

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 approval of its integrated resource plan pursuant) Case No. U-20350
to MCL 460.6t and for other relief.)
_____)

At the June 12, 2025 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

On November 21, 2024, Upper Peninsula Power Company (UPPCo) filed an application (November 21 application), with a supporting affidavit and attachments filed under seal, requesting *ex parte* approval of a Member Interest Purchase Agreement (MIPA) between UPPCo and Republic Solar Power Holdings, LLC (Republic Solar Power Holdings), as well as two Engineering, Procurement, and Construction Agreements (EPCAs) related to the construction of the Republic Solar Project.¹

As described in the November 21 application, on February 12, 2019, UPPCo filed its integrated resource plan (IRP) in this docket, which included procuring 125 megawatts (MW) of

¹ On November 21, 2024, UPPCo filed a confidential version of the MIPA under seal, and on March 27, 2025, UPPCo filed a redacted supplement to its November 21 application and a version of the EPCAs filed under seal. *See*, Case No. U-20350, filings #U-20350-0220, -0221, and -0222.

solar capacity and associated energy through a power purchase agreement (PPA) that was executed and included in the IRP. In the February 6, 2020 order in this docket (February 6 order), the Commission approved a settlement agreement that resolved all matters at issue in the company's IRP proceeding. November 21 application, p. 2. Pursuant to paragraph 19(c) of the approved settlement agreement, UPPCo would implement the 125 MW solar PPA submitted with the IRP application, and if for any reason the 125 MW solar PPA could not be further implemented, then the company should use the following process outlined in paragraph 19(c) of the settlement agreement for replacing the identified capacity need:

Any new capacity and associated energy that the Company intends to procure through the PCA [proposed course of action] to replace any of the 125 MW Solar PPA that is cancelled, modified or reduced shall be: (i) acquired through a competitive bidding process consistent with the guidelines in Attachment D to the December 4, 2008 Temporary Order in [Commission] Case No. U-15800; and (ii) 50% will be from PPAs and 50% will be owned by the Company, as acquired through a competitive bidding process. The Company, at its sole discretion, may choose to acquire more than 50% of its new capacity from PPAs.

November 21 application, pp. 2-3 (quoting February 6 order, Exhibit A, p. 5).

In its August 20, 2021 annual report filing in this docket, UPPCo notified the Commission that the solar PPA had terminated because the developer of the project failed to secure the necessary permits in compliance with the executed solar PPA. Subsequently, UPPCo implemented the process contemplated by paragraph 19(c) of the settlement agreement to replace the solar PPA.

November 21 application, p. 3.

According to the November 21 application, to fill the first 50% of the capacity from the terminated solar PPA, UPPCo sought approval of a PPA with Copper Country Power I LLC (CCPI) for 62.5 MW of generation output and associated capacity of CCPI's Groveland Mine Solar Project to be located in Dickinson County, Michigan in the Upper Peninsula (the Groveland

Solar PPA). The Commission approved UPPCo's application for approval of the Groveland Solar PPA on August 22, 2024, in this docket (August 22 order). *See*, August 22 order, p. 5.

In the instant application, UPPCo states that it seeks approval of the acquisition of the remaining 50% of the 125 MW of renewable energy capacity approved in the company's IRP. Specifically, UPPCo seeks approval of the procurement and construction of the 62.5 MW Republic Solar Project, which the company will own. November 21 application, p. 4.

The company states that it implemented the selection process contemplated in paragraph 19(c) of the settlement agreement. UPPCo attests that through a competitive request for proposal (RFP) process run by an independent bid administrator it selected the Republic Solar Project and, after attempting to enter into a build transfer agreement with the developer, it purchased the project development company, Republic Solar Power, LLC (Republic Solar Power), from the originally selected developer, Republic Solar Power Holdings, through the MIPA and began to self-develop the project. *See*, November 21 application, affidavit of Eric W. Stocking, p. 3. Under the terms of the MIPA, UPPCo acquired Republic Solar Power and the ownership rights to all assets within the purview of Republic Solar Power, including all engineering, planning, environmental, and design documents; project assets; interconnection queue position; study deposits; and property lease, option, and easement agreements. *See, id.* UPPCo also explains that it used competitive procurement to identify two contractors to complete design, equipment procurement, and construction work related to the Republic Solar Project for: (1) substation and high voltage work and (2) solar panel installation and medium voltage work and has entered into EPCAs with these contractors. *See*, November 21 application, p. 5.

