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by Sidney Davy Miller

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May 23, 2024

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

Re: Upper Michigan Energy Resources Corporation
2023 RE Reconciliation
Case No. U-21554

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. Should you have any questions or concerns, please advise.

Very truly yours,

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

By: _____
Sherry A. Wellman

cc w/enc Richard Stasik (Richard.stasik@wecenergygroup.com)
James Beyer (James.beyer@wecenergygroup.com)
Koby Bailey (Koby.bailey@wecenergygroup.com)

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * *

In the matter of the application of)	
UPPER MICHIGAN ENERGY RESOURCES)	
CORPORATION to commence a renewable energy)	
cost reconciliation proceeding for the 12-month period)	Case No. U-21554
<u>ended December 31, 2023.</u>)	

APPLICATION

Upper Michigan Energy Resources Corporation (“UMERC” or the “Company”) hereby requests the Michigan Public Service Commission (“MPSC” or the “Commission”) approve its 2023 Renewable Energy Annual Reports (“Report”) and its Renewable Energy (“RE”) reconciliation pursuant to MCL 460.1049 for the 2023 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 March 1, 2024 Order in Case No. U-21548 *et al.*, requires the Company to file its RE reconciliation for 2023 in this docket on or before May 31, 2024.

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 2023 reconciled period.

4. The actions regarding renewable energy for 2023 (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 2023.

6. Consistent with the terms of the settlement agreement approved in Case No. U-21014, UMERC has included data regarding the 2023 RE surcharge revenues collected from Tilden.

WHEREFORE, UMERC requests that this Commission:

- A. Find and determine that the 2023 Renewable Energy Annual Reports satisfy all applicable requirements;
- B. Find and determine that the actions in 2023 complied with renewable standard requirements, and were reasonable and prudent;
- C. Find and determine that the reconciliation for 2023 is correct; and

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

Respectfully submitted,

UPPER MICHIGAN ENERGY RESOURCES
CORPORATION

Dated: May 23, 2024

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

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STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
UPPER MICHIGAN ENERGY RESOURCES)	
CORPORATION to commence renewable energy)	Case No. U-21554
reconciliation for the 12-month period)	
<u>ended December 31, 2023.</u>)	

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

May 2024

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 caused 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 the “Commission”).

20

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

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, 2023, and to sponsor UMERC’s 2023 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 2023 RE reconciliation, and (ii) Exhibit A-2 (JMB-2), which is the UMERC-
8 WEPCo Rate Zone and UMERC-WPSC Rate Zone 2023 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 2022 over-recovery regulatory liability ending balance of
15 \$463,197 as approved in the Commission’s August 30, 2023 Order Approving Settlement
16 Agreement in Case No. U-21357. Exhibit A-1 (JMB-1) also shows the January through
17 December 2023 RE surcharge revenues totaling \$2,256, and reflects renewable energy
18 purchases of \$192,500 made during this time period. Netting the 2022 year end over-
19 recovery balance of \$463,197, the surcharge revenue of \$2,256, the renewable energy
20 purchases of \$192,500 and adding the net over-recovery interest of \$15,926, results in the
21 net total RE over-recovery balance of \$288,879 as of December 31, 2023, as shown on
22 Exhibit A-1 (JMB-1).

23

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 Renewable Energy Credits (“RECs”) needed to meet the
11 Michigan Renewable Portfolio Supply (“RPS”) requirements.

12

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

14 A. Yes.

15

16 **Q. Including incentive credits, how many RECs did UMERC procure in 2023 for its**
17 **retail electric customers?**

18 A. UMERC procured 77,000 RECs in 2023.

19

20 **Q. At the end of 2023, how many RECs, including incentive credits, does UMERC have**
21 **banked for future compliance?**

22 A. At the end of 2023, UMERC has banked a total of 147,861 RECS for future compliance.

23

1 **Q. Did UMERC comply with REC portfolio requirements in 2023?**

2 A. Yes. The 2023 RE Annual Report, Exhibit A-2 (JMB-2), shows that the UMERC-WEPCO
3 Rate Zone and the UMERC-WPS Rate Zone complied with the REC portfolio
4 requirements.

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

8 A. No. Rather than being based on the amount of its electric usage, the RPS requirement
9 associated with the Mine is based on the amount of the RE surcharge that is billed to and
10 collected from the Mine. Specifically, UMERC acquires and retires as many RECs as those
11 funds can purchase. In 2023, the amount collected from the Mine through the RE surcharge
12 was \$2,250 and UMERC was able to acquire RECs at \$2.00/REC. Therefore, UMERC
13 acquired and retired 1,125 RECs to meet RPS compliance for the Mine load. See Exhibit
14 A-1 (JMB-1).

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

18 A. UMERC requests that the Commission: (i) approve the reconciliation of its renewable
19 energy plan revenues and expenses; (ii) find that the 2023 Renewable Energy Annual
20 Reports satisfy the requirements of MCL 460.1001 et seq., as amended, and (iii) find that
21 UMERC is in compliance with the renewable energy standards and that the renewable
22 energy credit portfolio requirements have been met.

