENA POWER COMPANY for approval to)	
implement a power supply cost recovery plan for)	Case No. U-21421
the 12 months ending December 31, 2024.)	
_____)	

At the December 21, 2023 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 27, 2023, Alpena Power Company (Alpena) filed an application, with supporting testimony and exhibits, requesting authority to implement a power supply cost recovery plan for the 12-month period ending December 31, 2024, pursuant to MCL 460.6j.

A prehearing conference was held on November 15, 2023, before Administrative Law Judge Christopher J. Woolf. Alpena 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:

A. The settlement agreement, attached as Exhibit A, is approved.

B. Within 30 days of the date of this order, Alpena Power Company shall file a tariff sheet in this docket substantially similar to the one attached to the settlement agreement.

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 requirements 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 mpscedockets@michigan.gov and to the Michigan Department of Attorney General-Public Service Division at pungpl@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 Highway, Lansing, Michigan 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Daniel C. Scripps, Chair

Katherine L. Peretick, Commissioner

Alessandra R. Carreon, Commissioner

By its action of December 21, 2023.

Lisa Felice, Executive Secretary

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)
ALPENA POWER COMPANY for)
approval to implement a power supply)
cost recovery plan for the twelve months)
ending December 31, 2024.)
_____)

Case No. U-21421

SETTLEMENT AGREEMENT

Alpena Power Company ("Alpena"), by and through its attorney, Timothy M. Gulden, of the Law Firm of Bauer, Florip & Wojda PLC, and the Michigan Public Service Commission Staff ("Staff"), by and through its attorney, Assistant Attorney General Michael J. Orris, hereby present the following settlement agreement in resolution of the above matter.

RECITALS:

1. On September 27, 2023, Alpena filed an application with supporting testimony and exhibits, for authority to implement a Power Supply Cost Recovery ("PSCR") plan for calendar year 2024. Incorporated in its filing is Alpena's required 5-year forecast. In its application, Alpena proposed the use of a PSCR Factor of 11.42 mills per kWh for the 2024 plan year, to be applied to all its customer bills, except those rendered to special contract customers whose service is excluded from Alpena's PSCR Plan, for each of the twelve billing months ending December 31, 2024. Alpena also noted that it has entered into a contract with Wolverine Power Supply

Cooperative, Inc. (“WPSC”) for the supply of 10 MW of firm capacity through December 31, 2024, and for 45 MW of firm capacity from January 1, 2025, through May 31, 2027. In addition, Alpena noted that, while it expects to continue purchasing the major portion of its energy and capacity from Consumers Energy Company (“Consumers”), the balance will be purchased from a combination of WPSC, Thunder Bay Power, and, when available, from two Large Industrial Customers. In addition, Alpena also requested authority to continue rolling in prior year over-recoveries or under-recoveries into the current plan year as part of its PSCR refunding and surcharging procedures.

2. On October 16, 2023, the Commission issued its notice of hearing setting this matter for a prehearing conference on November 15, 2023. Pursuant to the Commission's directive, Alpena mailed a copy of the notice of hearing to all cities, incorporated villages, townships, and counties in its service area, and published the substance of the notice in a daily newspaper of general circulation within its service area.

3. Assistant Attorney General Michael J. Orris and Alpena's attorney, Timothy M. Gulden, participated by video/teleconferencing in the November 15, 2023, prehearing conference conducted by Administrative Law Judge Christopher Woolf, who reviewed the status of the case and created a case schedule.

4. Subsequently, the parties participated in settlement discussions and agree as follows:

A. The parties agree that Alpena's plan to obtain its power supply requirements for 2024 from Consumers, WPSC, Thunder Bay Power, and local industrial companies is consistent

with Commission approval given in recent PSCR cases.

B. Alpena has projected its 2024 total purchased power costs to be \$19,092,557. Alpena's total system energy requirements for 2024 are projected at 242,320,990 kWh, resulting in an average power supply cost of 78.79 mills/kWh. With the settlement of Alpena's General Rate case (Case no. U-21045), an updated PSCR Base Cost amounting to 73.34 mills/kWh was approved. The difference between Alpena's power supply costs base of 73.34 mills and its projected 2024 average cost of power of 78.79 mills indicates an increase of 5.45 mills/kWh. Converting this production level cost to a customer level cost requires multiplication by 1.0625 to allow for losses, which results in 5.79 mills/kWh, which shall be the 2024 plan year factor. The 2023 under-recovery factor shall be 5.63 mills/kWh, resulting in an annualized PSCR factor of 11.42 mills/kWh, to be applied in each of the months remaining in 2024, pending the approval of this settlement agreement, to all its customers' bills except those rendered to special contract customers.

C. Alpena's PSCR factor of 11.42 mills/kWh, as shown on its revised electric rate schedule (attached to this settlement agreement), is reasonable and prudent and should be utilized for the months January through December 2024.

