

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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|---|---|-------------------------|
| In the matter of the application of |) | |
| UPPER PENINSULA POWER COMPANY |) | |
| for authority to increase its rates for the generation |) | Case No. U-21555 |
| and distribution of electricity and other relief. |) | |
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QUALIFICATIONS AND DIRECT TESTIMONY OF
LAUREN FROMM
MICHIGAN PUBLIC SERVICE COMMISSION

July 19, 2024

**QUALIFICATIONS OF LAUREN FROMM
CASE NUMBER U-21555
PART I**

1 Q. Please state your full name and business address for the record.

2 A. My name is Lauren Fromm (she/her) and my business address is 7109 W.
3 Saginaw Hwy., Lansing, MI 48917.

4 Q. By whom are you employed and in what capacity?

5 A. I am employed by the Michigan Public Service Commission (MPSC or
6 Commission) as a State Administrative Manager of the Data Access, Privacy &
7 IT Section of the Customer Assistance Division.

8 Q. Please describe your educational background.

9 A. I earned a Bachelor of Science in Civil Engineering from Western Michigan
10 University in 2013.

11 Q. What is your professional experience?

12 A. In 2013, I began working for the MPSC in the Smart Grid Section. My
13 responsibilities include performing analysis of utilities' rate case cost recovery
14 requests related to Advanced Metering Infrastructure (AMI), Automated Meter
15 Reading (AMR), Customer Experience and Information Technology (IT), as well
16 as monitoring smart energy programs and serving as a member of the MPSC
17 Staff's (Staff) Demand Response and Electric Vehicles team. The Smart Grid
18 Section has been renamed the Data Access, Privacy & IT Section and has
19 expanded its scope to include issues regarding customer data accessibility and
20 privacy.

21 Q. Have you received any work-related training since your employment with the
22 MPSC?

QUALIFICATIONS OF LAUREN FROMM
CASE NUMBER U-21555
PART I

1 A. Yes, I have attended several programs hosted by the Institute of Public Utilities
2 (IPU) at Michigan State University, IPU's Grid and Rate Schools, and a number
3 of Advanced Regulatory Studies Program sessions. I have also attended
4 Regulatory Training Initiative's (RTI) How to Read and Analyze a Rate Case
5 training as well as NARUC's Rate School.

6 Q. Have you previously filed testimony before the Commission?

7 A. Yes. I have filed testimony in the following cases:

8 -Case No. U-17735, Consumers Energy's electric rate case

9 - Case No. U-17882, Consumers Energy's gas rate case

10 - Case No. U-17990, Consumers Energy's electric rate case

11 - Case No. U-18124, Consumers Energy's gas rate case

12 - Case No. U-18322, Consumers Energy's electric rate case

13 - Case No. U-18424, Consumers Energy's gas rate case

14 - Case No. U-20276, Upper Peninsula Power Company's electric rate case

15 - Case No. U-20322, Consumers Energy's gas rate case

16 - Case No. U-20359, Indiana Michigan's electric rate case

17 - Case No. U-20476, SEMCO's gas rate case

18 - Case No. U-20650, Consumers Energy's gas rate case

19 - Case No. U-20697, Consumers Energy's electric rate case

20 - Case No. U-20963, Consumers Energy's electric rate case

21 - Case No. U-21148, Consumers Energy's gas rate case

22 - Case No. U-21224, Consumers Energy's electric rate case

23 - Case No. U-21286, Upper Peninsula Power Company's electric rate case

QUALIFICATIONS OF LAUREN FROMM
CASE NUMBER U-21555
PART I

- 1 - Case No. U-21308, Consumers Energy’s gas rate case
- 2 - Case No. U-21389, Consumers Energy’s electric rate case
- 3 - Case No. U-21405, Upper Michigan Electric Resources Corporation’s request to
- 4 amend its Rate Book for Electric Service to provide customers a non-standard
- 5 metering option
- 6 - Case No. U-21461, Indiana Michigan Power Company’s electric rate case
- 7 - Case No. U-21490, Consumers Energy’s gas rate case

DIRECT TESTIMONY OF LAUREN FROMM
CASE NUMBER U-21555
PART II

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

2 A. The purpose of my testimony is to present the Michigan Public Service
3 Commission Staff's (Staff) recommendation regarding Upper Peninsula Power
4 Company's (UPPCO or Company) request for recovery of Customer Service
5 Operations and Maintenance (O&M) expenses for the projected test year.

6 Q. Are you sponsoring any exhibits in this proceeding?

7 A. Yes. I am sponsoring the following exhibits:

8 Exhibit S-11.0: Supporting Audit Responses

9 Exhibit S-11.1: Customer Assistance FTEs in 2023

10 Q. Were these exhibits prepared by you or under your direction?

11 A. Yes.

12 Q. What is the Company requesting for recovery of its Customer Service O&M
13 expenses in the projected test year?

14 A. The Company is requesting recovery of \$1,480,626 in the projected test year for
15 Customer Service expenses. This request is shown on Company Exhibit A-8
16 (NLW-22) Schedule C5 line 7. This line item is comprised of FERC accounts
17 907-909.

18 Q. What is Staff recommending regarding the Company's projected Customer
19 Service expenses?

20 A. Staff recommends a disallowance of \$279,911 to the Company's projected
21 expense. This recommended disallowance comes specifically from FERC
22 account 908, Customer Assistance expenses.

23 Q. Please explain your recommendation.

DIRECT TESTIMONY OF LAUREN FROMM
CASE NUMBER U-21555
PART II

1 A. The Company is projecting an expense of \$807,934 for FERC account 908.¹ As
2 Company witness Erik W. Stocking describes in his direct testimony, the
3 Company is projecting a 30% increase in expense for Customer Service expense
4 from 2023 due to the anticipated filling of positions that were vacant in 2023.²
5 When Staff asked for the actual 2023 expenses within Customer Service by FERC
6 account, the Company provided that account 908 had actual expenses of \$492,119
7 in 2023. (Exhibit S-11.0, p 1.) The Company confirmed that there was only one
8 vacancy in the customer service department in 2023, that the vacancy was filled in
9 2024, and that the Company expects the positions to remain filled during the test
10 year. (Exhibit S-11.0, p 2.) The Company also supplied, in response to Staff
11 audit, the monthly breakdown of the staffing levels within the Company's contact
12 center in 2023. (Exhibit S-11.0, p 3.) Essentially, the Company explained that its
13 contact center is considered fully staffed at 11 FTEs, and that throughout the
14 course of the year, the contact center varied between being one FTE short and
15 fully staffed. Staff calculated that, on average, the Company had 10.75 FTE's in
16 the year 2023. (Exhibit S-11.1.) Staff then calculated the cost that would have
17 been observed for FERC account 908 in 2023, had the Company been fully
18 staffed at 11 FTEs. This calculation results in an expense of \$503,564. (\$492,119
19 x 11/10.75 FTEs.) Inflating this fully-staffed expense to the projected test year,
20 2025, using Staff's calculated inflation factors, Staff projects that a reasonable
21 projection of the expense would be \$528,023. (Exhibit S-4, Schedule D-3a.)

