

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

\* \* \* \* \*

In the matter, on the Commission's own motion,	)	
regarding the regulatory reviews, revisions,	)	
determinations, and/or approvals necessary for	)	Case No. U-17300
<b>ALPENA POWER COMPANY</b> to fully comply with	)	
Public Acts 286 and 295 of 2008.	)	
_____	)	

At the October 17, 2013 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. John D. Quackenbush, Chairman  
Hon. Greg R. White, Commissioner  
Hon. Sally A. Talberg, Commissioner

**ORDER APPROVING SETTLEMENT AGREEMENT**

On May 13, 2013, Alpena Power Company (Alpena) filed an application, with supporting testimony and exhibits, seeking biennial Commission approval of its renewable energy plan (REP) in accordance with 2008 PA 295, MCL 460.1001, *et seq.*, (Act 295).

A prehearing conference was held on June 13, 2013, before Administrative Law Judge Dennis W. Mack. Alpena and the Commission Staff participated in the proceedings. Subsequently, the parties submitted a settlement agreement resolving all issues in the case. On September 30, 2013, the parties filed an amended settlement agreement.

According to the terms of the amended settlement agreement, attached as Exhibit A, Alpena will comply with the renewable portfolio standards of Act 295 by purchasing its required renewable energy credits (RECs) from Consumers Energy Company (Consumers) through

December 31, 2024, and thereafter on the open market. Alpena revised its REP to take into account a lower estimated cost of RECs from Consumers. The parties further agree that Alpena's net cost of renewable energy acquired under its amended plan is less than the levelized life-cycle cost of a new conventional coal-fired facility.

The total cost of implementation over the 20-year period of Alpena's REP is approximately \$4,666,400. The parties agree that Alpena will recover the costs associated with implementation of its REP by collecting a levelized monthly renewable energy surcharge for the remainder of the plan period, as set forth in Exhibit A-3 attached to the amended settlement agreement.

The parties agree that Alpena shall comply with the net-metering requirements of Act 295, including those provisions regarding the location of renewable generation assets used to meet the renewable standards. The parties further agree that because Alpena has all-requirements wholesale power supply agreements, Alpena will, when technically feasible, request that its wholesale suppliers purchase renewable energy from customers of Alpena that are generating with on-site renewable resources when such purchases may be economical to Alpena and the suppliers. The parties note that in no way does the request from Alpena obligate the suppliers to make such purchases.

The Commission finds that the amended settlement agreement is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

- A. The amended settlement agreement, attached as Exhibit A, is approved.
- B. Alpena Power Company's renewable energy plan is approved.
- C. Alpena Power Company is authorized to implement a renewable energy surcharge, as shown at Exhibit A-3 to the amended settlement agreement, beginning January 1, 2014.

D. Thirty days prior to the effective date of the implementation of the renewable energy surcharges, Alpena Power Company shall file with the Commission a tariff sheet substantially similar to that contained in Exhibit A-3 to the amended settlement agreement.

E. Alpena Power Company shall continue to file annual reports with the Commission describing the status of compliance with the requirements of 2008 PA 295 on those dates as mandated by the Commission.

F. Absent an earlier application filed by Alpena Power Company for authority to amend its plan, the renewable energy plan approved by this order shall be reviewed during the next biennial review period described in MCL 460.1021(8).

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, under MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

---

John D. Quackenbush, Chairman

---

Greg R. White, Commissioner

---

Sally A. Talberg, Commissioner

By its action of October 17, 2013.

---

Mary Jo Kunkle, Executive Secretary

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission’s own motion,	)	
regarding the regulatory reviews, revisions,	)	
determinations, and/or approvals necessary for	)	Case No. U-17300
ALPENA POWER COMPANY to fully comply with	)	
Public Acts 286 and 295 of 2008	)	
_____	)	

**FIRST AMENDED  
SETTLEMENT AGREEMENT**

Alpena Power Company (“Alpena”) by and through its attorney, James D. Florip, of the law firm of Gillard, Bauer, Mazrum, Florip, Smigelski & Gulden, and the Michigan Public Service Commission Staff (“Staff”) by and through its attorney, Assistant Attorney General Lauren D. Donofrio, hereby present the following First Amended Settlement Agreement in resolution of the above matter:

**RECITALS:**

A. On May 13, 2013, Alpena filed an application with supporting testimony and exhibits for its 2013 Renewable Energy Plan Review and its request for approval of Alpena’s renewable energy plan in accordance with the “Clean, Renewable, and Efficient Energy Act,” 2008 PA 295, MCL 460.1001, *et seq.*, (“the Act”).

