

**STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

**PUBLIC NOTICE OF CAPACITY CHARGE  
FOR UTILITY SERVICE TERRITORY OF  
UPPER PENINSULA POWER COMPANY**

**CASE NO. U-18254**

On November 30, 2017, the Michigan Public Service Commission (Commission) issued an order in Case No. U-18254 and determined the state reliability mechanism capacity charge for the service territory of Upper Peninsula Power Company. Pursuant to Section 6w(3) of 2016 PA 341, MCL 460.6w(3), the Commission provides this notice to the public of the state reliability mechanism capacity charge as determined for the service territory of Upper Peninsula Power Energy Company, as follows:

Beginning June 1, 2018, Upper Peninsula Power Company shall implement a state reliability mechanism capacity charge of \$90,810 per megawatt-year, or \$249 per megawatt-day, for full service customers, using the Commission Staff's rate design, as illustrated in Attachments A and B to this notice.

If an alternative electric supplier operating in Upper Peninsula Power Company's service territory fails to make a satisfactory demonstration regarding its forward capacity obligations pursuant to MCL 460.6w(8), the resulting state reliability mechanism capacity charge (as described above) shall be levied by Upper Peninsula Power Company on the retail open access customers (or choice customers) of that alternative electric supplier on a pro rata basis.

A copy of Commission's order issued on November 30, 2017, in Case No. U-18254, may be reviewed on the Commission's website at: [michigan.gov/mpscedockets](http://michigan.gov/mpscedockets).

MICHIGAN PUBLIC SERVICE COMMISSION

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Kavita Kale  
Its Executive Secretary

Dated: November 30, 2017

**D2. Residential Service**

**A-1**

**WHO MAY TAKE SERVICE:**

Any residential customer in a single family dwelling or a duplex using service for domestic purposes. This rate is also available to certain multiple dwellings in accordance with the standard rules. Services to garages and outbuildings not used for commercial purposes will also be classified as residential. Farm customers using electric service for the production of agricultural products for commercial purposes will be placed on the appropriate commercial rate. Optional Power Supply Service is available only to Customers not taking power supply service under rate schedule RAST, or not required to receive service under rate schedule PSDS.

**TERRITORY APPLICABLE:**

All territory served in the Company's Integrated System.

**CHARACTER OF SERVICE:**

Single-phase, alternating current, 60 hertz, nominally at 120/240 volts.

**RATE: DISTRIBUTION SERVICE**

**Service Charge:**

\$15.00/Mo. for Year-Round  
\$0.4932/Day for Year-Round  
\$30.00/Mo. for Seasonal  
\$0.9863/Day for Seasonal

**Energy Charge:**

\$0.10904 per kWh for all kWh

**POWER SUPPLY SERVICE (Optional)**

**Energy Charge:**

Capacity	Non-Capacity	Total
\$0.02461	\$0.07562	\$0.10023 per kWh for all kWh

R  
R

**MINIMUM CHARGE:**

The service charge included in the rate.

**POWER SUPPLY COST RECOVERY CLAUSE:**

This rate is subject to the Company's Power Supply Cost Recovery shown on Sheet No. D-3.00.

**ENERGY OPTIMIZATION SURCHARGE:**

This rate is subject to the Energy Optimization Surcharge shown on Sheet No. D-73.00.

Continued on Sheet No. D-5.00

**D2. Residential Service**

**A-2**

**WHO MAY TAKE SERVICE:**

Any residential customer in a single family dwelling or a duplex using service for domestic purposes. This rate is also available to certain multiple dwellings in accordance with the standard rules. Services to garages and outbuildings not used for commercial purposes will also be classified as residential. Farm customers using electric service for the production of agricultural products for commercial purposes will be placed on the appropriate commercial rate. Optional Power Supply Service is available only to Customers not taking power supply service under rate schedule RAST, or not required to receive service under rate schedule PSDS.

**TERRITORY APPLICABLE:**

All territory served in the Company's Iron River District.

**CHARACTER OF SERVICE:**

Single-phase, alternating current, 60 hertz, nominally at 120/240 volts.

