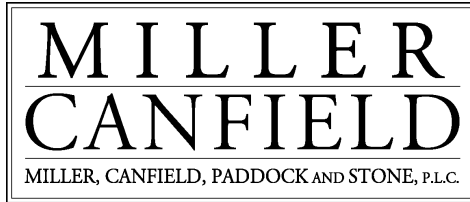


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June 30, 2010

Ms. Mary Jo Kunkle
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way, Suite 7
Lansing, MI 48911

Re: Upper Peninsula Power Company
2011 Rate Case
MPSC Case No. U-16166

Dear Ms. Kunkle:

Attached for filing are an Application, Draft Notice of Hearing, Motion for Protective Order with Draft Protective Order, Notice of Hearing, and supporting Direct Testimony, Exhibits, and Workpapers of James M. Beyer, Gary A. Christens, Seth S. DeMerritt, Lisa J. Gast, John G. Guntlisbergen, Joylyn C. Hoffman Malueg, Tracy L. Kupsh, Kevin R. Kuse, Paul R. Moul, Christine M. Phillips, Charles W. Severance, and John R. Wilde.

Also attached is documentation which complies with the Rate Case Filing Requirements established by the Commission's Orders dated December 23, 2008 and February 20, 2009 issued in Case No. U-15895.

Very truly yours,

SAW/djk
Enclosures
cc with enc: David J. Kyto, PE, CMA

Sherri A. Wellman

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)
UPPER PENINSULA POWER COMPANY)
for authority to increase retail electric rates.)
_____)

Case No. U-16166

APPLICATION

UPPER PENINSULA POWER COMPANY (“UPPCO”) requests authority from the Michigan Public Service Commission (“Commission”) to increase its rates for retail electric service, and in support thereof respectfully represents as follows:

INTRODUCTION

1. UPPCO is a public utility engaged in the generation, purchase, distribution and sale of electric energy to approximately 53,000 retail customers in 118 communities in the Upper Peninsula of Michigan. UPPCO serves certain cities, villages and townships located in the counties of Alger, Baraga, Delta, Houghton, Iron, Keweenaw, Marquette, Menominee, Ontonagon and Schoolcraft. UPPCO’s primary service area is known as its “Integrated System” serving, directly or indirectly, various communities and localities in each of the above-named counties except Iron County. In Iron County, UPPCO serves in and about the City of Iron River, such service area being known as its “Iron River System.”

2. UPPCO is a corporation organized under the laws of the state of Michigan, with its principal office located at 500 N. Washington Street, Ishpeming, Michigan 49849, and is authorized to transact business in the state of Michigan. UPPCO is a subsidiary of Integrys Energy Group, Inc. (“Integrys”), which prior to February 21, 2007, was known as WPS Resources Corporation (“WPSR”). UPPCO is a sister utility company to Michigan Gas Utilities Corporation and Wisconsin Public Service Corporation, both of which are also regulated by this Commission. UPPCO is also a sister utility company to, among others,

Minnesota Energy Resources Corporation, The Peoples Gas Light and Coke Company, and North Shore Gas Company, none of which is regulated by this Commission.

3. UPPCO's retail electric service business is subject to the jurisdiction of the Commission pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1999 AC, R 460.17101 et seq.

4. In its last general rate case for retail electric service, Case No. U-15988, UPPCO used a 2010 test year. A settlement was reached and approved by the Commission in its Opinion and Order dated December 16, 2009, as amended March 2, 2010, in Case No. U-15988. This Order granted rate relief of \$6.5 million annually, based on a 10.90% return on common equity, effective January 1, 2010.

5. UPPCO's rates for retail electric service established in Case No. U-15988 do not reflect the current costs of providing retail electric service, and UPPCO requires further rate relief.

REQUESTED RELIEF

6. For purposes of this case, UPPCO has undertaken a complete examination of its investments, expenses and revenues based on a 2011 test year. Using a 2011 test year, and a return on common equity of 11.25%, UPPCO calculates a jurisdictional base rate revenue deficiency of \$15,445,842 annually, or 16.77%. The key factors contributing to the revenue deficiency include:

- a. The capital investments associated with Federal Energy Regulatory Commission required replacements and upgrades of hydroelectric facilities,
- b. Reduced wholesale and retail sales,
- c. Increased meter reading costs,
- d. The costs of an over-haul at Victoria Unit #2, and

e. General inflation.

