

Founded in 1852
by Sidney Davy Miller

MILLER CANFIELD

Sherri A. Wellman
TEL +1.517.483.4954
FAX +1.517.374.6304
E-MAIL Wellmans@MillerCanfield.com

Miller, Canfield, Paddock and Stone, P.L.C.
123 West Allegan Street, Suite 200
Lansing, Michigan 48933
TEL (517) 487-2070
FAX (517) 374-6304
millercanfield.com

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January 16, 2026

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

Re: Upper Michigan Energy Resources Corporation
Amended Renewable Energy Plan
Case No. U-21813

Dear Ms. Felice:

Enclosed for filing please find Upper Michigan Energy Resources Corporation's Petition for Rehearing/Clarification and a Proof of Service.

Should you have any questions, feel free to contact me.

Very truly yours,

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

By: _____
Sherri A. Wellman

SAW:ehk
Enclosures
cc w/enc:

Hon. Jonathan F. Thoits (thoitsj@michigan.gov)
Monica M. Stephens (stephensm11@michigan.gov)
Adam M. Cozort (cozortal@michigan.gov)
Sarah Hutchinson, Case Coordinator (HutchinsonS5@michigan.gov)
Michael E. Moody (MoodyM2@michigan.gov and ag-enra-spec-lit@michigan.gov)
Lucas Wollenzien (wollenzienl@michigan.gov)
Christopher M. Bzdok (chris@tropospherelegal.com)
Holly L. Hillyer (holly@tropospherelegal.com)
Natasha Fowles (natasha@tropospherelegal.com)
Douglas Jester (djester@5lakesenergy.com)
Julielyn Gibbons (jgibbons@5lakesenergy.com)
Rick Bunch (rbunch@5lakesenergy.com)
Lauren A. Teichner (lauren@teichnerlaw.com)
Jennifer U. Heston (jheston@potomaclaw.com)
Richard Stasik (Richard.stasik@wecenergygroup.com)
Koby Bailey (Koby.bailey@wecenergygroup.com)
James Beyer (james.beyer@wecenergygroup.com)

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * *

In the matter of the application of)	
UPPER MICHIGAN ENERGY)	Case No. U-21813
RESOURCES CORPORATION)	
requesting approval of an amended)	
renewable energy plan to comply)	
<u>with Public Act 235 of 2023.)</u>	

UPPER MICHIGAN ENERGY RESOURCE CORPORATION’S
PETITION FOR REHEARING/CLARIFICATION

Pursuant to Rule 437 of the Michigan Administrative Hearing System’s Rules of Practice and Procedure before the Michigan Public Service Commission (“MPSC” or the “Commission”), Mich Admin Code R 792.10437, Upper Michigan Energy Resources Corporation (“UMERC” or the “Company”) files this Petition for Rehearing of the Commission’s December 18, 2025 Order (“December 18 Order”) in this proceeding. UMERC seeks rehearing so that the Commission may clarify the meaning of one portion of the December 18 Order to avoid unintended consequences that would not only harm the Company but would be inconsistent with the intent of MCL 460.1047.

I. INTRODUCTION AND LEGAL STANDARD

On December 18, 2025, the Commission issued a final order in this case that denied UMERC’s application for approval of an amended renewable energy plan (“AREP”) and the recovery of the incremental costs of implementing the proposed AREP. In the first full paragraph on page 14 of the December 18 Order, the Commission recommended that UMERC seek “approval from the Commission for deferred accounting” for the costs of the Renegade Solar project. December 18 Order, p 14.

UMERC now seeks rehearing under Mich Admin Code R 792.10437, which states:

“(1) A petition for rehearing after a decision or order of the commission shall be filed with the commission within 30 days after service of the decision or order of the commission unless otherwise specified by statute. A petition for rehearing based on a claim of error shall specify all findings of fact and conclusions of law claimed to be erroneous with a brief statement of the basis of the error. A petition for rehearing based on a claim of newly discovered evidence, on facts or circumstances arising subsequent to the close of the record, or on unintended consequences resulting from compliance with the decision or order shall specifically set forth the matters relied upon. The petition shall be accompanied by proof of service on all other parties to the proceeding.”

Mich Admin Code R 792.10437.