¹ Company Exhibit A-11 (EWS-3), Schedule F1, page 49 of 148.

² Direct testimony of Company witness Eric W. Stocking, p. 48.

DIRECT TESTIMONY OF LAUREN FROMM
CASE NUMBER U-21555
PART II

1 | Therefore, Staff recommends a disallowance of the difference between the
2 | Company's projection for FERC account 908 (\$807,934) and Staff's projection
3 | based on a fully staffed 2023 expense, inflated to 2025 (\$528,023). The result is a
4 | recommended disallowance of \$279,911.

5 | Q. Does this conclude your testimony?

6 | A. Yes.

STATE OF MICHIGAN
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**In the matter of the application of)
UPPER PENINSULA POWER COMPANY)
for authority to increase its rates for)
the generation and distribution of)
electricity and for other relief.)
_____)**

Case No. U-21555

QUALIFICATIONS AND DIRECT TESTIMONY OF
HUNTER HANSEN
MICHIGAN PUBLIC SERVICE COMMISSION

7/19/2024

**QUALIFICATIONS OF HUNTER HANSEN
CASE NUMBER U-21555
PART I**

1 Q. Please state your full name and business address for the record.

2 A. My name is Hunter Hansen (he/him) and my business address is 7109 W.
3 Saginaw Hwy., Lansing, MI 48917.

4 Q. By whom are you employed and in what capacity?

5 A. I am employed by the Michigan Public Service Commission (MPSC or
6 Commission) as a Public Utilities Engineer in the Data Access, Privacy & IT
7 Section of the Customer Assistance Division.

8 Q. Please describe your educational background.

9 A. I earned a bachelor's degree in mechanical engineering from Michigan State
10 University in 2022.

11 Q. What is your professional background?

12 A. I began working for the MPSC in the Data Access, Privacy & IT Section as a
13 Public Utilities Engineer in 2023. I am responsible for analyzing rate case
14 recovery requests relating to Advanced Metering Infrastructure (AMI), Meter
15 Reading, and Information Technology (IT).

16 Prior to my current position, I worked as a research assistant at
17 Michigan State University in the Department of Biosystems and Agricultural
18 Engineering. My job duties included the assembly, installation, and maintenance
19 of devices that collected data on farm fields throughout Michigan. I also analyzed
20 the data collected from these devices. I also assisted with designing and carrying
21 out various experiments and the writing of research papers on the outcomes of
22 these experiments.

**QUALIFICATIONS OF HUNTER HANSEN
CASE NUMBER U-21555
PART I**

1 | Q. Have you received any work-related training since your employment with the
2 | MPSC?

3 | A. Yes, in January of 2024 I attended the National Association of Regulatory Utility
4 | Commissioners' Basics of Utility Accounting and Ratemaking course.

5 | Q. Have you previously filed testimony before the Commission?

6 | A. Yes, I have filed testimony in Case No. U-21540, Michigan Gas Utility
7 | Corporation's gas rate case.

DIRECT TESTIMONY OF HUNTER HANSEN
CASE NUMBER U-21555
PART II

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

2 A. The purpose of my testimony is to present Michigan Public Service Commission
3 Staff's (Staff) recommendations regarding Upper Peninsula Power Company's
4 (UPPCO or Company) request for recovery of capital expenditures including
5 contingency contained within Company Exhibits A-19 and A-20, and information
6 technology projects contained within Company Exhibit A-22, including line 11
7 'Customer Billing and Payment Improvements' and line 12 'SOC Upgrade'.
8 Additionally, I will be recommending an adjustment to the Company's request for
9 recovery of operations and maintenance (O&M) expense relating to meter
10 reading.

11 Q. Are you sponsoring any exhibits in this proceeding?

12 A. Yes, I will be sponsoring the following exhibits:
13 Exhibit S-12.0 Supporting Audit Responses
14 Exhibit S-12.1 UPPCO Discovery Response to ABATE
15 Exhibit S-12.2 Contingency Spreadsheet
16 Exhibit S-12.3 AMI Meter Deployment Schedule
17 Exhibit S-12.4 Manual Meter Readers Data
18 Exhibit S-12.5 Meter Reading Cost Breakdown
19 Exhibit S-12.6 Website and App Capabilities
20 Exhibit S-12.7 Meter Reading Adjustment Calculation

21 Q. Were these exhibits prepared by you or under your supervision?

22 A. Yes.

23 **Contingency**

DIRECT TESTIMONY OF HUNTER HANSEN
CASE NUMBER U-21555
PART II

1 Q. What contingency expenditures has the Company included in this case?

2 A. The Company has included contingency expenditures contained within multiple
3 projects listed on Exhibits A-19 and A-20. The Company identified these
4 contingency amounts in a discovery response to the Association of Business
5 Advocating Tariff Equity (ABATE) (Exhibits S-12.1 & S-12.2). The expenditures
6 total \$1,132,837 in the bridge year period ending 12/31/2024 and \$1,086,939 in
7 the projected test year ending 12/31/2025 (Exhibit S-12.2).

8 Q. What is Staff's recommended adjustment for contingency expenditures?

9 A. Staff's recommendation is for the Commission to make a full disallowance of
10 contingency expenditures in this case.

11 Q. Why is Staff recommending this adjustment?

12 A. Staff is recommending a full disallowance of these contingency expenditures
13 because they cannot be analyzed for reasonableness or prudence at this time.
14 Contingency expenditures are set aside for unforeseen events or emergent work,
15 and therefore, the nature of these expenditures is unknown. Additionally, there is
16 the possibility for the money recovered for contingency to never be spent, which
17 would result in an unfair cost to contribute to the increase of rates for ratepayers.
18 The Company has the opportunity to request recovery of investments that would
19 have been considered contingency after the money is spent, allowing Staff to
20 adequately analyze these expenditures for reasonableness and prudence.
21 Alternatively, the Commission does not have the ability to remove these
22 expenditures from rates if the Company does not spend them. The Commission

DIRECT TESTIMONY OF HUNTER HANSEN
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PART II

1 has consistently agreed with Staff’s position regarding contingency in previous
2 rate cases.

3 **Customer Billing and Payment Improvements**

4 Q. What is ‘Customer Billing and Payment Improvements’ as shown on Company
5 Exhibit A-22, line 11?

6 A. As Company Witness Kates explains in testimony, this line item represents costs
7 that will result in improved communication from UPPCO to their customers
8 regarding events or circumstances that will affect customers. In an audit response,
9 the Company identified that this line item includes the cost of implementing a
10 downloadable mobile app (Exhibit S-12.0, p. 2). The capital expenditures for this
11 line are \$307,590 in the bridge period ending 12/31/2024.