7. UPPCO represents that in order to establish rates for retail electric service which are just and reasonable, it is essential that the Commission order an increase in retail electric base rates that will produce additional revenues on an annual basis of approximately \$15,445,842 annually, or 16.77%.

8. UPPCO represents that its present return on investment is and will be below that required by sound regulation; that UPPCO's present retail electric rates and charges, if not increased, will produce increasingly inadequate retail electric service revenues to UPPCO and, thus, are unjust and unreasonable; that rate relief is required to permit UPPCO to continue to achieve its goal of rendering adequate retail electric service to the public; and that rate relief, effective in the near future, is necessary to protect the rights of UPPCO and to prevent it from being deprived of its property contrary to the Fourteenth Amendment of the Constitution of the United States of America and contrary to the provisions of the Constitution of 1963 of the State of Michigan.

RATE DESIGN, TARIFF AND OTHER PROPOSALS

9. UPPCO's proposed rate increases by rate schedule are shown on Exhibit A-6 (JMB-1), Schedule F3. These rates are designed to recover the revenue deficiency. Furthermore, in accordance with MCL 460.11(6), UPPCO has proposed a "rate realignment" plan. The proposed rate realignment plan will annually adjust UPPCO's rates for each rate schedule to equal the cost of providing service to that rate schedule by 2024, and replaces the rate realignment plan authorized by the Commission in Case No. U-15988. UPPCO requests Commission approval of the proposed rate realignment plan.

10. UPPCO also requests authority from the Commission to increase its charges for miscellaneous services associated with retail electric service, including, but not limited to, charges for special meter readings, and reconnections of service.

11. UPPCO also requests the authority from the Commission to update the parameters used in UPPCO's Uncollectibles Expense Tracking Mechanism ("UETM"), which was authorized by the Commission in Case No. U-15988, to be consistent with the instant general rate case proceeding. The proposed updated parameters are found in the pre-filed direct testimony Mr. Seth S. DeMerritt, Exhibit A-8 (SSD-5).

12. UPPCO also requests the authority from the Commission to update the parameters used in UPPCO's Revenue Stability Mechanism ("RSM"), which was authorized by the Commission in Case No. U-15988, to be consistent with the instant general rate case proceeding. The proposed updated parameters are found in the pre-filed direct testimony Mr. James M. Beyer, Exhibit A-6 (JMB-1), Schedule F3.

13. In addition, UPPCO proposes various revisions to its electric service rules, extension rules, regulations and tariffs.

14. UPPCO further requests to be relieved of the requirements to file annual reports on distribution operation and maintenance spending and line clearance spending, and to refund any annual distribution operation and maintenance and/or line clearance spending shortfalls, as required by paragraph 10h and 10i of the Settlement Agreement in Case No. U-14745.

15. UPPCO further requests Commission approval of UPPCO's proposed regulatory accounting treatment for the re-measurement of deferred tax balances caused by the enactment of health care reform legislation in 2010 by applying the principals of full normalization using the average rate assumption method, with the creation of the associated regulatory deferral, effective on and after the enactment date the Patient Protection and Affordable Care Act.

IMPLEMENTATION OF RATES

16. In accordance with MCL 460.6a(1), if the Commission has not acted on UPPCO's application within 180 days of the filing, UPPCO intends to self-implement rates

for service rendered on and after January 1, 2011, up to the amount of the proposed annual rate request through equal percentage increases applied to all rates.

TESTIMONY AND EXHIBITS

17. UPPCO is filing herewith written testimonies, exhibits and work papers in support of the requested rate increase and related approvals requested herein. UPPCO is also filing a Motion seeking a Protective Order to govern the release, use, and disclosure of certain testimony and exhibits relating to confidential and Critical Energy Infrastructure Information.

18. UPPCO represents that the proposals contained in this Application, testimonies, exhibits and work papers are just, reasonable and in the public interest.

