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July 2, 2018

Ms. Kavita Kale
Executive Secretary
Michigan Public Service Commission
7109 W. Saginaw Highway, 3rd Floor
Lansing, MI 48917

Re: Wisconsin Electric Power Company
2017 Renewable Energy Reconciliation
Case No. U-20177

Dear Ms. Kale:

Enclosed for electronic filing are the following:

- (i) Wisconsin Electric Power Company's Application;
- (ii) Direct Testimony and Exhibits of John G. Guntlisbergen (public versions); and
- (iii) Appearance of Sherri A. Wellman.

Additionally, a marked up Notice of Hearing will be e-mailed to Angela Sanderson at sandersona2@michigan.gov.

If you should have any questions, please kindly advise.

Very truly yours,

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

By: _____
Sherri A. Wellman

SAW/cla

cc: Ted Eidukas
Dennis Derricks
Koby Bailey
John Guntlisbergen
Colleen Sipiorski
Amy Winkler

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * *

In the matter of the application of)	
WISCONSIN ELECTRIC POWER COMPANY)	
d/b/a We Energies renewable energy reconciliation)	Case No. U-20177
proceeding for the 12 month period)	
<u>ended December 31, 2017.</u>)	

APPLICATION

Wisconsin Electric Power Company (“Wisconsin Electric” or “Company”) d/b/a We Energies requests that the Michigan Public Service Commission (“Commission”) approve Wisconsin Electric’s 2017 renewable energy (“RE”) reconciliation. In support thereof, Wisconsin Electric respectfully represents as follows:

1. Wisconsin Electric is a public service corporation organized under the laws of Wisconsin with its principal offices located in Milwaukee, Wisconsin, and is engaged primarily in public utility operations. During the 2017 RE reconciliation period, Wisconsin Electric was authorized to do business in Michigan and provided retail electric service to the Tilden Mining Company L.C. in Richmond Township, Marquette County.

2. Wisconsin Electric’s retail electric business in Michigan is subject to the Commission’s jurisdiction pursuant to 1909 PA 106, as amended, MCL 460.551 *et seq.*; 1909 PA 300, as amended, MCL 462.2 *et seq.*; 1919 PA 419, as amended, MCL 460.51 *et seq.*; and 1939 PA 3, as amended, MCL 460.1 *et seq.*

3. The Commission’s April 30, 2018 Order in Case No. U-20170 *et al*, require the Company to file its RE reconciliation for 2017 in this matter by no later than July 2, 2018.

4. Incorporated in Wisconsin Electric's rate schedules is an RE surcharge as authorized by the Commission. During 2017, the Company's 2017 RE Plan and tariffed RE surcharges were those approved by the Commission's January 23, 2018 Order in Case No. U-18237.

5. Under the 2017 RE Plan, Wisconsin Electric recovers: (i) pre-Act 295 RE costs as system-wide energy via traditional ratemaking mechanisms; (ii) the Michigan allocated share of the costs of Company-owned post-Act 295 sources of RE via Act 295 rate mechanisms (*i.e.*, the transfer price and RE surcharges); and (iii) the cost of RE credit ("REC")-only purchases made specifically to comply with Act 295 requirements, as amended, via Act 295's cost recovery mechanisms.

6. The reconciliation of the incremental RE costs and surcharge revenues for 2017 and interest, results in a cumulative regulatory liability balance of (\$303,931). WEPCo is not requesting a change in its RE surcharge at this time. WEPCo requests authority to roll in the regulatory liability into its 2018 RE reconciliation.

7. Wisconsin Electric's actions in 2017 with regards to RE were: (i) consistent with Wisconsin Electric's approved RE Plan, and (ii) reasonable and prudent.

8. The Renewable Energy Annual Report is filed herewith as Exhibit A-2 (JGG-2) to the prefiled direct testimony of John G. Guntlisbergen, which is filed contemporaneously herewith and in support of hereof. Certain supporting information in Exhibits A-1 (JGG-1) and Exhibit A-2 (JGG-2) has been redacted as confidential. The Company will make such information available for review pursuant to an arrangement that protects the confidentiality of this information.

WHEREFORE, Wisconsin Electric Power Company requests that this Commission:

- A. Find and determine that the 2017 Renewable Energy Annual Report satisfies all applicable requirements;
- B. Find and determine that the actions in 2017 complied with renewable standard requirements and standards, and were reasonable and prudent;
- C. Find and determine that the reconciliation for 2017 is correct; and
- D. Grant such other relief as is just and reasonable.

Respectfully submitted,

WISCONSIN ELECTRIC POWER COMPANY

Dated: July 2, 2018

By: _____

Its Attorney
Sherri A. Wellman (P38989)
MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.
One Michigan Avenue, Suite 900
Lansing, Michigan 48933
(517) 487-2070

Attorney for Wisconsin Electric Power Company

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
WISCONSIN ELECTRIC POWER COMPANY)	
d/b/a We Energies renewable energy reconciliation)	Case No. U-20177
proceeding for the 12 month period)	
<u>ended December 31, 2017.</u>)	

DIRECT TESTIMONY AND EXHIBITS OF
JOHN G. GUNT LISBERGEN
ON BEHALF OF
WISCONSIN ELECTRIC POWER COMPANY

July 2, 2018

1 **Q. Please state your name, business address, and position.**

2 A. My name is John G. Guntlisbergen. My business address is Wisconsin Electric Power
3 Company (“Wisconsin Electric” or the “Company”), 700 North Adams Street, P.O. Box
4 19001, Green Bay, WI 54307-9001. I am the Manager of Electric Fuel Cost Recovery in
5 the State Regulatory Affairs Department of the WEC Energy Group (“WEC”).
6 Wisconsin Electric is a wholly owned subsidiary of WEC.