Per the company, the Republic Solar Project is a 62.5 MW solar facility located in Marquette County, Michigan, with a scheduled commercial operation date in January 2027. The project's

expected levelized cost of energy (LCOE), including the impact of available tax credits, exceeds the LCOE modeled in the company's IRP. However, UPPCo contends that the LCOE is reasonable when compared to the current state of the market for similarly sized, utility-scale solar installations, especially when considering the recent high inflation and market disruptions that were not anticipated at the time of the IRP settlement agreement. *See*, November 21 application, p. 6. Citing Attachment 3 to the November 21 application, UPPCo further explains that in considering the reasonableness of the Republic Solar Project, the company looked to both the costs and the corresponding market value of the energy, capacity, and renewable energy credit value associated with the project to determine the net benefit. *See*, November 21 application, affidavit of Eric W. Stocking, pp. 6-8. Additionally, UPPCo contends that the project will deliver benefits, including reducing transmission loss, among others, to the company's customers as a result of locating the project in the same load zone as UPPCo's load. Further, the company states that:

UPPCO will be subjected to the risk and variance in the cost of purchasing wholesale energy from the MISO [Midcontinent Independent System Operator, Inc.] and bilateral market, thereby [the project will be] serving as a prudent hedge against future market energy price volatility. Finally, the Republic Solar Project will help UPPCO to meet the Michigan RES [Renewable Energy Standard], as dictated by statute.

November 21 application, affidavit of Eric W. Stocking, p. 8.

Thus, UPPCo requests approval of the MIPA and the two EPCAs for the Republic Solar Project. UPPCo also requests authorization for an allowance for funds used during construction on 100% of the construction work in progress balance during construction of the Republic Solar Project, contending that it provides support to the company, as a small utility, to finance the construction of the project while also including any costs of the project in customer rates following the commercial operation of the project. November 21 application, p. 8.

Discussion

Section 6t(12) of Public Act 341 of 2016, as amended by Public Act 231 of 2023, provides the following:

Except as otherwise provided in subsection (13), for a new electric generation facility approved in an integrated resource plan that is to be owned by the electric utility and that is commenced within 3 years after the commission's order approving the plan, the commission shall finalize the approved costs for the facility only after the utility has done all of the following and filed the results, analysis, and recommendations with the commission:

(a) Implemented a competitive bidding process for all major engineering, procurement, and construction contracts associated with the construction of the facility.

(b) Implemented a competitive bidding process that allows third parties to submit firm and binding bids for the construction of an electric generation facility on behalf of the utility that would meet all of the technical, commercial, and other specifications required by the utility for the generation or energy storage facility, such that ownership of the electric generation or energy storage facility vests with the utility no later than the date the electric generation or energy storage facility becomes commercially available.

(c) Demonstrated to the commission that the finalized costs for the new electric generation or energy storage facility are not significantly higher than the initially approved costs under subsection (11). If the finalized costs are found to be significantly higher than the initially approved costs, the commission shall review and approve the proposed costs if the commission determines those costs are reasonable and prudent.

The Commission has reviewed UPPCo's November 21 application, the supporting affidavit, the confidentially filed MIPA and EPCAs, and the language in Section 6t, as amended. The Commission Staff reviewed an unredacted version of the application, the MIPA and EPCAs filed under seal, and RFP materials. The Commission finds that the project and contracts were reasonably and prudently selected in a manner consistent with UPPCo's IRP and the applicable procurement guidelines and should be approved. The Commission further finds that *ex parte* review and approval of the application and related accounting authority are appropriate because

they will not result in an increase in costs to customers. *See*, MCL 460.6a(3). The Commission further finds that this order does not make a determination regarding the reasonableness or prudence of the costs associated with the project beyond consistency with the IRP approved in the February 6 order.

THEREFORE, IT IS ORDERED that the Member Interest Purchase Agreement between Upper Peninsula Power Company and Republic Solar Power Holdings, LLC, as well as the two Engineering, Procurement, and Construction Agreements for the construction of the Republic Solar Project, and related accounting authority are approved.

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 requirement 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 LARA-MPSC-Edockets@michigan.gov and to the Michigan Department of Attorney General - Public Service Division at sheac1@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 Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Daniel C. Scripps, Chair

Katherine L. Peretick, Commissioner

Alessandra R. Carreon, Commissioner

By its action of June 12, 2025.

Lisa Felice, Executive Secretary

PROOF OF SERVICE

STATE OF MICHIGAN)

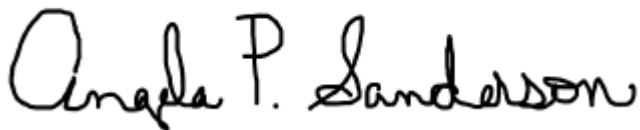
Case No. U-20350

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on June 12, 2025 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 12th day of June 2025.



Angela P. Sanderson
Notary Public, Shiawassee County, Michigan
As acting in Eaton County
My Commission Expires: May 21, 2030

Service List for Case: U-20350

Name	On Behalf Of	Email Address
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