12 Q. What is Staff’s recommended adjustment for Company Exhibit A-22, line 11
13 ‘Customer Billing and Payment Improvements’?

14 A. Staff’s recommended adjustment is a disallowance of \$59,334 in the bridge period
15 ending 12/31/2024. This is the cost that is associated with the mobile app.
16 (Exhibit S-12.0, p. 11).

17 Q. Why is Staff recommending this adjustment?

18 A. Staff believes that the Company has not justified the benefit or need of
19 implementing a mobile app. The mobile app does not include any features that
20 offer a significant improvement from the mobile website. In an audit response
21 asking for what new features will be available only on the mobile app, the
22 Company provided a list of features available on the website and the mobile app.
23 The mobile app will include four exclusive features: the first is ‘Automated

DIRECT TESTIMONY OF HUNTER HANSEN
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PART II

1 Conversations’, a system that sends notifications or texts to customers to help
2 them navigate the mobile app, the next three features of the app are simply the
3 ability to send customers notifications regarding multiple different categories of
4 messages (Exhibit S-12.6). The first notification category includes notifications
5 regarding bills, payments, and outages, however, the list of features for the
6 website includes the ability to send text messages to customers regarding bills,
7 payments, and outages (Exhibit S-12.6). The next category of messages the app
8 provides includes alert programs to meet customer needs which includes
9 messages regarding vegetation trimming, meter reads, meter replacements, and
10 customer surveys. In an audit response, the Company stated that a similar
11 functionality will likely exist on the website (Exhibit S-12.0, p. 14). The last
12 category of messages includes sending weather statements, safety messages, and
13 program related messages. In an audit response asking why this functionality will
14 not be available on the website the Company did not answer (responding instead
15 that “[t]he whole point of a mobile application is its push capabilities versus the
16 pull functionality of websites”), however it is Staff’s position that there is no
17 reason that these messages cannot be sent to customers via text and/or email
18 messages in the same way that other types of messages are (Exhibit S-12.0, p. 15).
19 The ability to send mobile push notifications, which are identical to the text and
20 email messages sent through the website, being the sole exclusive feature does not
21 justify the cost of a mobile app, which the Company identified would also result
22 in an annual maintenance fee of \$25,000 (Exhibit S-12.0, p. 11). Furthermore, the
23 Company has not provided any evidence that a mobile app has been requested or

DIRECT TESTIMONY OF HUNTER HANSEN
CASE NUMBER U-21555
PART II

1 expected by its customers. In an audit response, the Company stated that a
2 downloadable UPPCO app "... is now commonly expected by customers",
3 however, when asked for the basis of this statement, the Company provided a link
4 to a Pew Research Center webpage which details some statistics regarding mobile
5 phone usage (Exhibit S-12.0, pp. 2 & 8). Interestingly, the webpage has no
6 information related to utilities, utility customers, notifications, or even app usage.
7 The main takeaway from the webpage is that 90% of Americans use a
8 smartphone. In an audit response, the Company confirmed that the mobile version
9 of the website is identical to the desktop version of the website, thus, the entirety
10 of the Company's website is accessible via a smartphone (Exhibit S-12.0, p. 10).
11 Not only does the app not provide any significant features exclusive of the mobile
12 website, but the Company also failed to provide any evidence to support the
13 notion that a mobile app is desired by their customers. Therefore, Staff
14 recommends a disallowance of all costs related to the mobile app.

15 **SOC Upgrade**

16 Q. What is 'SOC Upgrade' as shown on Company Exhibit A-22, line 12?

17 A. As Company Witness Kates explains in testimony, this line item represents
18 replacing and upgrading the video monitoring system that allows the Company to
19 monitor its Hydro facilities. The Company also explains that the current system is
20 two years past its manufacturer's support window and currently experiences
21 intermittent downtime. The capital expenditures for this line are \$521,340 in the
22 bridge period ending 12/31/2024. (Exhibit A-22, line 12.)

DIRECT TESTIMONY OF HUNTER HANSEN
CASE NUMBER U-21555
PART II

1 Q. What is Staff’s recommended adjustment for Company Exhibit A-22, line 12
2 ‘SOC Upgrade’?

3 A. Staff’s recommended adjustment is a disallowance of \$104,268 in the bridge
4 period ending 12/31/2024.

5 Q. Why is Staff recommending this adjustment?

6 A. While Staff believes that this is a necessary upgrade for the Company to make,
7 Staff has concerns regarding the methodology the Company used to obtain its cost
8 estimate. In an audit response, the Company stated that the cost estimate for this
9 project is based on a similar system that was implemented by the Wisconsin
10 Public Service (WPS), which had a total cost of \$750,000 but was one third larger
11 than the system to be implemented by UPPCO (Exhibit S-12.0, p. 3). It is Staff’s
12 belief that this is an imprecise method for estimating the cost of this project. Staff
13 identifies this as a Class III estimate according to the Association for the
14 Advancement of Cost Engineering (AACE) cost estimate classification system,
15 which states that a project with this classification could be over-estimated by
16 20%.¹ Therefore, to avoid the Company over-recovering the cost for this project,
17 Staff recommends a 20% disallowance.

18 **Meter Reading**

19 Q. What meter reading expenses has the Company included in this case?

20 A. The projected meter reading expenses in this case are included within the
21 Company’s O&M expenses for Customer Accounts, shown on Exhibit A-8

¹ https://web.aacei.org/docs/default-source/toc/toc_18r-97.pdf?sfvrsn=4.

DIRECT TESTIMONY OF HUNTER HANSEN
CASE NUMBER U-21555
PART II

1 (NLW-27) Schedule C5. The Company is requesting \$1,201,428 in the projected
2 test year for meter reading expenses, as shown on Exhibit A-11 (EWS-3)
3 Schedule F1, p. 45, line 175.

4 Q. What is Staff's recommended adjustment for meter reading expenses?

5 A. Staff's recommended adjustment is a decrease of \$114,623 to the Company's
6 forecasted amount of \$1,201,428.

7 Q. Why is Staff recommending this adjustment?

8 A. Staff submits that the Company's meter reading labor costs have not been shown
9 to have decreased as expected since the implementation of AMI. The Company
10 began installing AMI in April of 2019 and finished this installation in April of
11 2021, however, the Company's meter reading costs have increased since then
12 (Exhibits S-12.3 & S-12.5). The use of AMI should result in decreased operations
13 and maintenance costs related to meter reading due to the reduced use of meter
14 readers. In an audit response, the Company provided the number of meter readers
15 used before the AMI installation and after (Exhibit S-12.4). The number of meter
16 readers has decreased from eight to two, a decrease of 75%, however, their labor
17 costs for meter reading has decreased by less than 75% (Exhibit S-12.5).
18 Therefore, Staff recommends a disallowance of the projected labor cost for meter
19 reading by taking the average labor cost of the three years prior to installing AMI,
20 adjusting for inflation to 2025 dollars, decreasing this amount by 75%, subtracting
21 that from the current projected labor amount, and disallowing the difference
22 (Exhibit S-12.7). This results in a disallowance of \$114,623. Staff believes this is

DIRECT TESTIMONY OF HUNTER HANSEN
CASE NUMBER U-21555
PART II

1 an appropriate adjustment to bring the meter reading labor cost in alignment with
2 the decrease in meter readers.