7
8 **Q. Please describe briefly your education, professional, and utility background.**

9 A. In 1981, I graduated from St. Norbert College - De Pere, Wisconsin, with a Bachelor of
10 Business Administration Degree in Accounting. After completing college I was
11 employed by WPS Corp as a Depreciation Analyst and later as the Depreciation
12 Supervisor in the Corporate Tax Department. While in the Corporate Tax Department, I
13 performed depreciation studies on utility plant property, and determined book
14 depreciation, tax depreciation and deferred taxes on an actual and forecasted basis. In
15 1993, I moved to the Rates and Economic Evaluation Department as a Rates Planner. I
16 performed cost studies and rate impact studies for generation planning and long-range
17 corporate planning. I participated in the analysis of transmission costs and the
18 development of the transmission tariffs for filing with the Federal Energy Regulatory
19 Commission. I performed electric and gas cost of service studies for the Michigan and
20 Wisconsin jurisdictions. I have also worked with the power supply areas for Wisconsin
21 Electric, Wisconsin Public Service Corporation and Upper Peninsula Power Company to
22 develop Power Supply Cost Recovery (“PSCR”) plans and in the reconciliation of the
23 PSCR costs to revenues.

1 **Q. Have you testified before a regulatory agency?**

2 A. Yes. I have testified before the Public Service Commission of Wisconsin ("PSCW") and
3 the Michigan Public Service Commission ("MPSC" or "Commission").
4

5 **Q. What is the purpose of your testimony in this proceeding?**

6 A. The purpose of my testimony is to support the reconciliation of Wisconsin Electric's
7 Renewable Energy ("RE") surcharge revenues and expenses for the 12-month period
8 ended December 31, 2017, as well as to sponsor Wisconsin Electric's 2017 RE Annual
9 Report.
10

11 **Q. Are you sponsoring any exhibits?**

12 A. Yes, I am sponsoring Exhibit A-1 (JGG-1), which shows Wisconsin Electric's 2017 RE
13 reconciliation, and Exhibit A-2 (JGG-2), which is Wisconsin Electric's 2017 RE Annual
14 Report.
15

16 **Q. Were these exhibits prepared by you or at your direction?**

17 A. Yes, they were.
18

19 **Q. Please describe Exhibit A-1 (JGG-1).**

20 A. Exhibit A-1 (JGG-1) details the annual 2017 RE reconciliation on a basis consistent with
21 the cost recovery approach in the Company's 2017 RE Plan, which was approved by the
22 Commission's January 23, 2018 Order Approving Settlement Agreement in Case No. U-
23 18237. The 2017 RE Plan: (i) treats the costs of pre-Act 295 RE as system-wide energy

1 costs to be recovered via traditional rate mechanisms; (ii) treats the costs of post-Act 295
2 RE generated at company-owned facilities (i.e., the Glacier Hills Wind Park (“Glacier
3 Hills”), Montfort Wind Energy Center (“Montfort”), and Rothschild Biomass
4 Cogeneration Plant (“Rothschild”)), that is allocated to Michigan, as part of system-wide
5 energy costs to be recovered via the transfer price and RE surcharges as incremental costs
6 of compliance (with the Rothschild incremental costs being calculated as set forth in
7 paragraph 6e of the Settlement Agreement incorporated in the U-18237 Order); and (iii)
8 treats the cost of REC-only purchases made specifically to comply with Act 295
9 requirements as recoverable via RE surcharges.

10
11 Page 1 of Exhibit A-1, lines 1 through 10 show the calculation of the Michigan revenue
12 requirement, the Michigan allocated amount recovered through the PSCR, and the
13 incremental cost of compliance. Line 11 shows: (1) the 2017 plan and RE surcharge
14 revenue recognized; (2) the prior years (2010 through 2016) actual RE surcharge
15 revenue; and (3) the cumulative total RE surcharge revenue (2010 through 2017). The
16 regulatory asset shown on line 12 is the result of the incremental cost of compliance on
17 line 10 minus the RE surcharge revenue collected on line 11. The amount on line 11 was
18 the RE surcharges ordered in U-18237. The carrying charges calculated based on the
19 short-term interest rate are shown on line 13. The year-end regulatory asset and
20 cumulative regulatory liability balances, including interest, are shown on line 14. Line 15
21 shows the regulatory asset on the Company’s books. Line 16 shows the incremental cost
22 of compliance. Line 17 shows the true-up/adjustment to the regulatory asset on the
23 Company’s books. Line 18 shows the 2017 actual regulatory asset balance, as adjusted,

1 and the net cumulative regulatory liability balance, as adjusted, which matches line 14.
2 Note that the “Prior Years Actual” information on this exhibit is consistent with Exhibit
3 A-1(CMK-1) filed on June 30, 2017 in the 2016 RE Reconciliation in Case No. U-18247.

4
5 Page 2 of Exhibit A-1 provides the calculation of the 2017 revenue requirement, transfer
6 price revenue recovered through the PSCR and incremental cost of compliance for
7 Glacier Hills (lines 1-9), Montfort (lines 10-18), and Rothschild (lines 19-27) is shown.
8 The calculation of the weighted revenue requirements per MWh and the transfer price per
9 MWh are shown on lines 31 through 38.

