

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
UPPER PENINSULA POWER COMPANY)	
for authority to amend its commercial general)	Case No. U-21137
service tariff to provide expanded use of electric)	
vehicle charging stations and related approvals.)	
_____)	

At the April 14, 2022 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair
Hon. Tremaine L. Phillips, Commissioner
Hon. Katherine L. Peretick, Commissioner

ORDER

On September 15, 2021, Upper Peninsula Power Company (UPPCo) filed an application requesting *ex parte* approval to (1) amend its commercial General Service Tariff (C-1 Tariff) to allow for expanded application of the C-1 Tariff to prospective electric vehicle (EV) charging stations through a demand waiver, and (2) create a regulatory asset to support UPPCo's contributions of certain costs in assistance of customer grant applications.

On December 9, 2021, UPPCo filed an amended application. In its amended application, by way of providing background information, UPPCo discusses studies commissioned by the Michigan Energy Office in 2018, which evaluated the viability of a wide-spread Direct Current Fast Charging (DCFC) infrastructure network throughout the state of Michigan. A statewide DCFC network would allow EV owners to travel throughout the state with lessened probability of

finding an area with an insufficient amount of EV charging infrastructure in place. Amended application, p. 2. Following these study efforts, the Michigan Department of Environment, Great Lakes, and Energy (EGLE) took the EV charging placement recommendations from the studies commissioned by the Michigan Energy Office and created a grant program, which is intended to encourage the realization of the EV charging roadmap established by the studies. The EGLE grant program is structured such that expenses are one-third funded by EGLE, one-third by the owner of the EV charger, and one-third by the utility. *Id.*

UPPCo explains that its customers have expressed interest in EVs and the installation of EV charging infrastructure at their premises. Per the company, several municipalities have inquired about EV charger placement within their respective municipalities with the intent to serve their residents, and to also encourage tourists with EVs to visit the area and stimulate the local economy. *Id.* UPPCo states that, currently, it is believed that there is insufficient EV charging infrastructure to adequately provide for extended EV travel, especially in rural areas of the state. *Id.* UPPCo also represents that it has been approached by non-profit organizations, who are interested in participating in the EGLE grant program to install one or more EV chargers that are intended for public use. *Id.*, p. 3.

As such, in its amended application, UPPCo requests that the Commission approve the initial phase of the company's EV charging pilot program, thereby granting UPPCo the ability to expand and offer its electric customers the opportunity to install EV charging infrastructure and take electric service pursuant to UPPCo's C-1 Tariff for a period of approximately five years. UPPCo advises that the five-year effective life of the expanded C-1 Tariff offer is necessary to allow for an accelerated installation rate of EV chargers throughout the utility's service territory. Once EVs and EV charging infrastructure reach a higher penetration level, UPPCo opines that dedicated EV

charging installations that are served via a dedicated service should be grouped with similar usage type customers for future ratemaking purposes. *Id.*

UPPCo represents that under its proposed structure, the customer is permitted to select one of two options related to installing EV charging infrastructure:

- a. The customer could choose to add the EV charging infrastructure to an existing usage account and receive service under the terms of the tariff structure applicable to the aggregate load; or
- b. The customer could choose to install new EV charging infrastructure on its property through a new service request, which would be permitted to take service under the C-1 [T]ariff inclusive of the proposed demand waiver.
 - i. The proposed EV charger installation must have a maximum demand of less than or equal to 150 kW [kilowatts].
 - ii. The EV charger wishing to participate in the C-1 Tariff must establish a new, dedicated service for the EV charging system that is being installed.
 - iii. Any EV charging equipment that is aggregated with other material non-EV charging load at existing or new service locations will not be allowed to participate in the C-1 Tariff demand waiver.
 - iv. The applicant must be an existing UPPCO customer or must otherwise be eligible to take service from UPPCO at the new EV charging service site.
 - v. Any proposed EV charger project location must be located in an area where the existing distribution network can support the additional load without material modifications, unless explicitly approved by the Company.

Id., pp. 3-4.

In connection with this request, UPPCo provided a revised C-1 Tariff, attached to its amended application as Attachment 1, advising that all other applicable rates, surcharges, credits, and tariff riders applicable to the C-1 Tariff will likewise apply to any EV charging infrastructure installed on the C-1 Tariff subject to the terms of the demand waiver. *Id.*, p. 4.

