



Upper Peninsula Power Company

U.P. Energy Summit
May 23, 2018



Powering Our Communities Since 1884

Overview

- Recalling our past...
- Who we are today...
- Prospects for the future...

UPPCO History

- 1884 – Peninsula Electric Light and Power Company was formed (aka Houghton County Electric Light Company)
- 1947 – Upper Peninsula Power Company was formed through the consolidation of Houghton County Electric Light Company, Copper District Power Company and Iron Range Light and Power
- 1998 – UPPCO was acquired by Wisconsin Public Service Resources Corporation (Integrus)
- August 2014 – UPPCO began the process of returning to its roots as a stand-alone, U.P. based utility
- **February 2017 – UPPCO returned to a fully independent, U.P. based electric utility**

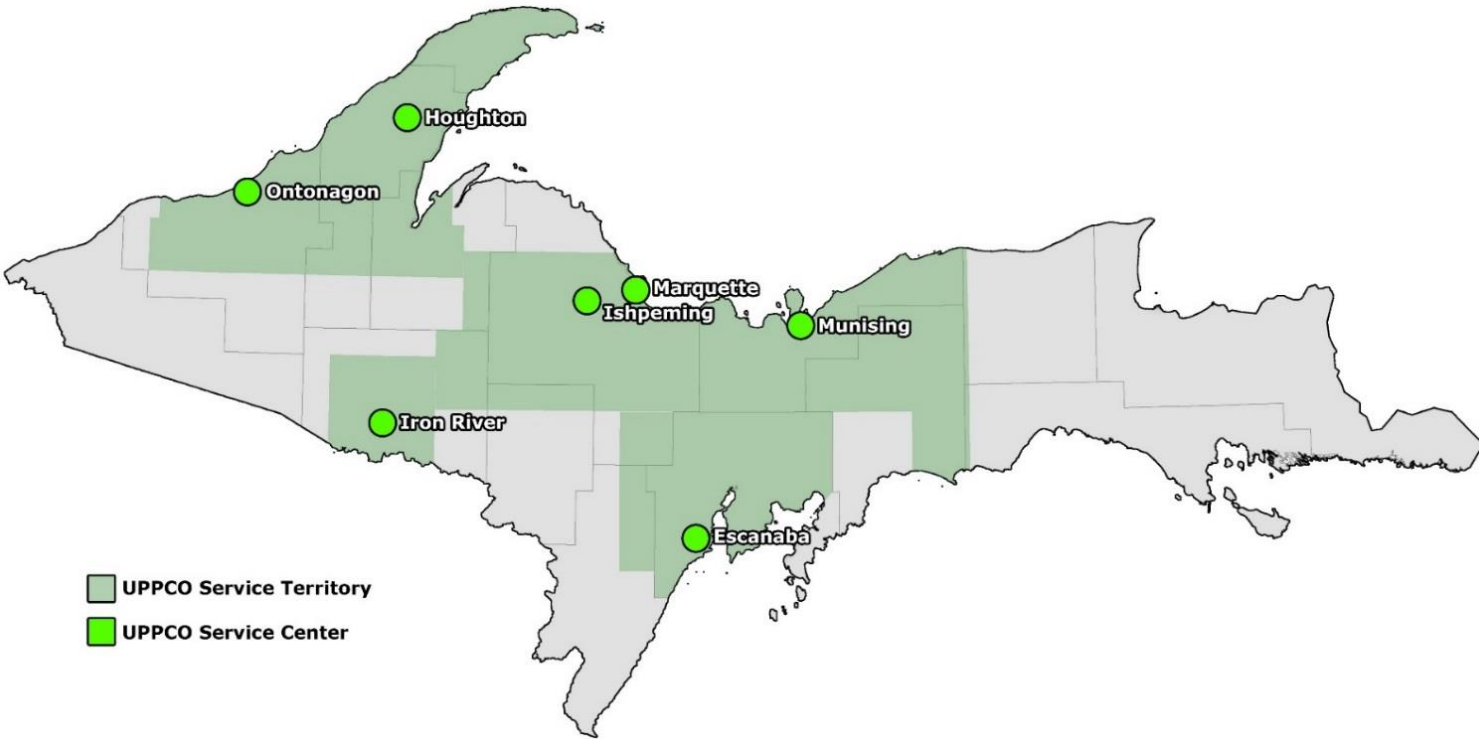


UPPCO Today

- Serving the needs of ~52,000 customers in 10 U.P. counties
- Service territory of 4,460 square miles, 4,469 miles of lines and 58 substations
- Owner/operator of 7 hydro electric generation stations and 2 combustion turbines providing 80 MWs of capacity



UPPCO Service Territory



Returning to our Roots

- Current Employee Count: 182
 - 121 employees at time of acquisition in August 2014
 - 61 employees have been added since the acquisition
 - All employees reside in the Upper Peninsula
- Functions that have been returned to the U.P. include:

Accounting/Finance	Procurement
Environmental	Legal
Engineering	Information Technology
Safety	Generation Planning & Operations
Human Resources	Regulatory Affairs
System Operations	Communications
Customer Service	Executive

2018 Rate Reductions

Typical Monthly Bill						
Customer Class		Typical Usage (kWh)	Typical Demand (kW)	Jan-17	Jan-18	Reduction
Residential	A1	500	N/A	\$120	\$113	-6%
Small Commercial	C1	1,500	N/A	\$268	\$233	-13%
Medium Commercial	P1	14,000	40	\$1,987	\$1,689	-15%
Large Industrial	CPU	400,000	1,000	\$44,915	\$34,323	-24%

- Reductions are due to renegotiated power supply contracts and FERC's decision in MISO's PIPP SSR case
- Customers will see additional reductions attributable to the Tax Cuts and Jobs Act of 2017 later this year