10
11 Page 3 of Exhibit A-1 provides the 2017 revenue requirement, transfer price revenue, and
12 incremental cost of compliance for Rothschild, split between wood biomass and natural
13 gas fuels. Rothschild is a co-generation plant fueled with both biomass and natural gas
14 (necessary for start-up and flame stabilization). As the revenue requirements are based on
15 MWh, all MWh have been included for the purpose of allowing the Company to recover
16 its full revenue requirements for this facility, subject to the limits set forth in Paragraph
17 6e of the Settlement Agreement incorporated in the U-18237 Order.

18
19 Finally, page 4 of Exhibit A-1¹ provides a detailed annual summary updated with actual
20 sales, revenue requirement, MWh, surcharge revenue and carrying cost data for the 2017
21 reconciliation period. Note that Page 4 also includes data for the 2018- 2019 plan period,
22 consistent with the RE Plan filed in MPSC Case No. U-18237. The 2018-2019 sales

¹ The Company redacted information due to (1) confidentiality provisions in agreements pursuant to which the Company obtained RECs and (2) confidential customer information. The Company will make such information available for review pursuant to an arrangement that protects this information.

1 forecast as shown on line 1 is based on Tilden as Wisconsin Electric's only remaining
2 customer through June 2019. Also note that the planned RE surcharges and incremental
3 costs of compliance were eliminated beyond 2019 (as Wisconsin Electric will no longer
4 have Michigan customers).

5
6 **Q. Did Wisconsin Electric recognize any RE surcharge revenue in 2017?**

7 A. Wisconsin Electric recognized \$187.50 per month as the RE surcharge revenue, which
8 was less than the incremental costs that exceeded the transfer price and resulted in
9 unrecovered incremental RE costs in 2017. The unrecovered incremental RE costs are
10 being treated as a Michigan regulatory asset, offset by the Michigan regulatory liability
11 from past RE surcharges that exceeded RE costs. As ordered in MPSC Case U-18237,
12 when Tilden is transferred to UMER², 62.5% of the Michigan regulatory asset balance
13 will be transferred to UMER² consistent with Wisconsin Electric's 2019 RE
14 reconciliation. Additionally, Wisconsin Electric will transfer its REC bank for the
15 Michigan jurisdiction to UMER² after Tilden is transferred as a customer to UMER²
16 and after the Commission finds that Wisconsin Electric met its 2019 REC portfolio
17 requirements in Wisconsin Electric's 2019 RE reconciliation.

18
19 **Q. What is the cumulative total amount of the regulatory liability recorded on the**
20 **Company's books as of December 31, 2017?**

21 A. The cumulative total regulatory liability balance on the Company's books as of
22 December 31, 2017, is (\$398,513) as shown on Exhibit A-1 (JGG-1), Page 1, line 15.

² Tilden remains a customer of Wisconsin Electric until transferred as a customer of UMER² after the termination of the 2016-2019 Large Curtailable Special Contract between Tilden and Wisconsin Electric ("Tilden Special Contract"), which is estimated to be mid-2019.

1 After subtracting the incremental cost of compliance (line 16), and the true-up/adjustment
2 (line 17), the cumulative regulatory liability balance is (\$303,931) as shown on line 18.

3
4 **Q. What transfer price would apply to Glacier Hills, Montfort and Rothschild costs?**

5 A. Consistent with its MPSC approved 2017 RE Plan (U-18237 Order), the Company is
6 applying the transfer price established by Staff and included in its 2011 RE reconciliation
7 in Case No. U-16662 for Montfort and Rothschild of \$71.20/MWh. With respect to
8 Glacier Hills, the Commission established a levelized transfer price of \$80.41/MWh in
9 the Initial RE Plan, which was again approved in the Company's 2017 RE Plan in the U-
10 18237 Order.

11
12 **Q. Is Wisconsin Electric requesting to establish any transfer prices in this case?**

13 A. No. Glacier Hills, Montfort, and Rothschild have established transfer prices. However, if
14 the Commission determines that it should establish prices in the event that new RE
15 sources are acquired in 2018, the Company would accept the Staff's 2018 transfer price
16 schedule filed in Case No. U-15800.

17
18 **Q. Will the Company be exchanging any ineligible RECs with RECs that are eligible
19 under Michigan RPS?**

20 A. Yes. For the purpose of maximizing the utilization of RECs, while minimizing the costs
21 to all customers, the Company will exchange allocated RECs of the same resource type
22 (e.g., wind for wind, etc.) between the Wisconsin RPS and the Michigan RPS in cases
23 where a REC is not eligible for one state's RPS but would be eligible for the other state's

1 RPS. RECs allocated to a jurisdiction that are not eligible for that state's RPS but are
2 eligible for the other state's RPS will be exchanged for RECs that are eligible in that
3 jurisdiction that had been allocated to the other jurisdiction. This exchange is for the REC
4 attributes only, with no exchange of cost. The exchange of RECs was approved by the
5 Commission in Case No. U-17072, page 32, as well as in the 2016 RE Plan (U-17798
6 Order). The Michigan-eligible RECs that are obtained pursuant to this exchange are
7 reported in the Company's RE annual report.