WHEREFORE, UPPER PENINSULA POWER COMPANY requests that this Commission:

- A. Set an early hearing date on this Application for rate relief;
- B. Find and determine that UPPCO's existing rates and charges for retail electric service are unreasonably low, inadequate, and should be increased;
- C. Authorize UPPCO to file and make effective, at the earliest possible date, its proposed final rates and charges for retail electric service;
- D. Authorize UPPCO to adjust its existing retail electric service rates so as to produce a return on common equity of not less than 11.25%;
- E. Authorize UPPCO to file and make effective, at the earliest possible date, its proposed rate realignment plan;
- F. Authorize UPPCO to file and make effective, at the earliest possible date, its proposed increases to charges for miscellaneous services associated with retail electric service, and approve other modifications to the rates, rules, and regulations as are described in the testimony and exhibits that accompany this Application;

G. Authorize UPPCO to update the parameters used in its existing approved Uncollectibles Expense Tracking Mechanism to be consistent with the instant general rate case filing;

H. Authorize UPPCO to update the parameters used in its existing approved Revenue Stabilization Mechanism to be consistent with the instant general rate case filing;

I. Relieve UPPCO of the requirements to file annual reports on distribution operation and maintenance spending and line clearance spending, and to refund any annual distribution operation and maintenance and/or line clearance spending shortfalls, as required by paragraph 10h and 10i of the Settlement Agreement in Case No. U-14745;

J. Authorize UPPCO to implement its proposed regulatory accounting treatment for the re-measurement of deferred tax balances caused by the enactment of health care reform legislation in 2010 by applying the principals of full normalization using the average rate assumption method, with the creation of the associated regulatory deferral, effective on and after the enactment date the Patient Protection and Affordable Care Act; and

K. Grant UPPCO such other and further relief and authorizations as may be lawful and proper.

Respectfully submitted,

UPPER PENINSULA POWER COMPANY

Dated: June 30, 2010

By: _____

One of Its Attorneys
Ronald W. Bloomberg (P30011)
Sherri A. Wellman (P38989)
MILLER, CANFIELD,
PADDOCK and STONE, PLC
One Michigan Avenue, Suite 900
Lansing, MI 48933
(517) 487-2070

Attorneys for
Upper Peninsula Power Company

MICHIGAN PUBLIC SERVICE COMMISSION

CASE NO. U-16166
Date: June 30, 2010

GENERAL APPLICATION FOR
CHANGE IN ELECTRIC UTILITY RATES
BEFORE MICHIGAN PUBLIC SERVICE COMMISSION
CLASS A & B UTILITIES

COMPANY NAME: Upper Peninsula Power Company

ADDRESS: 500 N. Washington Street, Ishpeming, Michigan 49849

TELEPHONE: AREA CODE (920) NUMBER 433-1502

COMPANY OFFICIAL TO BE CONTACTED
PERTAINING TO RATE CASE MATTERS: David J. Kyto, PE, CMA

FILING DATE: June 30, 2010

TITLE OF AUTHORIZED OFFICER: Director – Rate Case Process

*** COMMISSION ONLY ***

DATE RECEIVED BY COMMISSION: _____

DOCKET NUMBER ASSIGNED: _____

RECEIVED BY: _____

DATE ACCEPTED: _____

ACCEPTED BY: _____

NOTIFICATION DATE(S): _____

SCHEDULED PRE-HEARING DATE: _____

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)
UPPER PENINSULA POWER COMPANY)
for authority to increase retail electric rates.)
_____)

Case No. U-16166

CERTIFICATION OF DAVID J. KYTO, PE, CMA

David J. Kyto, PE, CMA, Director - Rate Case Process of Integrys Business Support, LLC, states that he has provided the data required pursuant to Rate Case Filing Requirements established by the Commission's Orders dated December 23, 2008 and February 20, 2009 issued in Case No. U-15895, and pursuant to these requirements, certifies the data so provided.



Dated: June 30, 2010

David J. Kyto, PE, CMA

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

* * * * *

**NOTICE OF HEARING
FOR THE CUSTOMERS OF
UPPER PENINSULA POWER COMPANY
CASE NO. U-16166**

- Upper Peninsula Power Company may increase its retail electric rates by \$15,445,842 annually, or 16.77%, if the Michigan Public Service Commission approves its request.
- **THE MONTHLY BILL OF A TYPICAL INTEGRATED SYSTEM RESIDENTIAL CUSTOMER USING 500 KWH OF ELECTRICITY PER MONTH MAY INCREASE BY ABOUT \$16.60 IF THE REQUESTED RATE RELIEF IS GRANTED.**
- **THE MONTHLY BILL OF A TYPICAL IRON RIVER SYSTEM RESIDENTIAL CUSTOMER USING 500 KWH OF ELECTRICITY PER MONTH MAY INCREASE BY ABOUT \$18.85 IF THE REQUESTED RATE RELIEF IS GRANTED.**
- The information below describes how a person may participate in this case.
- You may call or write Upper Peninsula Power Company, 500 North Washington Street, Ishpeming, Michigan 49849-0357, (906) 485-2410, for a free copy of its application. Any person may review the application on Upper Peninsula Power Company's website at Uppco.com, or at their office in Ishpeming.
- The first public hearing in this matter will be held:

DATE/TIME: July XX, 2010, at 10:00 am
This hearing will be a prehearing conference to set future hearing dates and decide other procedural matters.