3 Q. Please summarize your testimony.

4 A. Staff is recommending multiple adjustments to the Company's capital
5 expenditures including disallowances of \$1,132,837 in the bridge year and
6 \$1,086,939 in the projected test year due to contingency expenditures, a
7 disallowance of \$59,334 in the bridge year for a downloadable mobile app, and a
8 disallowance of \$104,268 in the bridge period for the SOC Upgrade IT project
9 due to an imprecise cost estimation. Staff is also recommending a disallowance to
10 the Company's projected operations and maintenance expense of \$114,623 for
11 meter reading.

12 Q. Does this conclude your direct testimony?

13 A. Yes.

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

* * * *

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

EXHIBITS OF
CUSTOMER ASSISTANCE DIVISION
MICHIGAN PUBLIC SERVICE COMMISSION

July 19, 2024

**Upper Peninsula Power Company
MPSC Case No. U-21555
2024 Rate Case**

**Upper Peninsula Power Company's Responses to
Staff LF's
First Audit Request**

1-Staff LF-UPPCO-1.1

The following questions pertain to the Company's Customer Accounts and Customer Service expenses:

1. Regarding Exhibit A-3 (NLW-11) Schedule C5, please provide a breakdown of 2023 actual costs by FERC account for lines 6 and 7.

UPPCO Response

Below is the breakdown by FERC account for lines 6 and 7 of Exhibit A-3 (NLW-11) Schedule C5. This is included on the U-212555 SMR-1.01 1.02 Attach 01 file.

| <u>Customer Accounts</u> | <u>2023</u> |
|---|------------------|
| 901000 Customer Accounts Supervision | 576,438 |
| 902000 Cust Acct-Meter Reading Expenses | 1,179,842 |
| 903000 Cust Acct-Cust Records & Collections | 1,226,563 |
| 904000 Cust Acct-Uncollectible Accounts | 483,926 |
| <u>Total Customer Accounts</u> | <u>3,466,769</u> |
| <u>Customer Service</u> | |
| 907000 Cust Serv-Supervision | 230,127 |
| 908000 Cust Serv-Cust Assistance Exp | 492,119 |
| 909000 Cust Serv-Info/Instr Advertising | 410,344 |
| <u>Total Customer Service</u> | <u>1,132,590</u> |

Response by: Natasha Wonch

Dated: 4/26/2024

**Upper Peninsula Power Company
MPSC Case No. U-21555
2024 Rate Case**

**Upper Peninsula Power Company's Responses to
Staff LF's
First Audit Request**

1-Staff LF-UPPCO-1.3

The following questions pertain to the Company's Customer Accounts and Customer Service expenses:

3. Regarding page 48 of Company witness Erik W. Stocking's testimony, please provide the descriptions of each position that were vacant in 2023 and expect to be filled in the test year.

UPPCO Response

During calendar year 2023, the Company's contact center was under-staffed by one full-time equivalent ("FTE") at the beginning and again at the end of the year, due to employees transferring to other departments and/or leaving the organization. All Contact Center Representative positions are currently filled in 2024, and the expectation is that they will remain filled during 2025.

Response by: Mary Sampeer

Dated: 4/18/2024

**Upper Peninsula Power Company
MPSC Case No. U-21555
2024 Rate Case**

**Upper Peninsula Power Company's Responses to
Staff LF's
Second Audit Request**

2-Staff LF-UPPCO-2.1

1. Please confirm that the only vacancy experienced in the Company's Customer Accounts and Customer Services expenses in 2023 is for the one FTE in the Company's contact center, as described in audit response 1-Staff LF-UPPCO-1.3.

UPPCO Response

Per the response in 1-Staff LF-UPPCO-1.3, based on the costs incurred and the # of FTEs charged each month in 2023, this group experienced one vacancy in January (only 10 FTEs), then were fully staffed in February through October (11 FTEs), had one employee transfer to supply chain in November (down to 0 FTEs), then had another employee transfer to IT in December but had two new employees start in late December (back to 11 FTEs but only for the last pay period in December).

Response by: Mary Sampeer

Dated: 5/1/2024

| Month | 2023 Customer Assistance FTE count* |
|---------------------------------|-------------------------------------|
| January | 10 |
| February | 11 |
| March | 11 |
| April | 11 |
| May | 11 |
| June | 11 |
| July | 11 |
| August | 11 |
| September | 11 |
| October | 11 |
| November | 10 |
| December** | 10 |
| Average FTE's in 2023 | |
| 10.75 | |
| *Exhibit S-11.0, p. 2 | |
| **10 FTE on average in December | |

**Upper Peninsula Power Company
MPSC Case No. U-21555
2024 Rate Case**

**Upper Peninsula Power Company's Responses to
Staff HH's
First Audit Request**

1-Staff HH-UPPCO-1.3

1. The following questions refer to Exhibit A-22 (NEK-14) and Section III of Witness Nicholas E. Kates's testimony.
 - Regarding line 1: provide a breakdown of all hardware being purchased including the price, quantity, and year of purchase.
 - Regarding line 4: provide a breakdown of this line item including all costs and quantities.
 - Regarding line 4: is the video conferencing equipment being installed in one single room?
 - Regarding line 5: the 2024 spending is listed as 375,365, on line 2 of page 26 of Kates's testimony the 2024 spending is stated as \$356,365, explain the discrepancy.
 - Regarding line 7: when did the company begin using the expiring version of the SAP software?
 - Regarding line 7: how long does the company expect the new SAP software version to be supported for?
 - Regarding line 9: when did the company begin using the expiring version of the IEE software?
 - Regarding line 9: how long does the company expect the new IEE software version to be supported for?
 - Regarding line 10: how many CGR nodes will be purchased in 2024?
 - Regarding line 10: provide a breakdown of all costs for 2025.
 - Regarding line 10: how many CGR nodes will be purchased in 2025?
 - Regarding line 11: provide a list of all projects including the purpose and cost for each project.
 - Regarding line 13: when did the company last spend money on the staking/design tool? How much was spent? What was it for?
 - Regarding lines 12-15: provide a breakdown of the costs which were a result of a direct quote and the costs which were estimated. For the costs that were estimated, explain how they were estimated.
 - Regarding line 16: provide a list of all projects including the purpose and cost for each project.
 - Regarding line 16: how were these costs derived?

UPPCO Response

- 3.a. See UPPCO HH-1 1.3a Attachment.

