

Founded in 1852
by Sidney Davy Miller

MILLER CANFIELD

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
QATAR

PaulMichaelCollins
+1.517.483.4908
+1.517.374.6304
Collinsp@MillerCanfield.com

March 15, 2024

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

Re: Upper Peninsula Power Company
Case No.: U-21555

Dear Ms. Felice:

Enclosed for electronic filing please find Upper Peninsula Power Company's Rate Case Summary. Also enclosed is a Proof of Service reflecting electronic service upon the Staff case coordinator and the parties in the Company's two most recent rate cases, U-21286 and U-20276.

Sincerely,

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

By: _____
Paul Michael Collins

PMC/vs
Enclosures
cc w/enc:

Lori A. Mayabb
Michael A. Moody
John R. Liskey
Constance De Young Groh
Kyle M. Asher
Laura Chappelle
Stephen A. Campbell
Michael J. Pattwell
Timothy J. Lundgren
Justin K. Ooms
Eric Stocking
Gradon Haehnel

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)	
UPPER PENINSULA POWER COMPANY)	Case No. U-21555
for authority to increase its rates for)	
the generation and distribution of)	
electricity and other relief.)	

RATE CASE SUMMARY

In accordance with the Michigan Public Service Commission’s (“MPSC” or the “Commission”) May 18, 2023 Order in Case No. U-18238, Upper Peninsula Power Company (“UPPCO” or the “Company”) submits its required Rate Case Summary. The Company’s Rate Case Summary is being provided for informational purposes only, and in filing this summary, UPPCO states that modifications may be made to its upcoming rate case filing that could impact the information contained herein.

In the Company’s most recent electric rate case, Case No. U-21286, UPPCO requested jurisdictional rate relief of \$25.3 million annually, based on a projected 12-month test year ending on June 30, 2023. Through a final order approving settlement agreement issued on March 24, 2023, the Commission authorized a 9.9% Return on Equity along with jurisdictional rate relief of \$10.8 million, inclusive of a two-year amortized recovery of regulatory assets originating from Case Nos. U-20995 and U-20757, totaling \$2.9 million annually.

The Company's upcoming electric rate case filing, Case No. U-21555, is primarily driven by UPPCO's continued infrastructure investments and associated operating expenditures needed to improve the reliability and resiliency of UPPCO's distribution system. Also, general inflation and supply chain pressures continue to impact the United States economy putting upward pressure on the Company's operational expenses. Based on the evidentiary support provided in its upcoming filing, UPPCO requests that the Commission authorize the Company to adjust its retail electric generation and distribution rates so as to result in a total revenue increase of \$16.9 million annually, based on a projected 12-month test year ending December 31, 2025. The Company is requesting a Return on Equity of 10.7% and uses inflation factors of 2.7% for 2024, and 2.4% for 2025, as forecasted by the Congressional Budget Office ("CBO") in its May 2022 report.

Table 1, below, outlines the key drivers of revenue requirement requested in this proceeding. Consistent with the prior discussion, much of the requested increase is related to the incremental investment in infrastructure and increased operational expenses.

For the projected test year, excluding the impacts of previously ordered revenue offsets of approximately (\$1.6 million), the Company demonstrates jurisdictional rate relief totaling \$18.5 million. The Company's proposed rate adjustments represented by rate class and rate schedule are attached to this Rate Case Summary as Attachment A.

The key drivers associated with the Company's revenue requirement and rate base are demonstrated in Tables 1 and 2, below:

Table 1 (in millions)

Key Drivers of Revenue Requirement	Total	
Investment	\$	4.6
Cost of Capital	\$	0.4
Operating Expenses (excluding O&M)	\$	5.6
O&M Expenses	\$	6.4
Sales / Revenue	\$	1.5
Jurisdictional Rate Relief	\$	18.5
Previously Ordered Revenue Credits	\$	(1.6)
Total Revenue Requirement Impact	\$	16.9

Table 2 (in millions)

Key Drivers : Rate Base	Rate Base Impact		Revenue Requirement Impact	
Last Rate Case Order (U-21286)				
Rate Base	\$	334.3	\$	31.2
Current Rate Case (U-21555)				
Utility Plant	\$	75.8	\$	7.1
Depreciation Reserve	\$	(25.1)	\$	(2.3)
Working Capital	\$	2.5	\$	0.2
Requested Rate Base	\$	387.5	\$	36.2
Increase from Last Rate Case Order	\$	53.2	\$	5.0

Upper Peninsula Power Company intends to file its upcoming electric rate case on March 21, 2024, which will allow for new rates to be effective on January 21, 2025.