B. On May 20, 2013, the Commission issued its Notice of Hearing setting this

FIRST AMENDED SETTLEMENT AGREEMENT  
U-17300

matter for a prehearing Conference on June 13, 2013. Pursuant to the Commission's directive, Alpena mailed a copy of the Notice of Hearing to all cities, incorporated villages, townships, and counties in its service area, and published the substance of the notice in a daily newspaper of general circulation within its service area.

C. Assistant Attorney General Lauren D. Donofrio and Alpena's attorney, James D. Florip, attended the June 13, 2013 prehearing conference conducted by Administrative Law Judge Dennis W. Mack who reviewed the status of the case and created a case schedule.

D. Alpena and Staff commenced discussions after the prehearing conference resulting in a Settlement Agreement dated August 20, 2013 which was electronically filed with the Commission on that same date, August 20, 2013.

E. Subsequent thereto, MPSC Staff initiated a discussion with Alpena suggesting a revision of Exhibit A-1, Schedule 2, to ameliorate and lessen the impact of surcharge increases on certain customer classes.

F. The parties agreed to a revision of Exhibit A-1, Schedule 2, which in turn called for a revision of Exhibit A-1, Schedule 1, and of Exhibit A-3, the resultant Tariff Sheet.

G. Both Alpena and the MPSC Staff agree that this First Amended Settlement Agreement shall supplant, in total, the Settlement Agreement dated August 20, 2013.

NOW, THEREFORE, Alpena and Staff agree as follows:

1. The parties agree that pursuant to this 2013 Renewable Energy Plan Review, Alpena's Renewable Energy Plan as approved in U-15804, ("Alpena's initial renewable energy

FIRST AMENDED SETTLEMENT AGREEMENT  
U-17300

plan”), and as revised in 2011 in U-16580, as further revised herein, is (1) reasonable and prudent and (2) the life-cycle cost of renewable energy acquired or generated under the plan less the projected life-cycle net savings associated with the provider’s energy optimization plan does not exceed the expected life-cycle cost of electricity generated by a new conventional coal-fired facility; and is otherwise in conformity with the Act.

2. Alpena has entered a contract with Consumers Energy Company (“Consumers”) to purchase approximately 360,000 Renewable Energy Credits (“RECs”), all of its required RECs for the time period ending December 31, 2024. Alpena’s “Renewable Energy Credit Sale Agreement” (“the Contract”) with Consumers terminates December 31, 2024, coincident with the termination date of Alpena’s 30-year Wholesale for Resale Electric Service contract with Consumers. Alpena originally estimated a cost of \$30.37 per REC in its initial filing in U-15804. With updated information Alpena estimated a cost of \$10.91 per REC in its 2011 plan review case in U-16580. With updated information Alpena now estimates a 20-year levelized cost of \$8.93 per REC for its 20-year renewable energy program. Alpena will employ a reasonable and prudent strategy to acquiring RECs past 2024, after its current power purchase agreement with Consumers expires, from Consumers or another REC supplier. For purposes of its Renewable Energy Plan, Alpena has projected an average cost of \$5.85 per REC for RECs purchased after 2024. In light of the revised REC cost summary, Alpena presents a Twenty-Year Renewable Energy Plan Surcharge Summary, revised from its 2011 Plan, attached hereto as Exhibit A-1, Schedule 1.

FIRST AMENDED SETTLEMENT AGREEMENT  
U-17300

Alpena understands that there is the possibility that the cost of its required RECs may be substantially reduced during the term of this proposed plan because of an anticipated decrease in the cost of RECs obtained from Consumers as Alpena's surcharge is tied to that of Consumers'. If there is a reduction, Alpena will determine whether to seek amendment to the plan pursuant to the provisions of P.A. 2008, No. 295, Section 21(9); MCL § 460.21(a).