8
9 **Q. Did Wisconsin Electric comply with Act 295's REC portfolio requirements in 2017?**

10 A. Yes. The 2017 RE Annual Report, Exhibit A-2 (JGG-2), shows that Wisconsin Electric
11 complied with the REC portfolio requirement of MCL 460.1027(3).³

12
13 **Q. Is the Company requesting a change to the currently approved RE surcharges?**

14 A. No, it is not.

15
16 **Q. Does this conclude your direct testimony?**

17 A. Yes, it does.

³ Certain information has been redacted from Exhibit A-2 (JGG-2) due to confidentiality provisions in the agreements pursuant to which the Company obtained these REC. The Company will make such information available for review pursuant to an arrangement that protects this information.

Wisconsin Electric Power Company

Annual Michigan Renewable Energy Reconciliation 2017

<u>Line No.</u>	<u>Description</u>	<u>2017 per RE Plan</u>	<u>2017 Actual</u>	<u>Prior Years Actual</u>	<u>Cumulative Total</u>
1	RECs (MWh)	679,700	524,031		
2	Michigan Energy Allocator - (Load Ratio Share)	4.40885%	4.70332%		
3	RECs allocated to Michigan (Line 1 * Line 2)	29,967	24,647		
4	RECs Purchased for MI RPS (MWh)		-		
5	Total Michigan RECs (Line 3 + Line 4)	29,967	24,647		
6	Michigan Allocated Revenue Requirement	\$ 3,642,713	\$ 2,892,179		
7	RECs Purchased for MI RPS (\$)	\$ -	\$ -		
8	Michigan Revenue Requirement (Line 6 + Line 7)	\$ 3,642,713	\$ 2,892,179		
9	Amount recovered through PSCR	\$ 2,293,600	\$ 1,924,202		
10	Incremental Cost of Compliance (Line 8 - Line 9)	\$ 1,349,113	\$ 967,977	\$ 7,109,646	\$ 8,077,623
11	Michigan Renewable Energy Surcharge Collected	\$ 2,250	\$ 2,250	\$ 8,360,543	\$ 8,362,793
12	Regulatory Asset/(Liability) (Line 10 - Line 11)	\$ 1,346,863	\$ 965,727	\$ (1,250,897)	\$ (285,170)
13	Carrying Charges (Interest)	\$ 16,683	\$ (428)	\$ (18,333)	\$ (18,761)
14	Regulatory Asset/(Liability) including Interest (Line 12 + Line 13)	\$ 1,363,546	\$ 965,299	\$ (1,269,230)	\$ (303,931)
15	Regulatory Asset/(Liability) Balance per Company Books - Acct 254357		\$ (547,308)	\$ 148,794	\$ (398,513)
16	Less: Incremental cost of compliance (from Line 10)		\$ 967,977	\$ 7,109,646	\$ 8,077,623
17	True-up (Line 14 - Line 15 - Line 16)		\$ 544,630	\$ (8,527,670)	\$ (7,983,041)
18	Regulatory Asset/(Liability) Balance as Adjusted		\$ 965,299	\$ (1,269,230)	\$ (303,931)

Wisconsin Electric Power Company

2017 Transfer Price and Incremental Cost Calculation

<u>Line No.</u>	<u>Description</u>	<u>2017 Actual</u>
<u>Glacier Hills Wind</u>		
1	Annual Revenue Requirement	43,782,209
2	MI Energy Allocation	4.70332%
3	MI Allocated Revenue Requirement	2,059,218
4	Glacier Hills Generation - MWh	390,940
5	MI Energy Allocation	4.70332%
6	Michigan Allocated - Mwh	18,387
7	Transfer Price	\$ 80.41
8	Amount recovered through PSCR	\$ 1,478,512
9	Incremental Cost of Compliance	\$ 580,706
<u>Montfort Wind</u>		
10	Annual Revenue Requirement	5,840,440
11	MI Energy Allocation	4.70332%
12	MI Allocated Revenue Requirement	274,695
13	Montfort Wind Generation - Mwh	48,308
14	MI Energy Allocation	4.70332%
15	Michigan Allocated - Mwh	2,272
16	Transfer Price	\$ 71.20
17	Amount recovered through PSCR	\$ 161,772
18	Incremental Cost of Compliance	\$ 112,923
<u>Rothschild Biomass</u>		
19	Annual Revenue Requirement ¹	11,869,620
20	MI Energy Allocation	4.70332%
21	MI Allocated Revenue Requirement	558,266
22	Rothschild Biomass Generation - MWh	84,783
23	MI Energy Allocation	4.70332%
24	Michigan Allocated - Mwh	3,988
25	Transfer Price	\$ 71.20
26	Amount recovered through PSCR	\$ 283,918
27	Incremental Cost of Compliance	\$ 274,348
<u>Total</u>		
28	Total MI Revenue Requirement	\$ 2,892,179
29	Amount recovered through PSCR	\$ 1,924,202
30	Incremental Cost of Compliance	\$ 967,977
<u>Michigan Allocated - Mwh</u>		
31	Glacier Hills	390,940
32	Montfort	48,308
33	Rothschild Biomass Plant	84,783
34	Total System - MWh	524,031
35	MI Energy Allocation	4.70332%
36	Michigan Allocated - MWh	24,647
37	Revenue Requirement per MWh	\$ 117.34
38	Transfer Price per MWh ²	\$ 78.07

¹ The Rothschild revenue requirement is capped at \$140/MWh per the settlement agreement in the Renewable Energy Plan Case No. U-17798.