The Commission will not grant rehearing “[u]nless a party can show the decision to be incorrect or improper because of errors, newly discovered evidence, or unintended consequences of the decision.” Case No. U-13716, 10/14/2004 Order, p 2. The Company seeks rehearing in this case because of the potential unintended consequences of a provision within the December 18 Order. Specifically, the first full paragraph on page 14 of the December 18 Order, which states that UMERC may seek approval from the Commission for deferred accounting for Renegade Solar prior to the February 2026 in-service date, could be interpreted as having the unintended consequence of prohibiting UMERC from recovering any portion of the Renegade Solar costs through other lawful mechanisms. UMERC respectfully requests that the Commission clarify that the referenced suggestion to seek deferred accounting authority is for the incremental costs of Renegade Solar as associated with complying with the renewable energy standard of 2023 PA 235 (“Act 235”), which UMERC had sought to recover through a renewable energy surcharge in the Company’s AREP.

II. DISCUSSION

The December 18 Order denied UMERC's application for approval of an AREP and ordered UMERC to refile an amended REP by October 15, 2026. UMERC had proposed in its AREP to establish a renewable energy surcharge to, among other things, recover the incremental cost of compliance associated with the Renegade Solar project. Because of the December 18 Order UMERC will not be able to recover the incremental cost of Renegade Solar until the Commission issues a final order in the Company's next AREP case. Assuming a fully contested case, that order is estimated to be issued in August 2027. Nevertheless, as the Commission acknowledges on page 14 of the December 18 Order, the Renegade Solar project is expected to enter into service and begin providing electricity to UMERC's customers in February 2026. With this in mind, the Commission recognized that UMERC should be permitted to seek deferred accounting of the costs associated with a renewable energy resource that will providing benefits to its customers for rate-recovery-consideration in the future AREP proceeding:

[T]he Commission notes that Renegade Solar has not gone into service as of the date of this order and that UMERC may seek approval from the Commission for deferred accounting for the resource prior to the February 2026 in-service date. December 18 Order, p 14.

The above statement, however, could potentially be interpreted as having the unintended consequence of precluding UMERC from recovering any of the costs of Renegade Solar until August 2027 even though the project is expected to begin providing benefits to UMERC's customers in February 2026.

UMERC does not believe that the Commission intended to prohibit UMERC from recovering the non-incremental costs of the project before August 2027 via other lawful mechanisms. The Renegade Solar project was approved as part of the Company's last Integrated

Resource Plan in Case No. U-21081 and the contracts that resulted in the construction of the project were also approved by the Commission in that same docket. *See* Case No. U-21081, 5/12/2022 Order Approving Settlement Agreement; Case No. U-21081, 4/11/2024 Order. UMERC has proposed in its current power supply cost recovery (“PSCR”) plan case for the 12-month period ending December 31, 2026 (Case No. U-21881) to recover the transfer price for the amount of renewable energy from Renegade Solar planned to be provided to UMERC’s customers during the 2026 PSCR period. The recovery sought by UMERC in the 2026 PSCR plan case is separate from the incremental cost recovery that the Company sought through the renewable energy surcharge in Case No. U-21813. Section 47 of 2008 P.A. 295, as amended; MCL 460.1047(2)(b)(iv) expressly excludes revenue derived from selling renewable energy under a PSCR clause from being recovered through a renewable energy surcharge. This section states that the transfer price shall be multiplied by the sum of the number of megawatt hours of renewable energy and the product shall be considered a booked cost of purchased and net interchanged power transactions under MCL 460.6j. Although the December 18 Order does not expressly prohibit UMERC from recovering the PSCR transfer price in the Company’s 2026 PSCR Plan, the Company requests that the Commission clarify that the deferral statement on page 14 of the December 18 Order relates to deferring the incremental cost of compliance as defined in MCL 460.1047 and is not intended to prohibit UMERC from recovering costs that are recoverable as a booked cost of purchased and net interchanged power transactions under MCL 460.6j.