Responding to Customers' Needs

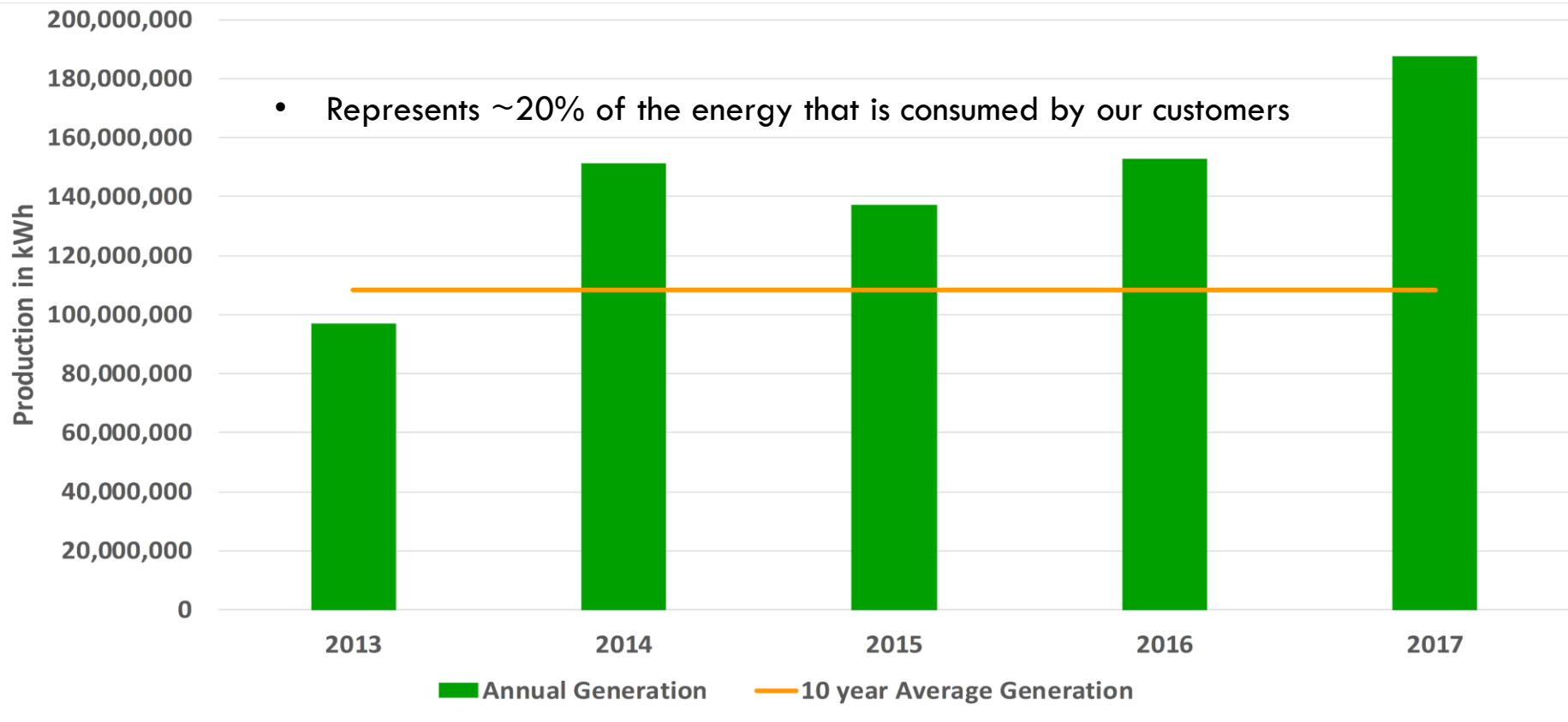
- UPPCO's Energy Waste Reduction program is now being administered internally to:
 - Manage the EWR program and related expenses
 - Facilitate better interaction with customers and contractors
 - Create value for our customers
- Began participating in Michigan's Low-Income Energy Assistance Fund (LIEAF) last September
 - Distributed to low-income customers who fall behind on their energy bills during the winter
 - Supports programs that make low-income households energy self-sufficient

Generation Fleet

Station	Type	Units	Date Built	Capacity (kW)
Hoist	Hydroelectric	2	1916	3,400
McClure	Hydroelectric	2	1919	8,480
Prickett	Hydroelectric	2	1931	2,000
Victoria	Hydroelectric	2	1930	12,200
Boney Falls	Hydroelectric	3	1921	4,100
Escanaba 3	Hydroelectric	2	1914	2,500
Escanaba 1	Hydroelectric	3	1907/1920	1,600
Gladstone	Combustion Turbine	1	1975/1987	22,567*
Portage	Combustion Turbine	1	1971	23,800*

- Additional generation resources are being considered through the Integrated Resource Planning process

Benefits of Hydro



Path Forward

- Tax Cuts and Jobs Act
 - Credit A (Docket U-20111)
 - Credit B (Q3 filing date targeted)
 - Calculation C (Q3 filing date targeted)
- Integrated Resource Plan
 - Additional company-owned generation indicated
 - Additional stakeholder outreach is planned
 - Q3 filing date targeted
- Smart Meter project under consideration
 - Eliminates bimonthly estimated meter values
 - Increased reliability (respond to unplanned outages)
 - Enhanced customer service

Path Forward

- LED conversion project
 - Replacement of company-owned street and security lights
 - Changeouts to occur through 2020
 - LED tariff filing submitted to MPSC
- Community Solar project under development
 - Community Solar tariff (Q4 filing date targeted)
- Pursuing opportunities to work regionally and collaboratively to address the U.P.'s unique energy challenges

Questions

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