**RATE: DISTRIBUTION SERVICE**

Service Charge:

\$15.00/Mo. for Year-Round  
\$0.4932/Day for Year-Round  
\$30.00/Mo. for Seasonal  
\$0.9863/Day for Seasonal

Energy Charge:

\$0.10305 per kWh for all kWh

**POWER SUPPLY SERVICE (Optional)**

Energy Charge:

Capacity	Non-Capacity	Total
\$0.02463	\$0.07261	\$0.09724 per kWh for all kWh

R  
R

**MINIMUM CHARGE:**

The service charge included in the rate.

**POWER SUPPLY COST RECOVERY CLAUSE:**

This rate is subject to the Company's Power Supply Cost Recovery shown on Sheet No. D-3.00.

**ENERGY OPTIMIZATION SURCHARGE:**

This rate is subject to the Energy Optimization Surcharge shown on Sheet No. D-73.00.

Continued on Sheet D-7.00

**D2. Residential Heating Service**

**AH-1**

**WHO MAY TAKE SERVICE:**

Any residential customer in a single family dwelling or a duplex using service for domestic purposes, provided the major electric space heating facilities are permanently installed and are the primary source of space heating. This rate is also available to certain multiple dwellings in accordance with the standard rules. Services to garages and outbuildings not used for commercial purposes will also be classified as residential. Farm customers using electric service for the production of agricultural products for commercial purposes will be placed on the appropriate commercial rate. Optional Power Supply Service is available only to Customers not taking power supply service under rate schedule RAST, or not required to receive service under rate schedule PSDS.

**CHARACTER OF SERVICE:**

Single-phase, alternating current, 60 hertz, nominally at 120/240 volts.

**RATE: DISTRIBUTION SERVICE**

Service Charge:

\$15.00 per month  
\$0.4932 per day

Energy Charge:

For billing months of June through September  
\$0.10904 per kWh for all kWh  
For billing months of October through May  
\$0.11995 per kWh for the first 500 kWh  
\$0.04076 per kWh for the excess

POWER SUPPLY SERVICE (Optional)

Energy Charge:

For billing months of June through September

R	Capacity	Non-Capacity	Total
R	\$0.02456	\$0.07200	\$0.09656 per kWh for all kWh

For billing months of October through May

R	Capacity	Non-Capacity	Total
R	\$0.02456	\$0.05845	\$0.08301 per kWh for the first 500 kWh
R	\$0.02456	\$0.10134	\$0.12590 per kWh for the excess

**POWER SUPPLY COST RECOVERY CLAUSE:**

This rate is subject to the Company's Power Supply Cost Recovery shown on Sheet No. D-3.00.

**ENERGY OPTIMIZATION SURCHARGE:**

This rate is subject to the Energy Optimization Surcharge shown on Sheet No. D-73.00.

**MINIMUM CHARGE:**

The service charge included in the rate.

Continued on Sheet D-9.00

**D2. General Service**

**C-1**

**WHO MAY TAKE SERVICE:**

Any customer for commercial or industrial purpose with a billing demand of less than 25 kW. Optional Power Supply Service is available only to Customers not taking power supply service under rate schedule RAST, or not required to receive service under rate schedule PSDS.

**CHARACTER OF SERVICE:**

Single or three-phase, alternating current, 60 hertz at standard available voltages.

**RATE: DISTRIBUTION SERVICE:**

Service Charge:

\$17.00 per month

\$0.5589 per day

Energy Charge:

\$0.05760 per kWh for all kWh

POWER SUPPLY SERVICE (Optional)

Energy Charge

Capacity	Non-Capacity	Total
\$0.02181	\$0.08924	\$0.11105 per kWh for all kWh

R  
R

**MINIMUM CHARGE:**

The service charge included in the rate, plus the energy optimization surcharge.

**POWER SUPPLY COST RECOVERY CLAUSE:**

This rate is subject to the Company's Power Supply Cost Recovery shown on Sheet No. D-3.00.

**ENERGY OPTIMIZATION SURCHARGE:**

This rate is subject to the Energy Optimization Surcharge shown on Sheet No. D-73.00.