3. The total cost of implementation over the 20-year period of Alpena's Renewable Energy Plan is approximately \$4,666,400. Alpena will recover the costs associated with implementation of its Renewable Energy Plan by imposing a levelized monthly Renewable Energy Surcharge, for the remainder of the plan period, as shown on Exhibit A-1, Schedule 2, Renewable Energy Program - Determination of Charges by Classification, implemented by the proposed revised tariff sheet D-4.90, across its various customer classifications as shown therein, commencing January 1, 2014.

4. Alpena has determined that the life-cycle cost of all energy including renewable energy acquired under its herein revised renewable energy plan is \$74.32 per MWh. The total cost of all energy including renewable energy for the twenty-year plan period was determined by computing a monthly average (utilizing 2012 figures) of total system costs, which is \$65.39 per MWh, and adding to that its levelized cost of RECs as contained in its renewable energy plan, as revised herein, of \$8.93 per MWh, therefore totaling \$74.32 per MWh. Even without factoring in any savings associated with Alpena's energy optimization plan, its net cost of renewable energy under its plan, as revised herein, is less than the levelized life-cycle cost of

FIRST AMENDED SETTLEMENT AGREEMENT  
U-17300

energy generated by a new conventional coal-fired facility, i.e., \$133 per MWh, as determined by Commission staff. See Exhibit A-2.

5. Alpena will continue to file its annual reports regarding its actions taken to comply with the renewable energy standards as required by Section 51 of the Act, and continue to file its annual renewable cost reconciliation proceedings as required by Section 49 of the Act, on those dates as mandated by the Commission.

6. Upon request, Alpena will provide to all customers relevant factual educational information, either provided by the Commission or produced by Alpena, about the production of on-site renewable energy, self-service power, interconnecting with the grid, net metering, relevant tariffs available, and the sale of renewable energy credits into the market when one is established. Such information shall include referrals to Commission or other State of Michigan websites, where customers can obtain appropriate information on all aspects of renewable energy. Alpena shall comply with the net-metering requirements of PA 295 of 2008, including those provisions regarding the location of renewable generation assets used to meet the renewable standards. Since Alpena has an all-requirements wholesale power supply agreement, Alpena will, when technically feasible, request its wholesale supplier purchase renewable energy from customers of Alpena that are generating with on-site renewable resources when such purchase may be economical to the supplier and Alpena. However, in no way does the request from Alpena obligate the supplier to make such purchases.

7. Exhibit A-3 hereto contains Alpena's proposed tariff sheet implementing the Renewable Energy Surcharge.

8. It is the opinion of the parties that this First Amended Settlement Agreement will promote the public interest; this First Amended Settlement Agreement is intended for final disposition of this proceeding; and the parties join in respectfully requesting the Commission to grant prompt approval of the Agreement.

9. This First Amended Settlement Agreement will become binding upon the parties only if the Commission accepts and approves the same without modification. If the Commission does not approve this First Amended Settlement Agreement without modifications, this Agreement shall be withdrawn and shall not constitute any part of the record in the proceeding or be used for any purpose whatsoever.


10. This First Amended Settlement Agreement has been made for the sole and express purpose of reaching a compromise that promotes administrative efficiency and is without prejudice to the rights of the parties to take new or different positions in other proceedings. All offers of settlement and discussions relating to this Agreement shall be considered privileged under MRE 408. If the Commission approves this Agreement without modification, the parties shall make no reference to or use of this Agreement or the order approving it as a reason, authority, rationale, or example for taking any action or position or making any subsequent decision in any other case or proceedings; provided, however, such references or use may be made to enforce the Agreement and Order.