BEFORE: Administrative Law Judge XXXXXXXX

LOCATION: Michigan Public Service Commission
6545 Mercantile Way, Suite 7
Lansing, Mi

PARTICIPATION: Any interested person may attend and participate. The hearing site is accessible, including handicapped parking. Persons needing any accommodation to participate should contact the Commission's Executive Secretary at (517) 241-6160 a week in advance to request mobility, visual, hearing or other assistance.

The Michigan Public Service Commission (Commission) will hold a public hearing to consider the June 30, 2010 application of Upper Peninsula Power Company (UPPCO) for approval to increase its rates for the sale of electricity. UPPCO states that it has a jurisdictional revenue deficiency of \$15,445,842, or 16.77%. UPPCO also is seeking Commission approval to revise its electric service rules, extension rules, regulations and tariffs; and to increase its charges for miscellaneous services associated with retail electric service, including, but not limited to, special meter readings and reconnections of service.

All documents filed in this case shall be submitted electronically through the Commission's E-Dockets Website at: michigan.gov/mpscedockets. Requirements and instructions for filing can be found in the User Manual on the E-Dockets help page. Documents may also be submitted, in Word or PDF format, as an attachment to an email sent to mpscfilecases@michigan.gov. If you require assistance prior to e-filing, contact Commission staff at (517) 241-6170 or by e-mail at mpscfilecases@michigan.gov.

Any person wishing to intervene and become a party to the case shall electronically file a Petition to Intervene with this Commission by **July XX, 2010**. (Interested persons may elect to file using the traditional paper format.) The proof of service shall indicate service upon UPPCO's attorney, Sherri A. Wellman, Miller, Canfield, Paddock, and Stone, P.L.C., One Michigan Avenue, Suite 900, Lansing, Michigan 48933.

Any person wishing to make a statement of position without becoming a party to the case, may participate by filing an appearance. To file an appearance, the individual must attend the hearing and advise the presiding administrative law judge of his or her wish to make a statement of position. All information submitted to the Commission in this matter will become public information, available on the Michigan Public Service Commission's Web site, and subject to disclosure.

Requests for adjournment must be made pursuant to the Commission's Rules of Practice and Procedure R 460.17315 and R 460.17335. Requests for further information on adjournment should be directed to (517) 241-6060.

A copy of UPPCO's request may be reviewed on the Commission's Web site at michigan.gov/mpscedockets, and at the office of Upper Peninsula Power Company, 500 North Washington Street, Ishpeming, MI 49849. For more information on how to participate in a case, you may contact the Commission at the above address or by telephone at (517) 241-6170.

Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1999 AC, R 460.17101 et seq.

July XX, 2010
Lansing, Michigan

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)
UPPER PENINSULA POWER COMPANY)
for authority to increase retail electric rates.)
_____)

Case No. U-16166

MOTION OF UPPER PENINSULA POWER COMPANY
FOR ENTRY OF A PROTECTIVE ORDER

Upper Peninsula Power Company (“UPPCO”), by its attorneys, pursuant to Rule 335 of the Rules of Practice and Procedure Before the Michigan Public Service Commission (“MPSC” or “Commission”), R 460.17335, and MCR 2.302(C)(8), respectfully requests entry of a Protective Order to govern the release, use, and disclosure of confidential and Critical Energy Infrastructure Information, in any manner or form, in this proceeding. In support of its Motion, UPPCO states as follows:

1. UPPCO is a Michigan corporation with its principal offices located at 500 N. Washington Street, Ishpeming, Michigan 49849, and is engaged as a public utility in the generation, purchase, distribution and sale of electric energy in the Upper Peninsula of Michigan.

2. UPPCO serves certain cities, villages and townships located in the counties of Alger, Baraga, Delta, Houghton, Iron, Keweenaw, Marquette, Menominee, Ontonagon and Schoolcraft, in the Upper Peninsula of Michigan.