**TERMS OF PAYMENT:**

Bills are due in 21 days from date of bill. A delayed payment charge of 2% may be applied to the unpaid balance if the bill is not paid in full on or before the due date thereon.

**RULES APPLYING:**

- (1) Service is governed by the Company's Standard Rules and Regulations.
- (2) Conjunctional billing will not be permitted in cases where the customer is presently being served lighting and power loads through separate meters. In these instances, whenever the customer at his expense will arrange his wiring to receive energy through one single metered service, then this rate shall apply to his entire requirements.

**D2. Commercial Heating Service**

**H-1**

**WHO MAY TAKE SERVICE:**

Any customer for commercial purposes provided that their electric space heating facilities are permanently installed and are the primary source of space heating. Optional Power Supply Service is available only to Customers not taking power supply service under rate schedule RAST, or not required to receive service under rate schedule PSDS.

**CHARACTER OF SERVICE:**

Single or three-phase, alternating current, 60 hertz, nominally at 120/240 volts.

**RATE:**

DISTRIBUTION SERVICE

Service Charge:  
\$17.00 per month  
\$0.5589 per day

Energy Charge:

For billing months of June through September  
\$0.05760 per kWh for all kWh  
For billing months of October through May  
\$0.06336 per kWh for first 1000 kWh  
\$0.02273 per kWh for the excess

POWER SUPPLY SERVICE (Optional)

Energy Charge:

For billing months of June through September

R	Capacity	Non-Capacity	Total
R	\$0.02155	\$0.09050	\$0.11205 per kWh for all kWh

For billing months of October through May

R	Capacity	Non-Capacity	Total
R	\$0.02155	\$0.08146	\$0.10301 per kWh for first 1000 kWh
R	\$0.02155	\$0.08073	\$0.10228 per kWh for the excess

**MINIMUM CHARGE:**

The service charge included in the rate, plus the energy optimization charge.

**POWER SUPPLY COST RECOVERY CLAUSE:**

This rate is subject to the Company's Power Supply Cost Recovery shown on Sheet No. D-3.00.

**ENERGY OPTIMIZATION SURCHARGE:**

This rate is subject to the Energy Optimization Surcharge shown on Sheet No. D-73.00.

**TERMS OF PAYMENT:**

Bills are due in 21 days from date of bill. A delayed payment charge of 2% may be applied to the unpaid balance if the bill is not paid in full on or before the due date thereon.

**RULES APPLYING:**

- 1) Service is governed by the Company's Standard Rules and Regulations.
- 2) Permanently installed heating equipment is heating equipment that is hard-wired into an electric panel which may or may not have a plug.

**D2. Light and Power Service**

**P-1**

**WHO MAY TAKE SERVICE:**

Any customer for light and power purposes with a billing demand equal to or greater than 25 kW but less than 200 kW. To qualify, the customer must maintain a demand equal to or greater than 25 kW for three consecutive months and at least once in each succeeding twelve-month period. Optional Power Supply Service is available only to Customers not taking power supply service under rate schedule RAST, or not required to receive service under rate schedule PSDS.

**CHARACTER OF SERVICE:**

Single or three-phase, alternating current, 60 hertz at standard available voltages.

**RATE: DISTRIBUTION SERVICE**

Service Charge:  
\$35.00 per month  
\$1.1507 per day

Demand Charge:  
\$4.00 per kW per month

Energy Charge:  
\$0.01801 per kWh for all kWh

**POWER SUPPLY SERVICE (Optional)**

Demand Charge:		
Capacity	Non-Capacity	Total
\$7.32	\$1.87	\$9.19 per kW per month

Energy Charge:  
\$0.08475 per kWh for all kWh

**MINIMUM CHARGE:**

The capacity charge for 25 kW or the contract minimum, whichever is greater, plus the energy optimization charge.

**POWER SUPPLY COST RECOVERY CLAUSE:**

This rate is subject to the Company's Power Supply Cost Recovery shown on Sheet No. D-3.00.