FIRST AMENDED SETTLEMENT AGREEMENT  
U-17300

11. All parties waive Section 81 of the Administrative Procedures Act of 1969, as amended, MCL 24.281.

Date: September 30, 2013

MICHIGAN PUBLIC SERVICE COMMISSION

By:   
\_\_\_\_\_  
Lauren D. Donofrio (P66026)  
Its: Attorney

Dated: September 30, 2013

ALPENA POWER COMPANY

By: **James D. Florip**  
\_\_\_\_\_  
James D. Florip (P26861)  
Its: Attorney

Digitally signed by James D. Florip  
DN: cn=James D. Florip, o, ou,  
email=jflorip@gillardlaw.com,  
c=US  
Date: 2013.09.30 13:52:47 -0400

FIRST AMENDED SETTLEMENT AGREEMENT  
U-17300

**ALPENA POWER COMPANY  
CASE NO. U-17300**

EXHIBIT A-1

INDEX

SCHEDULE 1	Twenty-Year Renewable Program Summary
SCHEDULE 2	Renewable Energy Program - Determination of Charges by Classification
SCHEDULE 3	Renewable Energy Program - Raw Charges by Classification

Twenty Year Renewable Energy Plan Surcharge Summary

Units	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
3 Year Running Avg Sales Forecast	MWH	321,980.4	320,057.0	324,420.7	321,914.0	329,745.9	332,604.1	337,384.6	336,709.8	336,036.4	335,364.3	334,693.6	334,024.2	333,356.2	332,689.5	332,024.1	331,360.0	330,697.3	330,035.9	329,375.8	328,717.1	328,059.7
RPS Requirement	MWH	0.0	0.0	6,438.3	10,881.6	16,630.2	33,738.5	33,671.0	33,603.6	33,536.4	33,469.4	33,402.4	33,335.6	33,268.9	33,202.4	33,136.0	33,069.7	33,003.6	32,937.6	32,871.7	32,817.7	32,871.7
RPS Required RECs	RECS	0.0	0.0	0.0	6,438.3	10,881.6	16,630.2	33,738.5	33,671.0	33,603.6	33,536.4	33,469.4	33,402.4	33,335.6	33,268.9	33,202.4	33,136.0	33,069.7	33,003.6	32,937.6	32,871.7	32,871.7
- RECs from Existing Renew Energy Supply (Pre)	RECS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Required RECs	RECS	0.0	0.0	0.0	6,438.3	10,881.6	16,630.2	33,738.5	33,671.0	33,603.6	33,536.4	33,469.4	33,402.4	33,335.6	33,268.9	33,202.4	33,136.0	33,069.7	33,003.6	32,937.6	32,871.7	32,871.7
RPS Renewable Energy Credit Compliance																						
Required RECs	RECS	0.0	0.0	0.0	6,438.3	10,881.6	16,630.2	33,738.5	33,671.0	33,603.6	33,536.4	33,469.4	33,402.4	33,335.6	33,268.9	33,202.4	33,136.0	33,069.7	33,003.6	32,937.6	32,871.7	21,914.5
RECS Obtained	RECS	0.0	0.0	0.0	13,618.0	14,791.0	16,630.2	33,738.5	33,671.0	33,603.6	33,536.4	33,469.4	33,402.4	33,335.6	33,268.9	33,202.4	33,136.0	33,069.7	33,003.6	32,937.6	32,871.7	21,914.5
RECS Compliance Balance	RECS	0.0	0.0	0.0	7,179.7	3,909.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RECS Compliance %	%	N/M	N/M	N/M	211.5%	135.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
RECS Eligible for Carryover	RECS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
Revenue Requirement																						
Build/BOT	\$Thous	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PPA	\$Thous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
REC Purchases (Sales)	\$Thous	-	-	-	390.7	1,006.6	375.0	325.0	231.8	181.2	180.4	179.5	178.9	179.2	179.3	179.6	179.4	182.0	179.4	179.4	179.6	179.4
Total	\$Thous	\$ -	\$ -	\$ -	\$ 390.7	\$ 1,006.6	\$ 375.0	\$ 325.0	\$ 231.8	\$ 181.2	\$ 180.4	\$ 179.5	\$ 178.9	\$ 179.2	\$ 179.3	\$ 179.6	\$ 179.4	\$ 182.0	\$ 179.4	\$ 179.4	\$ 179.6	\$ 179.4
RECs Obtained																						
Generation Based																						