23

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

2 A. Yes, it does.

UPPER MICHIGAN ENERGY RESOURCES CORPORATION
2023 Renewable Energy Reconciliation Cost Recovery

Case No. U-21554
Exhibit: A-1 (JMB-1)
Witness: James M. Beyer

Line	Description	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals 2023
1	UMERC													
2														
3	Total Surcharge Collected*	\$193	\$188	\$188	\$188	\$188	\$188	\$188	\$188	\$188	\$188	\$188	\$188	\$2,256
4	Renewable Energy Credits - Expense	\$0	\$32,083	\$16,042	\$144,375	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$192,500
5	Under/(Over)-Recovery	(\$193)	\$31,896	\$15,854	\$144,188	(\$188)	(\$188)	(\$188)	(\$188)	(\$188)	(\$188)	(\$188)	(\$188)	\$190,244
6	Beginning Recovery Balance (\$)	(\$463,197)	(\$463,390)	(\$431,495)	(\$415,640)	(\$271,453)	(\$271,640)	(\$271,828)	(\$272,015)	(\$272,203)	(\$272,390)	(\$272,578)	(\$272,765)	
7	Ending Recovery Balance (\$)	(\$463,390)	(\$431,495)	(\$415,640)	(\$271,453)	(\$271,640)	(\$271,828)	(\$272,015)	(\$272,203)	(\$272,390)	(\$272,578)	(\$272,765)	(\$272,953)	
8	Average Recovery Balance (\$)	(\$463,294)	(\$447,442)	(\$423,567)	(\$343,547)	(\$271,547)	(\$271,734)	(\$271,922)	(\$272,109)	(\$272,297)	(\$272,484)	(\$272,672)	(\$272,859)	
9														
10	Interest Rate Undercollection (%)	4.33%	4.55%	4.74%	4.82%	5.06%	5.10%	5.16%	5.30%	5.31%	5.33%	5.33%	5.32%	
11	Days in Month	31	28	31	30	31	30	31	31	30	31	30	31	365
12	Monthly Interest (\$)	(\$1,670)	(\$1,697)	(\$1,673)	(\$1,380)	(\$1,145)	(\$1,156)	(\$1,168)	(\$1,201)	(\$1,204)	(\$1,209)	(\$1,212)	(\$1,211)	(\$15,926)
13	Interest Balance (\$)	(\$1,670)	(\$3,367)	(\$5,040)	(\$6,420)	(\$7,565)	(\$8,721)	(\$9,889)	(\$11,090)	(\$12,294)	(\$13,503)	(\$14,715)	(\$15,926)	
14	Ending Recovery Balance + Interest (\$)	(\$465,060)	(\$434,862)	(\$420,680)	(\$277,873)	(\$279,206)	(\$280,549)	(\$281,905)	(\$283,293)	(\$284,685)	(\$286,081)	(\$287,481)	(\$288,879)	
15														
16														
17														
18	Special Contract (U-18224)													
19														
20	Year	2023												
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 \$6 from prior month billing adjustments from other retail customers

**STATE OF MICHIGAN
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proceeding for the 12 month period)	
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**EXHIBIT A-2 (JMB-2)
UPPER MICHIGAN ENERGY RESOURCES
CORPORATION
2023 RENEWABLE ENERGY
ANNUAL REPORT**

Renewable Energy Annual Report

Revised March 2024

Electric Provider: UMERC-WEPCO Rate Zone

Reporting Period: Calendar Year 2023

- The purpose of this annual report is to provide information regarding activities that occurred within calendar year 2023.
- 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 2020-2022 retail sales or the 2022 weather normalized retail sales.

Average of 2020-2022 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).

2020 – 349,578

2021 – 349,780

2022 – 346,430

Average – 348,596

15.00% of Average = 52,289

Mines Requirement – 1,125

RECS Total = 53,414

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 2023. This number should agree with the voluntary retirement listed in the 2023 voluntary retirement subaccount in MIRECS. Take into account any energy waste reduction substitutions and limits on their use.

Total 2023 Compliance Account has a value of 53,414 RECs for 2023 compliance.

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

100%

Renewable Energy Annual Report

Revised March 2024

Electric Provider: UMERC-WPS Rate Zone

Reporting Period: Calendar Year 2023

- The purpose of this annual report is to provide information regarding activities that occurred within calendar year 2023.
- 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.

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Average of 2020-2022 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).

2020 – 246,412
2021 – 270,972
2022 – 232,258
Average – 249,881
15.00% of Average = 37,482

(B) 15% RPS Portfolio: List the energy credits used for the 15% RPS portfolio voluntary retirement in calendar year 2023. This number should agree with the voluntary retirement listed in the 2023 voluntary retirement subaccount in MIRECS. Take into account any energy waste reduction substitutions and limits on their use.

Total 2023 Compliance Account has a value of 37,482 RECs for 2023 compliance.

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

100%