**ENERGY OPTIMIZATION SURCHARGE:**

This rate is subject to the Energy Optimization Surcharge shown on Sheet No. D-73.00.

**POWER FACTOR BILLING ADJUSTMENT:**

This rate is subject to the Company's Power Factor Billing Adjustment.

Continued on Sheet No. D-17.00

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<b>D2. Large Commercial &amp; Industrial Service</b>		<b>Cp-U</b>		
<u>Continued from Sheet No. D-25.10</u>				
		<b>Secondary</b>	<b>Primary</b>	<b>Transmission</b>
	<u>POWER SUPPLY SERVICE (Optional)</u>			
	<u>On-Peak</u>			
	<u>Firm Demand: \$/kW</u>			
R	Capacity	\$6.11	\$5.89	\$5.68
R	Non-Capacity	\$4.94	\$4.77	\$4.58
R	Total	\$11.05	\$10.66	\$10.26
	<u>Interruptible Demand: \$/kW</u>			
R	Capacity	\$1.96	\$1.75	\$1.52
R	Non-Capacity	\$1.59	\$1.41	\$1.24
R	Total	\$3.55	\$3.16	\$2.76
	7:00 AM to 11:00 PM; Monday through Friday (except holidays).			
	<u>Energy Charge</u>			
	1. <u>On-Peak</u>			
	<u>Energy Charge:\$/kWh</u>	\$0.09003	\$0.08678	\$0.08360
	7:00 AM to 11:00 PM; Monday through Friday (except holidays).			
	2. <u>Off-Peak</u>			
	<u>Energy Charge:\$/kWh</u>	\$0.05854	\$0.05642	\$0.05435
	11:00 PM to 7:00 AM; Monday through Friday, all day Saturday, Sunday, and holidays.			
	<u>MINIMUM CHARGE</u>			
	The monthly minimum charge is the customer charge, demand charges, substation charges and the energy optimization charge.			
	<u>POWER SUPPLY COST RECOVERY CLAUSE</u>			
	This rate is subject to the Company's Power Supply Cost Recovery shown on Sheet No. D-3.00.			
	<u>PRIMARY &amp; TRANSMISSION CHARGES</u>			
	The customer shall provide a support for the company to terminate the primary conductors and install other required equipment. Customer owned substation equipment shall be operated and maintained by the customer. The support and substation equipment is subject to the company's inspection and approval.			
	<u>ENERGY OPTIMIZATION</u>			
	This rate is subject to the Energy Optimization Surcharge shown on Sheet No. D-73.00.			
	<u>DEFINITIONS</u>			
	For customers with company metering equipment installed at:			
	Secondary	Under 6,000 volts		
	Primary	6,000 volts to 15,000 volts, inclusive		
	Transmission	Over 15,000 volts		
	Continued to Sheet No. D-25.30			



**D2. Street Lighting Service**

**SL-3**

**WHO MAY TAKE SERVICE:**

Any municipality for customer owned, operated and maintained street lighting and/or traffic signal system.

**CHARACTER OF SERVICE:**

Single-phase, alternating current, 60 hertz, nominally at 120/240 volts.

**RATE:**

Service Charge:  
\$17.00 per month  
\$0.5589 per day

Energy Charge

Capacity	Non-Capacity	Total
\$0.01872	\$0.14852	\$0.16724 per kWh

R  
R

**MINIMUM CHARGE:**

The service charge included in the rate, plus the energy optimization charge.

**POWER SUPPLY COST RECOVERY CLAUSE:**

This rate is subject to the Company's Power Supply Cost Recovery shown on Sheet No. D-3.00.

**ENERGY OPTIMIZATION SURCHARGE:**

This rate is subject to the Energy Optimization Surcharge shown on Sheet No. D-73.00.

**TERMS OF PAYMENT:**

Bills are due in 21 days from date of bill. A delayed payment charge of 2% may be applied to the unpaid balance if the bill is not paid in full on or before the due date thereon.

**CONTRACT:**

Minimum period of three years subject to automatic renewal periods of one year each. The contract may be terminated at the end of any yearly period upon 90 days written notice by either party. If the contract is terminated before the three year period, the customer may be responsible for the lesser of the cost of removal or the remaining monthly charges.