Revenue Requirement: \$14,430,500 = (103,075 Mwh x \$140 per MWh)
 The 2016 Actual Revenue Requirement for Rothschild = \$44,820,000 or \$434.83/MWh

² For 2016, the transfer price is the weighted average of Glacier Hills @ \$80.41, and Montfort and Rothschild @ \$72.02

Wisconsin Electric Power Company

2017 Rothschild Cost Calculation

<u>Line No.</u>		<u>Biomass MWh</u>	<u>Natural Gas MWh</u>	<u>Total MWh</u>
	<u>Rothschild Biomass - 2016 Actual</u>			
1.	Annual Revenue Requirement ¹	10,944,360	925,260	11,869,620
2.	MI Energy Allocation	4.70332%	4.70332%	4.70332%
3.	MI Allocated Revenue Requirement	514,748	43,518	558,266
4.	Rothschild Biomass Generation - MWh	78,174	6,609	84,783
5.	MI Energy Allocation	4.70332%	4.70332%	4.70332%
6.	Michigan Allocated - Mwh	3,677	311	3,988
7.	Transfer Price	\$ 71.20	\$ 71.20	\$ 71.20
8.	Amount recovered through PSCR	\$ 261,802	\$ 22,143	\$ 283,946
9.	Incremental Cost of Compliance	\$ 252,946	\$ 21,375	\$ 274,320

¹ Cost per MWh capped at \$140.

Wisconsin Electric Power Company

Renewable Energy Plan Summary

Line No.	Description	Units	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018	2019	Total
RPS Requirement														
1	Sales Forecast	MWh	2,243,877	2,833,354	2,935,546	2,549,536	1,683,135	384,001						
2	Three Year Average / Weather Normalized	MWh				2,670,926	2,772,812	1,683,135	384,001	384,001				
3	Michigan RPS Requirement	MWh	-	-	-	95,975	127,144	110,755	38,400	38,400				410,674
4	Michigan RPS Requirement	%				3.59%	4.59%	6.58%	10.00%	10.00%	10.00%	10.00%	12.50%	
Renewable Energy Credit Compliance														
7	RPS Beginning Balance	RECs	-	63,405	154,662	265,720	294,580	287,285	206,765	347,587	393,082	360,722	322,231	
8	RECs from Existing Renewables	RECs	63,405	80,152	88,611	66,785	45,403	12,305	68,050	68,000	41,076	39,267	16,731	
9	RECS from System-wide Allocation	RECs	-	11,105	19,054	21,258	45,235	9,449	31,614	31,554	21,994	13,626	-	
10	RECs for Michigan RPS	RECs	-	-	3,393	36,792	29,211	8,481	79,558	81,552	27,370	33,265	14,338	
11	Current Year RECs	RECs	63,405	91,257	111,058	124,835	119,849	30,235	179,222	181,106	90,440	86,158	31,069	
12	Total Available RECs	RECs	63,405	154,662	265,720	390,555	414,429	317,520	385,987	528,693	483,522	446,880	353,300	
13	Total Retired for Compliance	RECs	-	-	-	95,975	127,144	110,755	38,400	135,611				507,885
14	Ending Balance	RECs	63,405	154,662	265,720	294,580	287,285	206,765	347,587	393,082	360,722	322,231	207,050	
Revenue Requirement														
17	Post-Act 295 company-owned RE facilities	\$				\$ 4,661,113	\$ 3,561,290	\$ 943,342	\$ 4,524,957	\$ 5,145,019	\$ 2,892,179	\$ 3,532,152	\$ 1,496,493	
18	PPA	\$												
19	REC Purchases (Sales)	\$												
20	Total	\$	\$ -	\$ -	\$ -	\$ 4,661,113	\$ 3,561,290	\$ 943,342	\$ 4,615,864	\$ 5,251,597	\$ 2,892,179	\$ 3,532,152	\$ 1,496,493	
RECs Obtained for Michigan RPS														
23	Post-Act 295 company-owned RE facilities	MWh				34,528	27,278	7,795	40,236	41,703	24,647	30,332	13,073	
24	PPA	MWh												
25	Sub-Total	MWh				34,528	27,278	7,795	40,236	41,703	24,647	30,332	13,073	
26	RECs Purchase (Sold)	RECs												
27	Incentive (SB 213 Sec 39 (2))	RECs	-	-	3,393	2,264	1,933	686	6,265	4,323	2,723	2,933	1,265	
28	Total	RECs	-	-	3,393	36,792	29,211	8,481	79,558	81,552	27,370	33,265	14,338	
Forecasted Transfer Price per MWh														
30	Forecasted Transfer Price per MWh	\$/MWh				\$80.35	\$78.18	\$ 77.44	\$ 78.49	\$ 72.02	\$ 71.20	\$ 72.09	\$ 73.46	
Amount recovered through PSCR														
32	Amount recovered through PSCR	\$				2,774,378	2,132,459	603,672	3,157,955	3,255,096	1,924,202	2,331,233	1,011,647	17,190,642
33	Revenue Requirement	\$				4,661,113	3,561,290	943,342	4,615,864	5,251,597	2,892,179	3,532,152	1,496,493	26,954,030
34	Incremental Cost of Compliance - Annual	\$				1,886,735	1,428,831	339,670	1,457,909	1,996,501	967,977	1,200,919	484,846	9,763,388
Non-Volumetric Surcharge														
Meter (or customer) Forecast														
38	Primary	No. Cust.									1	1	1	
39	Total	No. Cust.									1	1	1	
Planned Surcharge Revenue per Year														
42	Residential	\$	\$ 850,303	\$ 887,209	\$ 884,058	\$ 894,041	\$ 891,845	\$ 200,461	\$ 316,786	\$ -	\$ -	\$ -	\$ -	\$ 4,924,703
43	Secondary	\$	\$ 583,341	\$ 597,181	\$ 599,335	\$ 608,311	\$ 599,824	\$ 130,708	\$ 210,313	\$ -	\$ -	\$ -	\$ -	\$ 3,329,013
44	Primary	\$	\$ 25,258	\$ 21,868	\$ 22,537	\$ 19,406	\$ 11,232	\$ 2,548	\$ 3,978	\$ 2,250	\$ 2,250	\$ 2,250	\$ 2,250	\$ 113,577
45	Total	\$	\$ 1,458,902	\$ 1,506,258	\$ 1,505,930	\$ 1,521,758	\$ 1,502,901	\$ 333,717	\$ 531,077	\$ 2,250	\$ 2,250	\$ 2,250	\$ 2,250	\$ 8,367,293
Year End Regulatory Asset/(Liability) Balance														
48	Beginning Balance	\$	\$ -	\$ (1,458,902)	\$ (2,965,160)	\$ (2,584,355)	\$ (2,677,282)	\$ (3,840,513)	\$ (2,716,321)	\$ (1,250,897)	\$ (285,170)	\$ 913,499	\$ -	
49	Incremental Cost of Compliance	\$	\$ -	\$ -	\$ 1,886,735	\$ 1,428,831	\$ 339,670	\$ 1,457,909	\$ 1,996,501	\$ 967,977	\$ 1,200,919	\$ 484,846	\$ -	
50	Surcharge Revenue	\$	\$ (1,458,902)	\$ (1,506,258)	\$ (1,505,930)	\$ (1,521,758)	\$ (1,502,901)	\$ (333,717)	\$ (531,077)	\$ (2,250)	\$ (2,250)	\$ (2,250)	\$ (2,250)	
51	Under/(Over) Recovery Balance	\$	\$ -	\$ (1,458,902)	\$ (2,965,160)	\$ (2,584,355)	\$ (2,677,282)	\$ (3,840,513)	\$ (2,716,321)	\$ (1,250,897)	\$ (285,170)	\$ 913,499	\$ 1,396,095	
52	Interest Charges	\$	\$ -	\$ (1,275)	\$ (2,512)	\$ (3,484)	\$ (1,939)	\$ (2,092)	\$ (3,639)	\$ (3,392)	\$ (428)	\$ 87,787	\$ 134,165	
54	Interest Charges - Balance	\$	\$ -	\$ (1,275)	\$ (3,787)	\$ (7,271)	\$ (9,210)	\$ (11,302)	\$ (14,941)	\$ (18,333)	\$ (18,761)	\$ 69,026	\$ 203,191	
56	Under/(Over) Recovery + Interest Balance	\$	\$ -	\$ (1,460,177)	\$ (2,968,947)	\$ (2,591,626)	\$ (2,686,492)	\$ (3,851,815)	\$ (2,731,262)	\$ (1,269,230)	\$ (303,931)	\$ 982,525	\$ 1,599,286	
Sec. 45 Actual / Planned Surcharge per Month % of Max.														
59	Residential	40.00%	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 0.25	\$ 0.25	\$ -	\$ -	\$ -	\$ -	
60	Secondary	40.00%	\$ 16.58	\$ 16.58	\$ 16.58	\$ 16.58	\$ 16.58	\$ 1.35	\$ 1.35	\$ -	\$ -	\$ -	\$ -	
61	Primary	40.00%	\$ 187.50	\$ 187.50	\$ 187.50	\$ 187.50	\$ 187.50	\$ 15.32	\$ 15.32	\$ 187.50	\$ 187.50	\$ 187.50	\$ 187.50	