Additionally, UPPCo requests authority to create a regulatory asset of up to \$750,000, whereby it will record any contribution in aid of a customer's EGLE grant application, inclusive of

all costs that are not otherwise addressed through application of UPPCo's existing tariff. *Id.*, p. 5. UPPCo's total contribution in support of a customer's EGLE grant application will be up to the lesser of \$70,000 or one-third of the total cost of eligible EV charging equipment. *Id.* The company advises that it will seek recovery of the regulatory asset in a future general rate case proceeding. As a part of that general rate case proceeding, the company will provide an analysis of the costs and benefits to ratepayers, as required by the Commission's May 26, 2021 order in Case No. U-20995 (May 26 order).¹ UPPCo states that in advance of its next general rate case proceeding, it will evaluate accommodating new EV charging specific tariff offerings that would be intended to facilitate effective and beneficial EV charging integration for other customer classes. Amended application, p. 5. The company further states that it will provide an annual report in the instant docket, Case No. U-21137, throughout the proposed five-year C-1 Tariff demand waiver period that will detail the progress of EV chargers installed, a map of their locations, and project utilization data by month and/or season. *Id.*, p. 6.

Finally, UPPCo contends that *ex parte* approval of its amended application is appropriate as it will not increase its current rates to any existing customer. *Id.*

After reviewing UPPCo's amended application, the Commission finds that the request to amend the company's general service tariff, C-1 Tariff, to allow for expanded EV use is reasonable and in the public interest and should be approved. The Commission also approves the creation of a regulatory asset of up to \$750,000 and authorizes the company to record entries into a regulatory asset account.

¹ In the May 26 order, the Commission approved a settlement agreement that provided for the purchase of UPPCo by Axium UP Holdings LLC from Lake AIV, L.P., pursuant to Section 6q of Public Act 286 of 2008, MCL 460.6q. Included in the terms of the settlement agreement was an agreement by UPPCo to develop an EV charging station pilot. May 26 order, p. 5.

Recognizing that the application included only a change to the C-1 Tariff and the creation of a regulatory asset – and not the details of a full EV charging pilot – the Commission authorizes the company to record entries into the regulatory asset account for up to three years from the date of this order, unless the company makes a future filing that includes a showing that an extension/expansion would be beneficial to customers. Further, the Commission recognizes UPPCo’s commitment to include in its next rate case both an analysis of the costs and benefits of this EV pilot program to ratepayers, and to evaluate accommodating new EV charging-specific tariff offerings that would be intended to facilitate effective and beneficial EV charging integration for other customer classes. The Commission directs UPPCo to include an evaluation of the impact to each customer class as part of this cost-benefit analysis to be filed in its next rate case. Finally, the Commission reminds the company that the approval of a regulatory asset and corresponding accounting treatment is not an approval for the inclusion of these expenditures in customer rates, and that the company will have to demonstrate the reasonableness and prudence of the expenditures as part of future rate cases, including a holistic, forward-looking review of both the rebates and the demand charge holiday.

The Commission further finds that the amended application is consistent with the settlement agreement approved in the May 26 order and satisfies the criteria applicable to pilot program approval requests set out in the February 4, 2021 order in Case No. U-20645. Additionally, the Commission finds that *ex parte* review and approval are appropriate as approval will not increase the cost of service to customers. *See*, MCL 460.6a(3).

THEREFORE, IT IS ORDERED that:

A. Upper Peninsula Power Company’s amended application is approved.

B. Upper Peninsula Power Company is authorized to amend its commercial General Service Tariff to allow for expanded application of the C-1 Tariff to prospective electric vehicle charging stations through a demand waiver as set forth in its amended application and its revised C-1 Tariff, as attached to this order as Exhibit A, and to create a regulatory asset to support contributions of certain costs in assistance of customer grant applications as addressed in its amended application. Upper Peninsula Power Company shall record entries into the regulatory asset account for up to three years from the date of this order.

C. Upper Peninsula Power Company shall file, within 30 days of the issuance of this order, tariff sheets substantially identical to those attached as Exhibit A to this order.

D. Upper Peninsula Power Company shall file in the instant docket an annual report throughout the duration of the C-1 Tariff demand waiver period that provides details on the electric vehicle chargers that are installed, a map of their locations, and project utilization data by month and/ or season.