Build/BOT	RECS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PPA	RECS	0.0	0.0	0.0	11,855.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal	RECS	0.0	0.0	0.0	11,855.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchase (Sold), net	RECS	0.0	0.0	0.0	-13,618.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Incentive (Act 295 Sec 39 (2))	RECS	0.0	0.0	0.0	1,763.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	RECS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Forecasted Transfer Price (Not applicable = \$0)	\$/MWH	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amount Recovered through PSCR	\$Thous	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Incremental Cost of Compliance	\$Thous	\$ -	\$ -	\$ -	\$ 390.7	\$ 1,006.6	\$ 375.0	\$ 325.0	\$ 231.8	\$ 181.2	\$ 180.4	\$ 179.5	\$ 178.9	\$ 179.2	\$ 179.3	\$ 179.6	\$ 179.4	\$ 182.0	\$ 179.4	\$ 179.4	\$ 179.6	\$ 179.4
Non-Volumetric Surcharge																						
Meter (or Customer) Forecast																						
Residential	1s	13,720	13,720	13,720	13,720	13,720	13,720	13,720	13,720	13,720	13,720	13,720	13,720	13,720	13,720	13,720	13,720	13,720	13,720	13,720	13,720	13,720
Secondary	1s	4,006	4,006	4,006	4,006	4,006	3,969	3,969	3,969	3,969	3,969	3,969	3,969	3,969	3,969	3,969	3,969	3,969	3,969	3,969	3,969	3,969
Primary	1s	10	10	10	10	10	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9
Total	1s	17,736	17,736	17,736	17,736	17,736	17,698	17,698	17,698	17,698	17,698	17,698	17,698	17,698	17,698	17,698	17,698	17,698	17,698	17,698	17,698	17,698
Planned Surcharge Rate																						
Residential	\$/month	\$ 3.00	\$ 3.00	\$ 3.00	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24
Secondary (Weighted Average)	\$/month	\$ 6.67	\$ 6.67	\$ 6.67	\$ 1.81	\$ 1.81	\$ 1.81	\$ 1.81	\$ 1.81	\$ 1.81	\$ 1.81	\$ 1.81	\$ 1.81	\$ 1.81	\$ 1.81	\$ 1.81	\$ 1.81	\$ 1.81	\$ 1.81	\$ 1.81	\$ 1.81	\$ 1.81
Primary (Weighted Average)	\$/month	\$ 187.50	\$ 187.50	\$ 187.50	\$ 28.00	\$ 28.00	\$ 32.80	\$ 32.80	\$ 32.80	\$ 32.80	\$ 32.80	\$ 32.80	\$ 32.80	\$ 32.80	\$ 32.80	\$ 32.80	\$ 32.80	\$ 32.80	\$ 32.80	\$ 32.80	\$ 32.80	\$ 32.80
Planned Surcharge																						
Residential	\$Thous	\$ 164.8	\$ 494.6	\$ 493.7	\$ 64.9	\$ 39.5	\$ 39.5	\$ 39.5	\$ 39.5	\$ 39.5	\$ 39.5	\$ 39.5	\$ 39.5	\$ 39.5	\$ 39.5	\$ 39.5	\$ 39.5	\$ 39.5	\$ 39.5	\$ 39.5	\$ 39.5	\$ 26.3
Secondary	\$Thous	104.7	310.8	310.7	94.6	87.0	86.2	86.2	86.2	86.2	86.2	86.2	86.2	86.2	86.2	86.2	86.2	86.2	86.2	86.2	86.2	57.5
Primary	\$Thous	7.5	22.3	22.2	3.7	3.4	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	2.4
Total	\$Thous	\$ 277.0	\$ 827.7	\$ 826.6	\$ 163.2	\$ 129.9	\$ 129.3	\$ 129.3	\$ 129.3	\$ 129.3	\$ 129.3	\$ 129.3	\$ 129.3	\$ 129.3	\$ 129.3	\$ 129.3	\$ 129.3	\$ 129.3	\$ 129.3	\$ 129.3	\$ 129.3	\$ 86.2
Year End Regulatory Balance																						
Proposed Minimum	\$Thous	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Forecast	\$Thous	277.0	827.7	826.6	(227.5)	(876.7)	(245.7)	(195.7)	(102.5)	(51.1)	(50.2)	(49.6)	(49.9)	(50.0)	(50.3)	(50.1)	(52.7)	(50.1)	(50.1)	(50.3)	(50.3)	(93.2)
Carrying Charges (Short-term interest)	\$Thous	1.5	16.3	35.1	43.7	45.5	45.2	29.1	23.9	21.6	20.3	19.0	17.6	16.2	14.8	13.2	11.6	9.9	8.1	6.3	4.4	1.4
Total Year End Regulatory Balance	\$Thous	\$ 278.5	\$ 1,122.5	\$ 1,984.2	\$ 1,800.4	\$ 969.2	\$ 768.6	\$ 602.0	\$ 523.4	\$ 493.1	\$ 462.2	\$ 431.0	\$ 399.0	\$ 365.3	\$ 330.0	\$ 292.9	\$ 254.4	\$ 211.6	\$ 169.5	\$ 125.7	\$ 79.7	\$ (12.1)