- 3.b. See UPPCO HH-1 1.3b Attachment.
- 3.c. Video equipment to be installed in two service center meeting rooms.
- 3.d. The testimony on line 2 of page 26 of witness Kates was incorrect. The testimony should have correctly referenced the exhibit figure as \$375,365, not \$356,365. The difference resulted from an incorrect cost input in the testimony for the TIP project at \$20,853 (an incorrect duplication of the LastPass project cost estimate) instead of the correct cost estimate of \$39,853.
- 3.e. The SAP environment upgrades referenced in this line item are related to the FERC financial SAP/HANA module. This version (SAP HANA S/4 1610) was the latest release available at the time. It was contracted in March 2017 and went live in September 2017
- 3.f. SAP has indicated that the new version of SAP can be supported until 2030.
- 3.g. UPPCO implemented the current version of IEE (V9.0) in quarter 2 of 2019. At the time of implementation, IEE V9.0, released on March 31, 2019, was the latest version of the application available.
- 3.h. UPPCO will be upgrading to IEE V10.3. This version was released July 15, 2022, and is currently the latest version of IEE available. The vendor, itron, does not provide a definitive length of version support, but has indicated that they expect support to continue through at least 2026 but may extend further to a maximum period of 6 ½ years from release date (December 31, 2028).
- 3.i. Two CGR nodes will be purchased in 2024. These nodes were ordered in 2023 at 2023 pricing (\$9,384 per unit, inclusive of installation cost), but because of supply chain issues will not be received until 2024.
- 3.j. See UPPCO HH-1 1.3.j Attachment. The unit cost for the 2025 units is \$11,742, inclusive of installation costs, and represents current quoted costs (2024) from UPPCO's supplier, Boarder States.
- 3.k. 155
- 3.l. Line 11 is inclusive of the following projects:
 - Notifi/Customer Portal Upgrade
 - \$260,670
 - This project will design and implement a replacement to UPPCO's current online customer portal allowing UPPCO to offer enhanced notifications to customers such as bill, payment, and other service messages via text, email, and push notifications. Project includes a notification preference center allowing customers to update how/when they want to be notified. The portal will include all current functionality offered plus enhancements above. In addition, all functionalities will be available in a downloadable UPPCO app which is now commonly expected by customers.
 - OnSert Manager
 - \$23,460
 - Bill inserts include MPSC required information to be communicated to customers in addition to energy efficiency programs and safety information. The current process to design, third party print, ship and then insert with our customer bills is costly and time intensive. The OnSert Manager allows for

design of the messaging to be printed with our bills using software from our third-party (Kubra) bill print provider reducing lag time and increasing communication with customers.

- CSR EZ-Pay Assist
 - \$23,460
 - Customers currently have the ability to make one-time payments using credit/PIN-less debit/checking/savings allowing them to pay timelier to prevent disconnection or resolve reconnection of service. CSR EZ-Pay Assist will allow UPPCO agents to assist the customer in making the payment, while remaining PCI compliant and reducing time to get the customer reconnected. This project will eliminate the need to have our customers speak with a third-party payment center which can involve transfers back and forth, creating inefficiencies.

3.m. Information regarding the UPPCO Staking/Design application.

- UPPCO's current staking/design tool was implemented in 2016 and it has seen minimal investment since that time. The company began investing in a replacement application from GeoDigital in 2023.
- UPPCO spent \$529K on the GeoDigital upgrade in 2023.
- The upgraded GeoDigital staking/design tool has significant increased functionality. It will allow Designers to build job packs that will pull from SAP inventory, auto create work tickets, and update GIS. In addition, the new tool will include GPS coordinate capture and will support NESC design criteria.

3.n. Lines 12-15 cost estimates were derived as follows:

- SOC Upgrade – Estimated cost based upon similar system at Wisconsin Public Service (WPS). The WPS system cost estimate was \$750K, however their implementation was 1/3 larger than needed at UPPCO.
- Staking/Design Tool costs are based upon quoted costs for this ongoing project.
- GIS (ESRI) Enhancements – Estimated costs based upon similar projects.
- Aerial Line Clearing Application – Cost based upon verbal estimate from vendor.

3.o. Line 16 detail:

- Radio Identification for Trucks
 - \$20,854
 - Safety for line crew, new functionality will allow crew members that are unable to speak to key their radio microphone for assistance, alerting UPPCO's SOC to an emergency need and identifying crew and position in need of assistance.
- Replacement of Learning Management System (LMS) & Material Safety Data Sheet System (MSDS)
 - \$47,963
 - Enhanced LMS with improved record keeping for compliance and significant increase in available training, with over 10,000 training modules.

- Increased accessibility for MDSC.
 - Replacement Driver Qualification system.
 - \$26,067
 - Improved record checking, accuracy, and efficiency.
- 3.p. Line 16 cost estimates:
- Radio Identification for Trucks - cost derived from estimate from vendor (Range Communications).
 - Replacement of Learning Management System (LMS) Material Safety Data Sheet System (MSDS) - cost estimate based upon the implementation cost of our current EOL systems.
 - Replacement of Driver Qualification system - cost estimate based upon the implementation cost of our current EOL system.

Response by: Nicholas Kates

Dated: April 5, 2024

**Upper Peninsula Power Company
MPSC Case No. U-21555
2024 Rate Case**

**Upper Peninsula Power Company's Responses to
Staff HH's
Second Audit Request**

2-Staff HH-UPPCO-2.6

1. Regarding the company's response to HH-1 1.3N,
 - a. Has the company received, or attempted to receive, a quote for the SOC system?
 - b. Describe the system that the WPS implemented in which the SOC cost estimate is based on.
 - c. Is the cost of the WPS system (\$750K) an estimate, or the actual cost of the system?
 - d. Has the WPS finished the installation of this system? If so, when? If not, when is it expected to be installed?
 - e. Describe, in detail, the methodology the company used to get the SOC system cost estimate of \$521,340 from the WPS project estimate of \$750,000.
 - f. What projects did the company base the GIS enhancements cost upon? Describe each project in detail and include the cost of each project.

UPPCO Response

6. Regarding the company's response to HH-1 1.3N,
 - a. Request for a quote is in progress.
 - b. The video system implemented by WPS is a curved Extron system, 44 ft long by 6.75 ft high. UPPCO is seeking to implement a flat system from the same manufacturer with dimensions of 27.5 ft long by 4.5 ft high.
 - c. Through verbal discussions, WPS personnel indicated the cost of their Extron system at \$750,000. UPPCO subsequently confirmed the cost of the system through verbal discussions with the system implementor. UPPCO is currently seeking a quote from the implementor.
 - d. The WPS system was implemented in late spring of 2022.
 - e. The UPPCO estimate was based upon a percent of completed project method, reducing the UPPCO project scope percent from the WPS project scope due to size of the overall system and curvature of the installed surface.
 - f. UPPCO estimated the GIS project cost based upon similar completed projects for OMS and SCADA. The cost of UPPCO's OMS project was \$280K and SCADA was \$318K. The Company has estimated a lower cost for GIS as this project requires fewer overall modules and servers, but still has interfaces to OMS and SAP. The project will move GIS from an unsupported OS Windows 2012R2 to Windows 2019 and upgraded ESRI to the latest version.