E. Upper Peninsula Power Company shall file an analysis of the costs and benefits to ratepayers, as required by the Commission's May 26, 2021 order in Case No. U-20995, as well as an evaluation of new electric vehicle charging-specific tariff offerings that would be intended to facilitate effective and beneficial electric vehicle charging integration for other customer classes in the company's next electric rate case.

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 notification should be sent to the Executive Secretary at mpscdockets@michigan.gov and to the Michigan Department of Attorney General - Public Service Division at pungpl@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

Tremaine L. Phillips, Commissioner

Katherine L. Peretick, Commissioner

By its action of April 14, 2022.

Lisa Felice, Executive Secretary

UPPER PENINSULA POWER COMPANY

MPSC Vol No 8-ELECTRIC

9th Rev. Sheet No. D-12.00
Replaces 8th Rev. Sheet No. D-12.00

D2. General Service	C-1
<p>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.</p>	
<p>CHARACTER OF SERVICE: Single or three-phase, alternating current, 60 hertz at standard available voltages.</p>	
<p>RATE: <u>DISTRIBUTION SERVICE:</u> Service Charge: \$17.00 per month \$0.5589 per day Energy Charge: \$0.07384 per kWh for all kWh</p>	
<p>R <u>POWER SUPPLY SERVICE (Optional)</u> R Energy Charge: R Non-Capacity \$0.06503 per kWh for all kWh Capacity \$0.02181 per kWh for all kWh</p>	
<p>MINIMUM CHARGE: The service charge included in the rate, plus the energy optimization surcharge.</p>	
<p>POWER SUPPLY COST RECOVERY CLAUSE: This rate is subject to the Company's Power Supply Cost Recovery shown on Sheet No. D-3.00.</p>	
<p>ENERGY OPTIMIZATION SURCHARGE: This rate is subject to the Energy Optimization Surcharge shown on Sheet No. D-73.00.</p>	
<p>D TERMS OF PAYMENT: D Bills are due in 21 days from date of bill. A delayed payment charge D of 2% may be applied to the unpaid balance if the bill is not paid in full on or before the due date thereon.</p>	
<p>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.</p>	

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Issued: 06-05-19
By G R Haehnel
Director - Regulatory Affairs
Marquette, Michigan

Effective for Service
On and After: 06-01-19
Issued Under Auth. of
Mich Public Serv Comm
Dated: 05-23-19
In Case No: U-20276

D2. General Service**C-1**DEMAND WAIVER FOR ELECTRIC VEHICLE CHARGERS:

An Electric Vehicle Charging ("EVC") customer may take service under rate schedule C-1 if the following criteria are met:

- (1) The maximum monthly 15-minute average demand must not exceed 150 kW.
- (2) The EVC installations taking service under rate schedule C-1 pursuant to the terms of the demand waiver are required to establish a new, dedicated service for the EVC system.
- (3) EVC equipment load that is aggregated with other material non-EVC load at existing or new service locations are not permitted to participate in the Demand Waiver for Electric Vehicle Chargers.
- (4) EVC systems must be installed in locations where the existing distribution network can support the additional load without material modifications or incurrence of atypical interconnection costs, unless otherwise approved by the Company.
- (5) The Demand Waiver for Electric Vehicle Chargers will expire no later than January 1, 2027.

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Issued:

By G R Haehnel
Chief Financial Officer
Marquette, Michigan

Effective for Service
On and After: XX-XX-XX
Issued Under Auth. of
Mich Public Serv Comm
Dated: XX-XX-XX
In Case No: U-21137


PROOF OF SERVICE

STATE OF MICHIGAN)

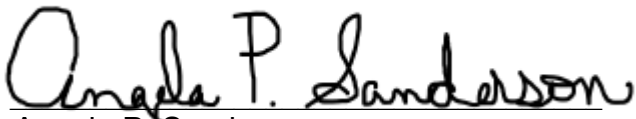
Case No. U-21137

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on April 14, 2022 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 14th day of April 2022.



Angela P. Sanderson
Notary Public, Shiawassee County, Michigan
As acting in Eaton County
My Commission Expires: May 21, 2024

Service List for Case: U-21137

Name	Email Address
Sherri A. Wellman Upper Peninsula Power Company (UPPCO)	wellmans@millercanfield.com jlarsen@uppcoco.com