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * *

In the matter of the application of)
WISCONSIN ELECTRIC POWER COMPANY)
d/b/a We Energies renewable energy reconciliation) Case No. U-20177
proceeding for the 12 month period)
ended December 31, 2017.)

EXHIBIT A-2 (JGG-2)
2017 RENEWABLE ENERGY
ANNUAL REPORT

Renewable Energy Annual Report

Electric Provider: Wisconsin Electric Power Company
Reporting Period: Calendar Year 2017

- Section 51(1) of 2008 PA 295, as amended by 2016 PA 342, requires the filing of this document with the Michigan Public Service Commission.
- Many of the requested figures are available from MIRECS reports; names of which are noted within this template. If your figures agree with those within MIRECS, you may submit the MIRECS report as an attachment to this annual report. If your figures differ from those within MIRECS, please explain any discrepancies. Staff from the MPSC and MIRECS Administrator, APX, Inc., are available to help reconcile.
- The purpose of this annual report is to provide information regarding activities that occurred within calendar year 2017, not simply activity regarding energy credits with the vintage of 2017.

Section 51(1).

Within this section, list and describe actions taken by the electric provider to comply with the renewable energy standards.

a. Filings to the Commission (case numbers)

U-18247 – 2016 Renewable Energy Reconciliation

U-18237 – 2017 Renewable Energy Plan

U-18087 – 2015 Renewable Energy Reconciliation

b. Summary of actions taken during reporting period

WEPCo (referred to as WEPCO mines for MIRECS) has generated or procured 90,440 RECs to be applied to its Michigan RPS requirement as a load ratio share allocation of Michigan retail generation. For 2017 RPS compliance, WEPCO applies a consistent approach across utilities. WEPCo allocates RECs based on like-for-like transfers as used by WEPCo in the previous year.