Nothing in page 14 of the December 18 Order precludes the Company from recovering the power supply costs of Renegade Solar. Under MCL 460.6j and the December 9, 2016 Order in Case No. U-18601, the Company is authorized to recover its power supply costs through a PSCR clause. The Commission has also determined that it is appropriate to recover the PSCR transfer

price through the PSCR mechanism. *See* Case No. U-15800, 12/4/2008 Order, p 25 and subsequent reports in that same docket. As noted above, UMERG has proposed to recover a portion of the costs of Renegade Solar through the PSCR transfer price in Case No. U-21881. Preventing UMERG from recovering booked power supply costs in its 2026 PSCR Plan case would surely be an unintended consequence of the cited portion of the December 18 Order and would prejudice UMERG by preventing it from recovering in real-time the power supply costs of a generating resource that will provide electricity to UMERG's customers in 2026. The Commission should clarify that the power supply costs of Renegade Solar, a project that will be used and useful when it goes into service in February 2026, should, subject to the outcome of Case No. U-21881, be recoverable through the applicable PSCR mechanism transfer price, and are not costs for which the Company needs to seek deferred accounting treatment.

The Commission should grant rehearing to avoid unintended consequences that would harm UMERG and clarify that the December 18 Order's provision that UMERG may seek deferred accounting for the costs of Renegade Solar only applies to the incremental costs of compliance of implementing its AREP, as defined in MCL 460.1047(2), for later rate-recovery.

III. REQUEST FOR RELIEF

WHEREFORE, Upper Michigan Energy Resources Corporation respectfully requests that the Commission grant rehearing to avoid unintended consequences of the December 18 Order and clarify that the deferral statement on page 14 of the December 18 Order relates to deferring the incremental cost of compliance as defined in MCL 460.1047 and is not intended to prohibit UMERG from recovering Renegade Solar costs that are recoverable as a booked cost of purchased and net interchanged power transactions under MCL 460.6j.

Respectfully submitted,

UPPER MICHIGAN ENERGY RESOURCES
CORPORATION

Dated: January 16, 2026

By: _____

One of its Attorneys

Sherri A. Wellman (P38989)

Paul M. Collins (P69719)

John G.W. Mogen (P87979)

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

123 West Allegan Street, Suite 200

Lansing, MI 48933

(517) 487-2070

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * *

In the matter of the application of)
UPPER MICHIGAN ENERGY)
RESOURCES CORPORATION)
requesting approval of an amended)
renewable energy plan to comply)
with Public Act 235 of 2023.)
_____)

Case No. U-21813

PROOF OF SERVICE

STATE OF MICHIGAN)
) ss
COUNTY OF INGHAM)

Elizabeth H. Kunc, being first duly sworn, deposes and states that on January 16, 2026, she served Upper Michigan Energy Resources Corporation’s Petition for Rehearing/Clarification and this Proof of Service upon those set forth on the attached Service List via electronic mail.

Elizabeth H. Kunc

Subscribed and sworn to before me
on this 16th day of January, 2026.

Kacey O’Neill, Notary Public
State of Michigan, County of Livingston
My Commission Expires: 12/26/2026
Acting in the County of Ingham

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)
UPPER MICHIGAN ENERGY)
RESOURCES CORPORATION)
Requesting approval of an amended)
Renewable energy plan to comply)
With Public Act 235 of 2023.)

Case No. U-21813

SERVICE LIST

Michigan Public Service Commission Staff

Monica M. Stephens
Adam M. Cozort
Sarah Hutchinson, Case Coordinator
stephensm11@michigan.gov
cozort1@michigan.gov
HutchinsonS5@michigan.gov

Administrative Law Judge

Hon. Johnathan F. Thoits
thoitsj@michiga.gov

Michigan Attorney General Dana Nessel

Michael E. Moody
Lucas Wollenzien
Christopher M. Bzdok
MoodyM2@michigan.gov
ag-enra-spec-lit@michigan.gov
wollenzienl@michigan.gov
chris@tropospherelegal.com

CUB:

Holly L. Hillyer
Natasha Fowles
Douglas Jester
Julielyn Gibbons
Rick Bunch
Lauren A. Teichner
holly@tropospherelegal.com
natasha@tropospherelegal.com
djester@5lakesenergy.com
jgibbons@5lakesenergy.com
rbunch@5lakesenergy.com
lauren@teichnerlaw.com

Tilden Mining Company

Jennifer U. Heston
jheston@potomaclaw.com