Case No.: U-17300  
 Exhibit: A-1  
 Schedule: 2  
 Page: 1 of 1  
 Witness: Goodburne

ALPENA POWER COMPANY  
Renewable Energy Program - Determination of Charges by Classification

(a)	(b)	(c)	(d)	(e)
Classification	Number Customers	Monthly Rate Per Classification	Annual Surcharge Per Classification	Revenue Requirement
<b>Residential</b>	13,720	\$ 0.24	\$ 3	\$ 39,514
<b>Secondary (a)</b>				
Protective Lights-100 watt	646	\$ 0.10	1	775
Protective Lights-250 watt	516	0.27	3	1,672
Street & Highway	200	0.10	1	240
General Service	2,400	2.47	29.64	71,136
Standard Power	217	3.95	47.40	10,286
Large Power-less than 13,200 volts	10	3.95	47.40	474
				\$ 84,583
<b>Primary (a)</b>				
Large Power-13,200 volts or higher	5	\$ 36.00	\$ 432	\$ 2,160
Industrial (b)	4	65.60	787	3,149
				\$ 5,309
<b>Total Forecasted Annual Revenue</b>				<u><u>\$ 129,405</u></u>

(a) The per month weighted average per meter is \$6.67 for Secondary customers and \$187.50 for Primary customers.

(b) Includes Large Industrial, Alternative Energy Economic Development and Special Power Contracts.

Case No.: U-17300  
 Exhibit: A-1  
 Schedule: 3  
 Page: 1 of 1  
 Witness: Goodburne

ALPENA POWER COMPANY  
Renewable Energy Program - Raw Charges by Classification

Classification	2012 kWh Volumes	Volume Percentage Allocation	Raw Revenue Requirement	Number of Customers	Annual Surcharge Per Classification	Per Customer		Legislative Cap Capacity / (Excess)
						Raw Monthly Rate Per Classification	Annual Surcharge Per Classification	
<b>Residential</b>	87,479,971	25.9%	\$ 33,485	13,720	\$ 2.44	\$ 0.20	\$	2.80
<b>Secondary</b>								
Protective Lights-100 watt	308,339	0.1%	\$ 118.00	646	\$ 0.18	\$ 0.02	\$	16.56
Protective Lights-250 watt	655,223	0.2%	251	516	0.49	0.04		16.54
Street & Highway	88,560	0.0%	34	200	0.17	0.01		16.57
General Service	28,432,775	8.4%	10,883	2,400	4.53	0.38		16.20
Standard Power	44,848,680	13.3%	17,167	217	79.11	6.59		9.99
Large Power-less than 13,200 volts	18,214,900	5.4%	6,972	10	697.20	58.10		(41.52)
	92,548,477		\$ 35,425		\$ 781.68	\$ 65.14	\$	34.34
<b>Primary</b>								
Large Power-13,200 volts or higher	9,745,105	2.9%	\$ 3,730	5	\$ 746.00	\$ 62.17	\$	125.33
Industrial (a)	148,286,707	43.9%	56,761	4	14,190.25	1,182.52		(995.02)
	158,031,812		\$ 60,491		\$ 14,936.25	\$ 1,244.69	\$	(869.69)
<b>Total 2008 kWh volume</b>	<u>338,060,260</u>		<u>\$ 129,402</u>					

(a) Includes Large Industrial, Alternative Energy Economic Development and Special Power Contracts.