The Michigan Public Service Commission issued an Order Approving Settlement Agreement in the matter of Wisconsin Electric Power Company's updated Renewable Energy Plan in Case No. U-18237.

Section 51(2)(a).

Within this section, list the number of energy credits obtained and, if bundled credits, the MWh of electricity generated or otherwise acquired during the reporting period, including those credits transferred from ones wholesale electric supplier. This data may be found in the MIRECS report titled: My Credit Transfers using the transfer tabs indicated below and filtering the report by date (only activity occurring in 2017).

Credits From	Renewable Energy Credits	Incentive Credits	MWh Electricity Generated/Acquired
Generated (Intra-Account Transfer, only "Issued" in the Action column)	2017 Vintage: 0 2016 Vintage: 0 2015 Vintage: 0 2014 Vintage: 0 Older Vintages: 0	2017 Vintage: 0 2016 Vintage: 0 2015 Vintage: 0 2014 Vintage: 0 Older Vintages: 0	
Purchased (Inter-Account Transfer, only "Confirm" or "Forward Transfer" in the Action column)	2017 Vintage: 90,440 2016 Vintage: 2015 Vintage: 2014 Vintage: Older Vintages:	2017 Vintage: 2,723 2016 Vintage: 2015 Vintage: 2014 Vintage: Older Vintages:	90,440
Total Credits			

"Issued" within the Action column refers to an account holder accepting the generation data after which energy credits are created. "Confirm" within the Action column refers to both the transferee and transferor agreeing to the non-recurring transfer. "Forward Transfer" within the Action column indicates a recurring transfer of which subsequent transfers of credits do not need to be accepted by both parties.

Explain any differences between the data provided and MIRECS reports.

Please refer to the attached Confidential "WEPCO mines Renewable Energy Annual Report."
 The tab titled 51(2)(a) contains the calculations used to complete Sections 51(2)(a). WEPCo allocates renewables on a load ratio share basis to meet its Michigan RPS requirement. The actual transfer of RECs to Mi-Recs is done after the end of the reporting year

Within this section, list the type of and number of energy credits sold, traded or otherwise transferred during the reporting period.

	Renewable Energy Credits	Incentive Credits
Sold, traded or otherwise transferred	2017 Vintage: 0 2016 Vintage: 0 2015 Vintage: 0 2014 Vintage: 0 Older Vintages: 0	2017 Vintage: 0 2016 Vintage: 0 2015 Vintage: 0 2014 Vintage: 0 Older Vintages: 0
Expired (not in compliance sub-account)	0	0

This data may be found in MIRECS reports titled: My Sub-Accounts (filtered by Michigan eligibility and its end date) and My Credit Transfers.

Section 51(2)(b).

Within this section, list the number of advanced cleaner energy credits obtained and, if bundled, the MWh of advanced cleaner energy generated or otherwise acquired during this reporting period. This data may be found in the MIRECS report titled: My Credit Transfer using the transfer tabs indicated below and filtering the report by date (only activity occurring in 2017).

	Advanced Cleaner Energy Credits	MWh Electricity Generated/Acquired
Generated (Intra-Account Transfer, only "Issued" in the Action column)	2017 Vintage: 0 2016 Vintage: 0 2015 Vintage: 0 2014 Vintage: 0 Older Vintages: 0	2017 Vintage: 0 2016 Vintage: 0 2015 Vintage: 0 2014 Vintage: 0 Older Vintages: 0
Purchased (Inter-Account Transfer, only "Confirm" or "Forward Transfer" in the Action column)	2017 Vintage: 0 2016 Vintage: 0 2015 Vintage: 0 2014 Vintage: 0 Older Vintages: 0	2017 Vintage: 0 2016 Vintage: 0 2015 Vintage: 0 2014 Vintage: 0 Older Vintages: 0
Total Credits acquired		

Section 51(2)(c).

Within this section, list each renewable energy system (RES) and advanced cleaner energy system (ACES) owned, operated or controlled by the electric provider. List the capacity of each system, the amount of electricity generated by each system and the percentage of electricity which was generated from renewable energy (RE) or advanced cleaner energy (ACE).

System Name ¹	System Type (RES or ACES)	Nameplate Capacity (MW)	Electricity Generated (MWh)	% of Electricity generated by RE/ACE
		Please See attachment 51(2)(c)		

¹System name should agree with the project name listed within MIRECS. This data may be found in the Project Management module within MIRECS.

Within this section, list the renewable energy system (RES) and advanced cleaner energy systems (ACES) the electric provider is purchasing energy credits from. These include purchase power agreements. However, unbundled (credit only) purchases do not need to be listed here. Projects (generators) serving multijurisdictional electric providers should be listed here.

System Name	System Type (RES or ACES)	Electricity Purchased (MWh)	Energy Credits Purchased ¹	Allocation Factor and Method
		Please See attachment 51(2)(c)		

¹Distinguish between different types of credits (REC or ACEC).

Allocation Factor and Method: For use if 100% of system output is not purchased. For instance, a system selling to multiple parties: list how the energy and credits are allocated – if by percentage, list the percentage as well.

Allocation Factor and Method: If used by multijurisdictional electric providers please include which percentage of energy and credits are to be distributed to Michigan (list allocation method as well, for example: system load).