**RULES APPLYING:**

Service is governed by the Company's Standard Rules and Regulations.

**D2. Street Lighting Service (Closed)**

**SL-5**

**WHO MAY TAKE SERVICE:**

Any municipality owning its own street lighting system including poles, fixtures, wires, transformers, time switches and other accessories. Additions to mercury vapor lighting services are closed to new customers. This option is closed to new customers effective January 1, 2014.

**HOURS OF SERVICE:**

All night - Dusk to Dawn

**CHARACTER OF SERVICE:**

Single-phase, alternating current, 60 hertz at the Company's distribution voltage.

**RATE:**

Light Emitting Diode (LED)

Per Lamp Per Month

R Non-Capacity

Watts

All Night

R		0-99	\$10.75
R		100-199	\$14.14
R		200-299	\$17.52
R		300-399	\$20.90

Sodium Vapor

Per Lamp Per Month

R Non-Capacity

Lumens

Watts

All Night

R		9,000	100	\$11.96
R		14,000	150	\$14.16
R		27,000	250	\$18.38
R		45,000	400	\$23.33

Mercury Vapor

R Non-Capacity

Lumens

Watts

All Night

	20,000	400	\$27.66
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R Capacity Energy: All Lights  
\$0.01872 per kWh

Type of Facility

Monthly Charge

Additional Wood Pole  
Span of Conductor (200 feet)

\$4.51/pole  
\$3.26/span

Continued on Sheet No. D-52.00

**D2. Street Lighting Service**

**SL-6**

WHO MAY TAKE SERVICE:

Any municipality from Company owned, operated and maintained street lighting system as available. Additions to mercury vapor lighting services are closed to new customers.

HOURS OF SERVICE: All night - Dusk to Dawn

CHARACTER OF SERVICE:

Single-phase, alternating current, 60 hertz at the Company's distribution voltage.

RATE:

	<u>Sodium Vapor</u>		<u>Per Lamp Per Month</u>
R	<u>Non-Capacity</u>		
	<u>Lumens</u>	<u>Watts</u>	<u>All Night</u>
R	5,670	70	\$18.00 (Closed)
R	9,000	100	\$18.70
R	14,000	150	\$22.70
R	27,000	250	\$25.77
R	45,000	400	\$36.28
	 <u>Mercury Vapor</u>		
R	<u>Non-Capacity</u>		
	<u>Lumens</u>	<u>Watts</u>	<u>All Night</u>
R	7,500	175	\$19.04
R	20,000	400	\$34.96
	 <u>Metal Halide</u>		
R	<u>Non-Capacity</u>		
	<u>Lumens</u>	<u>Watts</u>	<u>All Night</u>
R	8,800	175	\$31.06
R	36,000	400	\$38.24
R	110,000	1,000	\$70.46
	 <u>LED</u>		
R	<u>Non-Capacity</u>		
	<u>Lumens</u>	<u>Watts</u>	<u>All Night</u>
	9,000*	100*	\$17.17
	14,000*	150*	\$20.37
	27,000*	250*	\$23.97
R	Capacity Energy: All Lights		
R	\$0.01872 per kWh		

SPECIAL TERMS AND CONDITIONS

The above charges are for lighting units on existing company-owned distribution facilities. The company will own and install the luminaires, complete with lamp, control device, and six-foot mast arm, mounted on an existing company pole. If the customer requests the following facilities, the monthly charges listed below shall be added to the above charges.

<u>Type of Facility</u>	<u>Monthly Charge</u>
Additional Wood Pole	\$4.51/pole
Span of Conductor (200 feet)	\$3.26/span

\* The wattages and lumens listed under the LED lamps are wattages and lumens of sodium vapor lamps to which the LED lamps are considered equivalent. Actual wattages and lumens of LED lamps may vary.

Continued on Sheet No. D-54.00

**D2. Dusk To Dawn Outdoor Security Lighting**

**Z-3**

**WHO MAY TAKE SERVICE:**

Any customer for dusk to dawn outdoor security lighting where customer takes service at the same premises under a standard rate schedule. Additions to mercury vapor lighting services are closed to new customers.