Response by: Nicholas Kates

Dated: April 23, 2024

**Upper Peninsula Power Company
MPSC Case No. U-21555
2024 Rate Case**

**Upper Peninsula Power Company's Responses to
Staff HH's
Fourth Audit Request**

4-Staff HH-UPPCO-4.1

1. When did the company finish the installation of AMI meters?

UPPCO Response

The mass installation of AMI meters by UPPCO's installation subcontractor during UPPCO's AMI Implementation was completed in October of 2020. UPPCO's portion of mass installation was completed in April of 2021.

Response by: Jason Brynick

Dated: May 2nd, 2024

**Upper Peninsula Power Company
MPSC Case No. U-21555
2024 Rate Case**

**Upper Peninsula Power Company's Responses to
Staff HH's
Fourth Audit Request**

4-Staff HH-UPPCO-4.2

2. Provide the number of AMI meters installed each year from 2015 to 2023.

UPPCO Response

See Attachment HH-4.2 - AMI Meter Deployment Summary by Year, for AMI meter installs for each year from 2015 to 2023.

Response by: Jason Brynick

Dated: May 2nd, 2024

**Upper Peninsula Power Company
MPSC Case No. U-21555
2024 Rate Case**

**Upper Peninsula Power Company's Responses to
Staff HH's
Fifth Audit Request**

5-Staff HH-UPPCO-5.1

1. Regarding UPPCO response HH-1 3.L, provide the basis for the statement:
“...downloadable UPPCO app which is now commonly expected by customers.”

UPPCO Response

According to a 2023 Pew Research survey, 90% of all Americans now own and utilize smartphones. Reliance on smartphones is especially common among Americans of lower incomes and those living in rural areas.

<https://www.pewresearch.org/internet/fact-sheet/mobile/>

Response by: Nicholas Kates

Dated: May 8, 2024

**Upper Peninsula Power Company
MPSC Case No. U-21555
2024 Rate Case**

**Upper Peninsula Power Company's Responses to
Staff HH's
Seventh Audit Request**

7-Staff HH-UPPCO-7.1

1. For each of the years from 2016 to 2025, provide the following:
 - a. The number of meter readers employed by the company.
 - b. The number of meter readers contracted by the company.
 - c. The number of meters being read manually.
 - d. A breakdown of all costs associated with meter reading.

UPPCO Response

See U-21555 Audit Request HH-7.1.d and U-21555 Audit Request HH-7.1.a-c attachments.

Response by: Mary Sampeer

Dated: 5/14/2024

**Upper Peninsula Power Company
MPSC Case No. U-21555
2024 Rate Case**

**Upper Peninsula Power Company's Responses to
Staff HH's
Seventh Audit Request**

7-Staff HH-UPPCO-7.2

2. Are there any features available to customers using the company's desktop website that are not available to customers using the mobile website?

UPPCO Response

2. The company's current desktop website and mobile website are the same thing.

Response by: Nicholas Kates

Dated: May 16,2024

**Upper Peninsula Power Company
MPSC Case No. U-21555
2024 Rate Case**

**Upper Peninsula Power Company's Responses to
Staff HH's
Eighth Audit Request**

8-Staff HH-UPPCO-8.1

1. Regarding audit response HH-5.2,
 - a. What will be the entire cost associated with once it is fully implemented?
 - b. After the app is fully implemented, does the company expect there to be regular or annual costs associated with the app, for example for maintenance or anything else?
 - c. Does the company expect there to be any monetary benefit to implementing an app? If so, quantify and explain all benefits.

UPPCO Response

- 1.a. The cost estimated total cost of the mobile app is \$59,334. This cost is comprised of \$50,000 for the third-party mobile application developer and \$9,334 of estimated internal IT costs for implementation.
- 1.b. The mobile app will have an annual maintenance fee of \$25,000 after implementation.
- 1.c. The primary driver for the smartphone mobile application is to enhance customer engagement through ease of use and operation. This is especially true of lower income and rural customers who are more reliant on smartphone applications as their sole source of internet connectivity than all other demographics of users (See Pew Research study already cited in HH-5.1). Having said that, many of the features to be available with the mobile application will have monetary, if unquantified, benefits to both the Company and customers. Features in this category include bill payment, autopay enrollment, paperless billing enrollment, and outage notification.

Response by: Nicholas Kates

Dated: May 20,2024

**Upper Peninsula Power Company
MPSC Case No. U-21555
2024 Rate Case**

**Upper Peninsula Power Company's Responses to
Staff HH's
Nineth Audit Request**

9-Staff HH-UPPCO-9.1

1. Provide a list of all features/capabilities that will be available to customers using the mobile app that are not available on the website. Explain each feature/capability.

UPPCO Response

1. See U-21555 Audit Request HH-9.1 attachment

Response by: Nicholas Kates

Dated: May 30, 2024

**Upper Peninsula Power Company
MPSC Case No. U-21555
2024 Rate Case**

**Upper Peninsula Power Company's Responses to
Staff HH's
Tenth Audit Request**

10-Staff HH-UPPCO-10.1

1. Regarding audit response HH-9.3, the company referred me to audit response HH-7.1 in which I asked for a breakdown of costs associated with meter reading, however, in audit response HH-7.1 the company provided a breakdown of FERC account 586 which is for meter expenses, **not** meter reading. Audit request HH-9.3 asked for a breakdown of FERC account 902 Meter Reading. For the years 2016 through 2025, provide a breakdown of all costs associated with **FERC account 902 Meter Reading**.

UPPCO Response

See U-21555 Audit Request HH-10.1 attachment.

Response by: Natasha Wonch

Dated: 6/3/2024

**Upper Peninsula Power Company
MPSC Case No. U-21555
2024 Rate Case**

**Upper Peninsula Power Company's Responses to
Staff HH's
Tenth Audit Request**

10-Staff HH-UPPCO-10.3

2. Regarding U-21555 Audit Request HH-9.1 attachment,
 - a. Regarding line 16, how is the automated conversations different from the ability for customers to interact with Notifi as described on line 12?
 - b. Regarding line 16, explain why this feature will not be available on the website.
 - c. Regarding line 18, what alerts will customers receive regarding vegetation trimming? Why will customers receive these alerts?
 - d. Regarding line 18, what alerts will customers receive regarding meter reads? Why will customers receive these alerts?
 - e. Regarding line 18, explain why this feature will not be available on the website.
 - f. Regarding line 19, what alerts will customers receive regarding weather statements?
 - g. Regarding line 19, what alerts will customers receive regarding safety messages?
 - h. Regarding line 19, what alerts will customers receive regarding program related messages?
 - i. Regarding line 19, explain why this feature will not be available on the website?