3. UPPCO requests the Protective Order to protect confidential and Critical Energy Infrastructure Information included in Exhibit A-2 (SSD-2), Schedules B7, B8, B9, and B10, and Exhibit A-9 (CWS-1), which discuss energy infrastructure project information and dam safety and inspection documents for the McClure Development of the Dead River Hydroelectric

Project; the Bond Falls Hydroelectric Project; the Prickett Hydroelectric Project; the Victoria Dam; the Au Train Hydroelectric Project; and the Cataract Hydroelectric Project.

4. Although the Commission's Rules do not expressly address the issuance of Protective Orders, Rule 103(1) of the Rules of Practice and Procedures Before the Commission, R460.17103(1), states that "[t]hese rules govern practice and procedure in all proceedings before the commission, except as otherwise provided by statute or these rules. In areas not addressed by these rules, the presiding officer may rely on appropriate provisions of the currently effective Michigan Court Rules." MCR 2.302(C)(8) states:

"On motion by a party or by the person from whom discovery is sought, and on reasonable notice and for good cause shown, the court in which the action is pending may issue any order that justice requires to protect a party or person from annoyance, embarrassment, oppression, or undue burden or expense, including one or more of the following orders:

....
(8) that a trade secret or other confidential research, development, or commercial information not be disclosed or be disclosed only in a designated way."

Also, Section 80 of the Michigan Administrative Procedures Act specifically provides that a presiding officer may "[r]egulate the course of the hearings..." MCL 24.280.

5. The appropriateness of the issuance of protective orders in Commission proceedings for documents which are confidential, proprietary, or involve trade secrets is well established. For example, protective orders have been issued in Case Nos. U-9322 and U-9611 (July 18, 1990), U-10335 (Nov. 29, 1993), U-10491 and U-10492 (July 19, 1992), U-13221 (March 20, 2002), U-14040 (May 11, 2004), and U-15988 (August 3, 2009). In its Opinion and Order dated June 30, 1994, Case No. U-10282, the Commission discussed the standard that it applies when considering whether to issue a protective order. The Commission stated that before it will enter a protective order, the moving party must show "(1) that the information at issue is a trade secret or otherwise confidential, and (2) that disclosure would work a clearly defined and serious injury."

6. The documentation which are designated as Exhibit A-2 (SSD-2), Schedules B7, B8, B9, and B10, and Exhibit A-9 (CWS-1) contain confidential and Critical Energy Infrastructure Information.

7. The documentation which are designated as Exhibit A-2 (SSD-2), Schedules B7, B8, B9, and B10, and Exhibit A-9 (CWS-1) contain information which is defined by the Federal Energy Regulatory Commission ("FERC") as "Critical Energy Infrastructure Information," pursuant to FERC Order Nos. 702, 630, 630-A, 643, 649 and 683. Critical Energy Infrastructure Information is defined as, "specific engineering, vulnerability, or detailed design information about proposed or existing critical infrastructure that, (1) relates details about the production, generation, transmission, or distribution of energy; (2) could be useful to a person planning an attack on critical infrastructure; (3) is exempt from mandatory disclosure under the Freedom of Information Act; and (4) gives strategic information beyond the location of the critical infrastructure." FERC Order No. 630, 18 CFR 375, 388 (Issued Feb. 21, 2003) and clarified by FERC Order No. 683, 18 CFR 388 (Issued September 21, 2006).

8. FERC has also issued a guidance document titled, "Federal Energy Regulatory Commission, Office of Energy Projects, Division of Dam Safety and Inspections Documents – Which Ones Are CEII and Which Are Not?" Issued January 12, 2005. In the document, FERC provides additional guidance for using the claim that documents are qualified as Critical Energy Infrastructure Information, as that claim may apply to dam safety and inspection documents. FERC explains that, "[o]nly documents that contain information that can be useful to someone planning an attack on a project are [Critical Energy Infrastructure Information]."

9. Public disclosure of the documentation labeled as Exhibit A-2 (SSD-2), Schedules B7, B8, B9, and B10, and Exhibit A-9 (CWS-1) would cause a clearly defined and serious injury because it would disclose engineering, vulnerability, or detailed design and construction information about UPPCO's hydroelectric facilities and dams. Public release of such information may allow someone planning an attack to gain knowledge regarding the

vulnerabilities of a project and the consequences of infrastructure failure. Therefore, public release of the information would unreasonably compromise public safety and threaten homeland security because it could be useful to a person planning an attack.