Respectfully submitted,

Upper Peninsula Power Company

Dated: March 15, 2024

By: _____

Michigan Public Service Commission

Upper Peninsula Power Company

Summary of Present and Proposed Revenue by Rate Schedule

Line No.	(a) Description	(b) Total Present Revenue	(c) Total Proposed Revenue	(d) Total Net Increase/ (Decrease)	(e) Total Net Increase/ (Decrease) (%)
1	<u>UPPCO RETAIL SYSTEM</u>				
2	A-1	\$56,658,040	\$64,384,744	\$7,726,704	13.64%
3	AH-1	\$4,614,607	\$4,968,652	\$354,044	7.67%
4	C-1	\$14,736,005	\$17,863,155	\$3,127,150	21.22%
5	H-1	\$1,062,060	\$1,207,318	\$145,258	13.68%
6	P-1	\$11,289,546	\$13,265,537	\$1,975,992	17.50%
7	Cp-U	\$10,933,286	\$13,571,808	\$2,638,522	24.13%
8	WP-3	\$4,644,474	\$5,535,115	\$890,641	19.18%
9	RTMP	\$193,389	\$193,389	\$0	0.00%
10	RTMP-D	\$0	\$0	\$0	0.00%
11	Z-3	\$171,652	\$188,182	\$16,529	9.63%
12	SL	\$669,803	\$708,813	\$39,010	5.82%
13					
14					
15	MPSC JURISDICTIONAL	\$104,972,861	\$121,886,712	\$16,913,851	16.11%

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
UPPER PENINSULA POWER COMPANY) Case No. U-21555
for authority to increase its rates for)
the generation and distribution of)
electricity and for other relief.)

PROOF OF SERVICE

STATE OF MICHIGAN)
) ss
COUNTY OF INGHAM)

Victoria Seyfried, being first duly sworn, deposes and states that on March 15, 2024, she served Upper Peninsula Power Company's Rate Case Summary upon counsel of record for the intervenor parties in MPSC Case Nos. U-21286 and U-20276, as set forth on the attached service list, via electronic mail:

Victoria Seyfried

Subscribed and sworn to before me
on this 15th day of March, 2024.

Kacey O'Neill, Notary Public
State of Michigan, County of Livingston
My Commission Expires: 12/26/26
Acting in the County of Ingham

SERVICE LIST

Attorney General

Michael E. Moody

moodym2@michigan.gov

ag-enra-spec-lit@michigan.gov

Case Staff Coordinator

Lori A. Mayabb

MayabbL@michigan.gov

Citizens Utility Board of Michigan (CUB)

John R. Liskey

john@liskeypllc.com

Citizens Against Rate Excess (CARE)

Constance De Young Groh

cdgroh@liskeypllc.com

Calumet Electronics Corporation

Kyle M. Asher

kasher@dykema.com

Michigan Technological University

Richard A. Aaron

Jason T. Hanselman

raaron@dykema.com

jhanselman@dykema.com

Association of Businesses Advocating Tariff Equity (ABATE)

Stephen A. Campbell

Michael J. Pattwell

scampbell@clarkhill.com

mpattwell@clarkhill.com

Billerud Americas Corporation

Timothy J. Lundgren

tlundgren@potomaclaw.com

Verso Corporation

Justin K. Ooms

tlundgren@potomaclaw.com

jooms@potomaclaw.com

Energy Michigan

Laura Chappelle

lchappelle@potomaclaw.com