**ALPENA POWER COMPANY  
CASE NO. U-17300**

EXHIBIT A-2

Life-Cycle Cost Test

Michigan Public Service Commission  
Alpena Power Company

Case No.: U-17300  
Exhibit: A-2  
Schedule: 1  
Goodburne

**Life Cycle Cost Test**

2012 Total System Cost	\$65.39
20-Year Levelized REC Cost	<u>8.93</u>
Total System Cost	\$74.32
Levelized Life Cycle Cost of New Coal Plant	\$133.00

**ALPENA POWER COMPANY  
CASE NO. U-17300**

EXHIBIT A-3

TARIFF SHEET

---

**SURCHARGES**

<u>Rate Schedule</u>	<u>Renewable Energy Surcharge Effective January 2014 Bill Month</u>	<u>Energy Optimization Surcharge Effective January 2013 Bill Month</u>
Residential	<i>\$0.24/meter/month</i>	\$0.00280/kWh
General Service	<i>\$2.47/meter/month</i>	\$2.83meter/month
Standard Power	<i>\$3.95/meter/month</i>	\$40.82/meter/month
Large Power (less than 13,200 volts)	<i>\$3.95/meter/month</i>	\$330.49/meter/month
Large Power (13,200 volts or higher)	<i>\$36.00/meter/month</i>	\$330.49/meter/month
Large Industrial (13,200 volts or lower)	<i>\$65.60/meter/month</i>	\$1,232.17/meter/month
Large Industrial (higher than 13,200 volts)	<i>\$65.60/meter/month</i>	\$315.00/meter/month
Outdoor Protective Lighting (100 watt)	<i>\$0.10/light/month</i>	\$0.24/light/month
Outdoor Protective Lighting (250 watt)	<i>\$0.27/light/month</i>	\$0.41/light/month
Street & Highway Lighting	<i>\$0.10/light/month</i>	\$0.20/light/month
Special Power Contracts	<i>\$65.60/meter/month</i>	\$322.08/meter/month

---

Issued December XX, 2013 by  
Ann K. Burton, President  
Alpena, MI 49707

Effective for bills rendered on  
and after January 1, 2014

Issued under authority of the  
Michigan Public Service Commission  
dated XXX XX, 2013, in Case No.

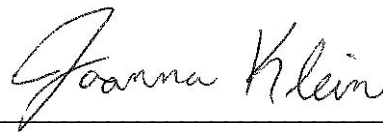
# P R O O F   O F   S E R V I C E

STATE OF MICHIGAN    )

Case No. U-17300

County of Ingham        )

Joanna Klein being duly sworn, deposes and says that on October, 17 2013 A.D. she served a copy of the attached Commission order by first class mail, postage prepaid, or by inter-departmental mail, to the persons as shown on the attached service list.



---

Joanna Klein

Subscribed and sworn to before me  
This 17<sup>th</sup> day of October 2013

---

Gloria Pearl Jones  
Notary Public, Ingham County, MI  
My Commission Expires June 5, 2016  
Acting in Eaton County

Service List U-17300

Alpena Power Company  
Vicki Goodburne  
401 N. Ninth Avenue, PO Box 188  
Alpena MI 49707

Lauren D Donofrio  
Michigan Attorney General  
6520 Mercantile Way, Suite 1  
Lansing MI 48911

James D. Florip  
Gillard Bauer Mazrum Florip Smigelski & Gulden  
109 E. Chisholm Street  
Alpena MI 49707

Dennis W. Mack  
DLARA/MAHS - MPSC Hearings  
Constitution Hall - North Tower  
525 W. Allegan, 3rd Floor  
Lansing MI 48913