Section 51(2)(d).

Within this section, list whether, during the reporting period, the electric provider entered into a contract for, began construction on, continued construction of, acquired, or placed into operation a renewable energy (RE) system or advanced cleaner energy (ACE) system.

System Name ¹	Resource (technology, RE/ACE)	Nameplate Capacity (MW)	Construction start date or acquisition date	Commercial operation date	Owned by electric provider?
		Please See attachment 51(2)(c)			

¹System name should agree with the project name listed within MIRECS.

Dates may be forecast.

Section 51(2)(e).

Within this section, list the expenditures incurred during the reporting period to comply with the renewable energy standards or the forecasted expenditures for the remaining plan period. Also, electric providers with an approved or planned renewable energy surcharge (as per Section 45), list the incremental cost of compliance (ICC) incurred during the reporting period.

Total Costs to Comply with Renewable Energy Standard in 2017
\$2,892,179

Forecast of total expenditures for the remaining plan period of 2018-2029
\$5,028,645

Total Expenditures: ICC + Transfer Cost

Total Transfer Cost for 2017 (if any)
\$1,924,202

Transfer Cost: The component of renewable energy and capacity revenue recovered from PSCR clause.

Total ICC for 2017
\$967,977

Forecast of the ICC for the remaining plan period (2018-2029)	Monthly residential surcharge (\$3 or less)
\$1,685,765	\$1.20

Capital Expenditures for 2017 (if any)
n/a

Capital Expenditure: An investment in a renewable energy capital asset.

Section 51(2)(f).

Compliance: List the energy credits used for compliance for the 2017 compliance year. This number should agree with the compliance requirement listed in the 2017 compliance subaccount in MIRECS. Take into account any energy optimization or advanced cleaner energy credit substitutions and limits on their use.

Total 2017 Compliance account has a value of 122,800 RECs for 2017 compliance.

Does the “energy credits used for compliance for the 2017 compliance year” figure above include any credits representing energy generated within 120 days after the start of the next calendar year? Yes/No.

No.

If yes, how many credits from 2018 generation are included?

0

Michigan Public Service Commission U-18237

2017 Renewable Energy Annual Report

WEPCO Mines

CONFIDENTIAL

Pre PA 295 Generation:					2017 MI Generation			
MRECS ID	Project	System Type RES/ACES	Nameplate Capacity	Generator Classification	Share	IRECs	% RE	% ACE
IMP174	Badger Windpower	RES	25.5	Existing, Co Owned, Pre PA 295		2,049	0	100%
IMP162	Big Quinnesec Falls	RES	20.0	Existing, Co Owned, Pre PA 295		21,994	2,230	100%
Total Pre PA 295:						24,043	2,230	

Post PA 295 Generation:					2017 MI Generation			
MRECS ID	Project	System Type RES/ACES	Nameplate Capacity	Generator Classification	Share	IRECs	% RE	% ACE
IMP211	Glacier Hills Wind Park	RES	162.0	Built, Co Owned, Post PA 295		48,526	0	100%
IMP306	Rothschild Biomass Facility	RES	50.0	Built, Co Owned, Post PA 295		5,130	493	100%
Total Post PA 295:						53,656	493	

Total for Owned Generation: 77,699 2,723

Contracted Energy & Credits					2017 MI Generation			
MRECS ID	Project	System Type RES/ACES	Nameplate Capacity	Generator Classification	Share	IRECs	% RE	% ACE
IMP209		RES	0.5	Contracted Energy & Credits		192	0	100%
IMP164		RES	9.6	Contracted Energy & Credits		9,826	0	100%
Total:						10,018	0	

Grand Total: 87,717 2,723

Combined Total (RECs and IRECs): 90,440

Notes:

- 1- Post PA-295 generation was not built for the purpose of MI-Act 295 compliance.
- 2- The renewable energy credits shown are the amounts allocated to Michigan on a load ratio share basis of retail sales and FERC Jurisdictional account sales.
- 3- The 2017 WEPCO Mines load ratio share was 4.70%.

MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
PUBLIC SERVICE COMMISSION

ENTRY OF APPEARANCE IN AN ADMINISTRATIVE HEARING

This form is issued as provided for by 1939 PA 3, as amended, and by 1933 PA 254, as amended. The filing of this form, or an acceptable alternative, is necessary to ensure subsequent service of any hearing notices, Commission orders, and related hearing documents.

General Instructions:

Type or print legibly in ink. For assistance or clarification, please contact the Public Service Commission at (517) 284-8090.

*Please Note: The Commission will provide **electronic** service of documents to all parties in this proceeding.*

THIS APPEARANCE TO BE ENTERED IN ASSOCIATION WITH THE ADMINISTRATIVE HEARING:

Case / Company Name: Wisconsin Electric Power Company Docket No. U-20177

Please enter my appearance in the above-entitled matter on behalf of:

1. (Name)	Wisconsin Electric Power Company
2. (Name)	
3. (Name)	
4. (Name)	
5. (Name)	
6. (Name)	
7. (Name)	

Name Sherri A. Wellman
Address One Michigan Avenue, Ste. 900

City Lansing State MI
Zip 48933 Phone (517) 483-4954
Email wellmans@millercanfield.com
Date July 2, 2018

<input type="checkbox"/> I am not an attorney
<input checked="" type="checkbox"/> I am an attorney whose:
Michigan Bar # is P- <u>38989</u>
_____ Bar # is: _____
(state)

Signature: _____