**TERRITORY APPLICABLE**

All territory served in the Company's Integrated System.

**HOURS OF SERVICE:**

Daily from dusk to dawn.

**CHARACTER OF SERVICE:**

Single-phase, alternating current, 60 hertz, nominally at 120 volts.

**RATE: Sodium Vapor**

R	<u>Non-Capacity</u>		
	<u>Lumens</u>	<u>Watts</u>	<u>Monthly Charge</u>
R	9,000	100	\$20.74/Lamp
R	27,000	250	\$31.78/Lamp
R	45,000	400	\$38.47/Lamp

Mercury Vapor

R	<u>Non-Capacity</u>		
	<u>Lumens</u>	<u>Watts</u>	<u>Monthly Charge</u>
R	7,500	175	\$18.40/Lamp
R	20,000	400	\$34.36/Lamp

Metal Halide

R	<u>Non-Capacity</u>		
	<u>Lumens</u>	<u>Watts</u>	<u>Monthly Charge</u>
R	36,000	400	\$38.21/Lamp
R	110,000	1,000	\$70.34/Lamp

Capacity Energy: All Lights  
\$0.01882 per kWh

**SPECIAL TERMS AND CONDITIONS**

The above charges are for lighting on existing company-owned distribution facilities. The Company will own and install the luminaire, complete with lamp, control device and up to and including a 6-foot mast arm, mounted on an existing company pole. If the customer requests a mast arm in excess of 6 feet it will be considered special facilities. If the customer requests an additional pole and span, the monthly charges listed below shall be added to the above charges.

<u>Type of Facility</u>	<u>Monthly Charge</u>
Additional Wood Pole	\$4.51/pole
Span of Conductor (200 feet)	\$3.26/span

Continued on Sheet No. D-58.00

**D2. Dusk To Dawn Outdoor Security Lighting**

**Z-4**

**WHO MAY TAKE SERVICE:**

Any customer for dusk to dawn outdoor security lighting where customer takes service at the same premises under a standard rate schedule. Additions to mercury vapor lighting services are closed to new customers.

**TERRITORY APPLICABLE:**

All territory served in the Company's Iron River District.

**HOURS OF SERVICE:**

Daily from dusk to dawn.

**CHARACTER OF SERVICE:**

Single-phase, alternating current, 60 hertz, nominally at 120 volts.

**RATE: Sodium Vapor**

R	<u>Non-Capacity</u>		
	<u>Lumens</u>	<u>Watts</u>	<u>Monthly Charge</u>
R	9,000	100	\$16.16/Lamp
R	27,000	250	\$29.13/Lamp
R	45,000	400	\$30.62/Lamp

Mercury Vapor

R	<u>Non-Capacity</u>		
	<u>Lumens</u>	<u>Watts</u>	<u>Monthly Charge</u>
R	7,500	175	\$16.68/Lamp

Metal Halide

R	<u>Non-Capacity</u>		
	<u>Lumens</u>	<u>Watts</u>	<u>Monthly Charge</u>
R	36,000	400	\$30.47/Lamp
R	110,000	1,000	\$51.88/Lamp

Capacity Energy: All Lights

R \$0.01847 per kWh

**SPECIAL TERMS AND CONDITIONS**

The above charges are for lighting on existing company-owned distribution facilities. The Company will own and install the luminaire, complete with lamp, control device and up to and including a 6-foot mast arm, mounted on an existing company pole. If the customer requests a mast arm in excess of 6 feet it will be considered special facilities. If the customer requests an additional pole and span, the monthly charges listed below shall be added to the above charges.

<u>Type of Facility</u>	<u>Monthly Charge</u>
Additional Wood Pole	\$4.51/pole
Span of Conductor (200 feet)	\$3.26/span

Continued on Sheet D-60.00

Capacity Revenue Requirement	\$ 11,896,077
2016 System Peak	131 MW
Capacity Charge	\$ 90,810 MW/Year
	\$ 249 MW/Day