D. Alpena's 5-year forecast as filed has met the statutory requirements.

E. Alpena has also requested authority to continue, as part of its PSCR refunding and surcharging procedures, rolling in prior year over-recoveries or under-recoveries into the current plan year. Each year, as part of its PSCR Plan application, Alpena proposes to estimate the over-recovery or under-recovery that will occur in the current year. The estimated over-recovery or

under-recovery, including interest to the end of the current year, will be rolled into the subsequent year's PSCR Plan, to be collected evenly throughout the year. Alpena would continue to file a PSCR Reconciliation case annually, where the actual over-recovery or under-recovery and applicable interest would be determined. The parties agree that Alpena's request should be granted by the Commission.

F. The parties agree that Alpena has demonstrated in its application, testimony, and exhibits that it conducted an appropriate analysis on historical system losses. During the Company's next general rate case filing, Alpena will utilize the loss average of 4.95% or, if possible, a more recent updated system loss study for establishing the cost of service, including the PSCR base cost of power.

G The parties agree that approval of this settlement agreement by the Commission would be reasonable and in the public interest; this agreement is intended for final disposition of this proceeding; and the parties join in respectfully requesting the Commission to grant prompt approval of this agreement.

H. This settlement agreement will become binding upon the parties only if the Commission accepts and approves the same without modification. If the Commission does not approve this agreement without modification, this agreement shall be withdrawn and shall not constitute any part of the record in the proceeding or be used for any purpose whatsoever.

I. This settlement agreement has been made for the sole and express purpose of reaching a compromise that prompts administrative efficiency and is without prejudice to the rights of the parties to take new or different positions in other proceedings. All offers of

settlement and discussions relating to this agreement shall be considered privileged under MRE 408. If the Commission approves this agreement without modification, the parties shall make no reference to or use of this agreement or the order approving it as a reason, authority, rationale, or example for taking any action or position or making any subsequent decision in any other case or proceedings; provided, however, such references or use may be made to enforce this agreement and the order.

J. All parties waive Section 81 of the Administrative Procedures Act of 1969, as amended, MCL 24.281.

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Michael J. Orris



2023.12.05 11:45:04

-05'00'

By: _____

Michael J. Orris (P51232)
Assistant Attorney General

ALPENA POWER COMPANY

Timothy

M. Gulden

Digitally signed by Timothy M. Gulden
DN: cn=Timothy M. Gulden, o=Bauer,
Florip & Wojda PLC, ou,
email=tmgulden@bfwlawfirm.com,
c=US
Date: 2023.12.05 12:50:22 -05'00'

By: _____

Timothy M. Gulden (P41232)
Its: Attorney

POWER SUPPLY COST RECOVERY CLAUSE
(Continued from Sheet No. D.2.00)

POWER SUPPLY COST RECOVERY FACTORS

Billing Month	Maximum Authorized 2024 PSCR Factor (\$/kWh)	Actual Factor Billed (\$/kWh)
Jan-2024	0.01142	
Feb-2024	0.01142	
Mar-2024	0.01142	
Apr-2024	0.01142	
May-2024	0.01142	
Jun-2024	0.01142	
Jul-2024	0.01142	
Aug-2024	0.01142	
Sep-2024	0.01142	
Oct-2024	0.01142	
Nov-2024	0.01142	
Dec-2024	0.01142	

The Company will file a revised Sheet No. D-3.00 monthly to reflect the actual factor to be billed the following month.

(continued on Sheet No. D-4.00)

Issued January 1, 2024, by
Kenneth A. Dragiewicz, President
Alpena, MI 49707

Effective for bills rendered on
and after January 1, 2024

Issued under authority of the
Michigan Public Service Commission
and 1982 PA304 in Case No.
U-21421.

PROOF OF SERVICE

STATE OF MICHIGAN)

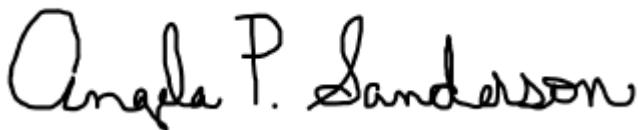
Case No. U-21421

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on December 21, 2023 A.D. she electronically notified the attached list of this **Commission Order via e-mail transmission**, to the persons as shown on the attached service list (Listserv Distribution List).


Brianna Brown

Subscribed and sworn to before me
this 21st day of December 2023.



Angela P. Sanderson
Notary Public, Shiawassee County, Michigan
As acting in Eaton County
My Commission Expires: May 21, 2024

Service List for Case: U-21421

Name	On Behalf Of	Email Address
Alpena Power Company	Alpena Power Company	kd@alpenapower.com
Christopher J. Woolf	ALJs - MPSC	woolfc@michigan.gov
Michael J. Orris	MPSC Staff	orrism@michigan.gov
Timothy M. Gulden	Alpena Power Company	tmgulden@bflawfirm.com