UPPCO Response

- a. Automated conversations within the new mobile application is intended to provide guidance to customers in order to navigate to selected elements and functionality specifically within the mobile application (pull functionality). Notifi is intended as a proactive notification tool to customers (push functionality).
- b. The navigation guidance is specific to the mobile application. Providing mobile application navigation guidance while a customer was on the website seemed imprudent.
- c. Alerts can include notification of projected vegetation management activities in the specific customer area. Customers will receive these alerts as we have found that proactive communication of these activities can lead to decreased calls to customer service representatives and increased customer satisfaction.
- d. Alerts can include notification of projected meter read dates or alerts regarding delays or other issues with respect to meter reading. Customers will receive these alerts as we have found that proactive communication of these activities can lead to decreased calls to customer service representatives and increased customer satisfaction.
- e. This functionality will enable pushing of these types of notifications directly to a customer's mobile device and alert the customer that they have received a notification. Similar (but on a different technology platform) functionality will likely exist on our website, but on a pull versus push basis.

- f. Notifications of potential harmful or hazardous weather events. We have chosen not to include sunny day notifications with reminders to enjoy the day.
- g. Alerts on potential safety hazards within their area related to outages or downed safety lines. Can also include broader PSA messaging.
- h. Program related messaging for Energy Waste Reduction (EWR), low-income assistance or recycling programs.
- i. The whole point of a mobile application is its push capabilities versus the pull functionality of websites.

Response by: Nicholas Kates

Dated: June 11, 2024

**Upper Peninsula Power Company
MPSC Case No. U-21555
2024 Rate Case**

**Upper Peninsula Power Company's Responses to
ABATE's
First Discovery Request**

1-ABATE-UPPCO-1.16

16. Please explain whether UPPCO has included any contingency amounts in its projected capital expenditures for the bridge period and projected test period in this case. If the response is affirmative, please identify all contingency amounts included the bridge period and projected test year, as well as the projects associated with each contingency amount. In addition, please identify the revenue requirement associated with the capital cost contingency amounts identified in this response.

UPPCO Response

UPPCO's practice is to avoid the inclusion of contingency amounts unless circumstances establish an environment where cost escalations are either expected or the passage of time between project request and execution would likely lead to cost escalation. In addition, a contingency amount is utilized where project managers deem factors establish a likelihood of cost escalation that warrants its use.

Please see 1-ABATE-UPPCO-1.16_Contingency_FINAL.xlsx for all projects in the bridge or projected test year that include a contingency amount in the estimated cost and the estimated impact of included contingencies to 2025 projected revenue requirement.

Response by: Nicholas Kates

Dated: June 20, 2024

| Reference | | | | Total Cost | | Contingency | | |
|--------------|--------|------------|--|------------|-----------|--------------|-----------|-----------|
| Exhibit | Line # | Proj No. | Project Description | 2024 | 2025 | % | 2024 \$s | 2025 \$s |
| A-20 (VES-2) | 1 | 3000.03.02 | Bond Falls Left Embankment Groin in Filter | 364,938 | | 10% | 36,494 | - |
| A-20 (VES-2) | 3 | 3000.03.02 | McClure Surge Tank Roof Replacement | 208,536 | | 6% | 12,512 | - |
| A-20 (VES-2) | 4 | 3000.05.05 | Victoria - Controls upgrade | 1,109,672 | | 15% | 166,451 | - |
| A-20 (VES-2) | 5 | 3000.05.07 | Prickett Unit 2 Overhaul/Rewind | 990,546 | | 20% | 198,109 | - |
| A-20 (VES-2) | 6 | 3000.05.07 | Hoist Unit 3 - Penstock Valve Replacement | | 182,000 | 15% | - | 27,300 |
| A-20 (VES-2) | 7 | 3000.05.07 | McClure Unit 1 Overhaul/Rewind | 469,215 | | 20% | 93,843 | - |
| A-20 (VES-2) | 9 | 3000.07.01 | Bond Falls Inundation Mapping | | 101,982 | 10% | - | 10,198 |
| A-20 (VES-2) | 9.5 | 3000.07.01 | Dead River Inundation Mapping | 126,236 | | 10% | 12,624 | - |
| A-20 (VES-2) | 10 | 3000.07.02 | Hoist, McClure, Silver Lake Dam Concrete Refurbishment (2021 Part 12) | 103,955 | | 10% | 10,396 | - |
| A-20 (VES-2) | 11 | 3000.07.02 | Bond Falls Canal Rip Rap | - | 104,268 | 10% | - | 10,427 |
| A-20 (VES-2) | 12 | 3000.07.02 | Prickett Intake Refurbishment | 104,268 | | 10% | 10,427 | - |
| A-20 (VES-2) | 12 | 3000.07.02 | Prickett Intake Refurbishment | | 75,732 | 10% | - | 7,573 |
| A-20 (VES-2) | 13 | 3000.07.02 | Victoria Gate Hoist Replacement | | 624,000 | 10% | - | 62,400 |
| A-20 (VES-2) | 14 | 3000.07.02 | Hoist Penstock Painting Interior | | 572,000 | 10% | - | 57,200 |
| A-20 (VES-2) | 15 | 3000.08.01 | McClure Substation Refurbishment | 52,135 | | 20% | 10,427 | - |
| A-20 (VES-2) | 15 | 3000.08.01 | McClure Substation Refurbishment | | 1,842,204 | 20% | - | 368,441 |
| A-19 (DJG-2) | 2 | 2000.05.06 | Atlantic RTU and R&C Upgrade | 479,633 | | 25% | 119,908 | - |
| A-19 (DJG-2) | 4 | 2000.05.06 | Chatham Control Building replace | | 384,800 | 25% | - | 96,200 |
| A-19 (DJG-2) | 6 | 2000.05.08 | MTU Bank 1 Replace Aging Transformer (UHV-0695) | 960,308 | | 25% | 240,077 | - |
| A-19 (DJG-2) | 7 | 2000.05.08 | MTU Bank 1 Transformer High Side Protection Equipment | 208,536 | | 25% | 52,134 | - |
| A-19 (DJG-2) | 8 | 2000.05.08 | Delta Bank 1 Transformer High Side Protection Equipment | 260,670 | | 25% | 65,168 | - |
| A-19 (DJG-2) | 8 | 2000.05.08 | Delta Bank 1 Transformer High Side Protection Equipment | | 208,000 | 25% | - | 52,000 |
| A-19 (DJG-2) | 9 | 2000.05.08 | Delta RTU and R&C upgrade (Replace 4 351R's) | 417,072 | | 25% | 104,268 | - |
| A-19 (DJG-2) | 9 | 2000.05.08 | Delta RTU and R&C upgrade (Replace 4 351R's) | | 312,000 | 25% | - | 78,000 |
| A-19 (DJG-2) | 14 | 2000.05.08 | Keweenaw Sub High Side Protection | | 260,000 | 25% | - | 65,000 |
| A-19 (DJG-2) | 15 | 2000.05.08 | Ontonagon Bank 2 (UHV-1220) Replace Aging Transformer - MFG 1967 - New 5/7 MVA | | 312,000 | 25% | - | 78,000 |
| A-19 (DJG-2) | 16 | 2000.05.08 | Replace vipers, MTU, Seney, Bayview with OCR's | | 312,000 | 25% | - | 78,000 |
| A-19 (DJG-2) | 17 | 2000.05.08 | Chatham Replace Aging Transformer (UHV-1733) - Mfg 1964 - New 5/7 MVA | | 384,800 | 25% | - | 96,200 |
| | | | | | | Total | 1,132,837 | 1,086,939 |

* Uses mid-year convention rate

| AMI Meter Deployment Summary by Year | | | | |
|--|--------------|-------------------------------|-----------------------|--|
| | Year | Subcontractor Installs | UPPCO Installs | Notes |
| | 2015 | 0 | 0 | |
| | 2016 | 0 | 0 | |
| | 2017 | 0 | 0 | |
| | 2018 | 0 | 0 | |
| | Month | Subcontractor Installs | UPPCO Installs | Notes |
| 2019 | April | | 476 | |
| | Sept | 1214 | 112 | |
| | Oct | 5052 | 253 | |
| | Nov | 5921 | 243 | |
| | Dec | 5483 | 172 | |
| 2019 Sub-Total | | 17670 | 1256 | |
| 2020 | Jan | 4167 | 522 | |
| | Feb | 4743 | 598 | |
| | Mar | 2860 | 217 | Covid Subcontractor Shutdown started (partial month) |
| | Apr | 0 | 1 | Covid Subcontractor Shutdown |
| | May | 0 | 185 | Covid Subcontractor Shutdown |
| | June | 1101 | 289 | Covid Subcontractor Shutdown ended (partial month) |
| | July | 4665 | 214 | |
| | Aug | 4418 | 250 | |
| | Sept | 6166 | 240 | |
| | Oct | 4119 | 411 | |
| | Nov | | 185 | |
| | Dec | | 97 | |
| 2020 Sub-Total | | 32239 | 3209 | |
| | Year | Subcontractor Installs | UPPCO Installs | Notes |
| | 2021 | 0 | 272 | |
| | 2022 | 0 | 3 | |
| | 2023 | 0 | 2 | |
| Total | | 49909 | 4742 | |
| Grand Total | | 54651 | | |
| *All subcontractor install numbers are from install invoices (includes true-up). | | | | |
| **UPPCO Metering Department provided UPPCO install numbers. | | | | |

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024- YTD April | 2025 |
|--|---------|---------|---------|---------|---------|--------|-------|-------|-----------------------|---------|
| The number of meter readers employed by the company. | 8 | 8 | 8 | 6 | 6 | 2 | 2 | 2 | 2 | Unknown |
| The number of meters being read manually. | 384,096 | 355,608 | 356,604 | 353,076 | 174,276 | 15,936 | 7,968 | 7,464 | 2,381 | Unknown |

- Employee Wages
- Employee benefits
- Fleet
- Meter Reading software
- Meter Reading hardware

| | | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 HTY | 2024 BRIDGE Year | 2025 PTY |
|------------|----------------------|------------------|------------------|--------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 902 | Meter reading | \$855,006 | \$898,406 | \$1,015,190 | \$977,755 | \$1,218,745 | \$1,038,086 | \$1,110,096 | \$1,179,842 | \$1,170,397 | \$1,201,428 |
| 600000 | Regular Pay | 491,171 | 585,924 | 621,495 | 582,295 | 434,766 | 268,433 | 285,624 | 303,373 | 254,620 | 264,805 |
| 600001 | Overtime Pay | 15,853 | 18,317 | 10,238 | 22,271 | 28,681 | 12,954 | 15,005 | 14,797 | 20,039 | 20,840 |
| 600004 | Vac/Sick Pay | 92,042 | 85,176 | 90,322 | 99,385 | 67,186 | 51,371 | 52,567 | 47,371 | 45,109 | 46,913 |

| Customer Feature | Old Desktop Website/Portal (Mobius) | New Desktop Website/Portal (MyHQ) | New Mobile App (iMobile) (Notifi) |
|--|--|--|--|
| Bill Payment | X | X | X |
| Outage Reporting | X | X | X |
| Autopay Enrollment | X | X | X |
| Paperless Billing Enrollment | X | X | X |
| Payment & Billing History | X | X | X |
| Compatatibility with Mobile Devices | X | X | X |
| Multi-Factor Authentication | X | X | X |
| Payment Wallet Management | | X | X |
| Voice Notifications (bills, payments, outages, usage) | | X | X |
| Email Notifications (bills, payments, outages, usage) | | X | X |
| SMS Text Notifications (bills, payments, outages) Includes Natural Language Processing allowing customers to interact with Notifi as if they were dealing with a live agent and receive AI-Enabled responses, includes 2-way SMS. | | X | X |
| Detailed Usage Reports & Graphs | | X | X |
| Alerts & Preference Management Allows the customer to select how, when and why they want to be notified. | | X | X |
| Digital Payments | | X | X |
| Automated Conversations Conversation templates which include sending text or push notifications that link customers directly to the relevant section of the mobile app. | | | X |
| Mobile App Push Notification (bills, payments, outages) | | | X |
| Flexible Platform for new alert programs to meet customer needs such as vegetation trimming, meter reads, meter replacements and customer surveys. | | | X |
| Adhoc Alerts Ability to send weather statements, safety messages, program related messages, etc. | | | X |

| Line | | Amount | Notes |
|------|--|-----------|---|
| 1 | 2025 Projected Labor Expense | \$332,558 | |
| 2 | 3-year avg. Labor Expense Prior to AMI | \$871,740 | Years 2016 to 2018, adjusted for inflation to 2025 |
| 3 | 25% of Line 2 | \$217,935 | Reducing Line 2 by 75% to match the decrease in meter readers |
| 4 | | | |
| 5 | Difference (Line 1 minus Line 3) | \$114,623 | |

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the Application of)
UPPER PENNINSULA POWER COMPANY)
for authority to increase its rates for the generation)
and distribution of electricity and other relief.)
_____)

Case No. U-21555

PROOF OF SERVICE

Melissa S. Siemen, being duly sworn, deposes and says that on July 19, 2024, A.D., she
emailed a copy of the attached MPSC Testimony and Exhibits to the persons as shown on
the attached list.

Melissa S. Siemen

Melissa S. Siemen

Subscribed and sworn to before me
this 19th day of July 2024.

Jillian Bowden

Jillian Bowden, Notary Public
State of Michigan, County of Ingham
Acting in County of Eaton
My Commission Expires June 19, 2025

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