10. UPPCO represents that the documentation which comprise Exhibit A-2 (SSD-2), Schedules B7, B8, B9, and B10, and Exhibit A-9 (CWS-1) are not in the public domain and are treated as confidential by FERC.

11. The proposed Protective Order is modeled after the order issued in Case No. U-15988 which protected information identical to the information which is sought to be protected herein. The proposed Protective Order identifies the documentation labeled as Exhibit A-2 (SSD-2), Schedules B7, B8, B9, and B10, Exhibit A-9 (CWS-1), and the information therein as "Protected Material" and provides that any document filed with the Commission that contains Protected Material shall be placed in a sealed envelope with a copy of the Protective Order attached and maintained in the Commission's files. The proposed Order also provides that materials which UPPCO contends are confidential will be marked as "Protected Material." The proposed Order prohibits distribution or dissemination of the protected documentation by MPSC Staff ("Staff") or any properly admitted intervenors except according to the terms of the Protective Order. Further, the proposed Order dictates the use of the documentation in the discovery and litigation phases of this case, and requires that UPPCO be given notice of any Freedom of Information Act request filed with the Commission seeking access to the documents. Such notice must be given at least five business days prior to the MPSC or Staff, responding to the request so as to provide UPPCO with an opportunity to take whatever legal actions it deems appropriate to protect the documents from disclosure.

12. The proposed Protective Order will not hinder Staff's or any properly admitted party's review of the Application for Authority to Increase Retail Electric Rates, MPSC Case No. U-16166, because Staff will continue to have full access to the confidential information.

WHEREFORE, for the reasons stated herein, Exhibit A-2 (SSD-2), Schedules B7, B8, B9, and B10, and Exhibit A-9 (CWS-1) constitute confidential and Critical Energy Infrastructure Information and their disclosure would work a clearly defined and serious injury to UPPCO and its customers and the public's safety; therefore, UPPCO respectfully requests the Commission to grant this Motion and enter the proposed Protective Order, attached as Exhibit A.

Respectfully submitted,

UPPER PENINSULA POWER COMPANY

Dated: June 30, 2010

By: _____
One of Its Attorneys
Ronald W. Bloomberg (P30011)
Sherri A. Wellman (P38989)
MILLER, CANFIELD,
PADDOCK and STONE, PLC
One Michigan Avenue, Suite 900
Lansing, MI 48933
(517) 487-2070

Attorneys for
Upper Peninsula Power Company

LALIB:180409.1\130062-00025

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)
UPPER PENINSULA POWER COMPANY)
for authority to increase retail electric rates.)
_____)

Case No. U-16166

PROTECTIVE ORDER

1. This Protective Order governs the use and disclose of confidential (“Protected Material”) to be disclosed by Upper Peninsula Power Company (“UPPCO” or “Company”) as set forth herein. The intent of this Protective Order is to protect the release, use and disclosure of Critical Energy Infrastructure Information and documentation as to hydro-electric projects and facilities and UPPCO’s witness’s related testimony and exhibits that meet the following criteria:

- a. UPPCO hereby certified that such Protected Material is not in the public domain; and
- b. The testimony, exhibit, and schedules listed in paragraph 2, either (i) have not been filed with state, provincial or federal agencies, or (ii) if filed with state, provincial or federal agencies, has been protected against public disclosure.

2. The Protected Material that this protective Order protects is Critical Energy Infrastructure Information and documentation included in Exhibit A-2 (SSD-2), Schedules B7, B8, B9, and B10 of Seth S. DeMerritt’s pre-filed direct testimony, and Exhibit A-9 (CWS-1) of Charles W. Severance’s pre-filed direct testimony, which discuss energy infrastructure project information and dam safety and inspection documents for the McClure Development of the Dead River Hydroelectric Project; the Bond Falls Hydroelectric Project; the Prickett Hydroelectric Project; the Victoria Dam; the Au Train Hydroelectric Project; and the Cataract Hydroelectric Project.

3. This Protective Order protects not only the documents described in Paragraph 2, but also protects from disclosure the information contained therein in any form including, but not limited to, affidavits, testimony, exhibits, workpapers, studies, discovery inquiries and responses, and all other data and documentation to the extent provided to the parties or filed with the Michigan Public Service Commission (“MPSC”) in connection with these proceedings.

4. UPPCO shall furnish the Protected Material to MPSC Staff (“Staff”) and any properly admitted intervenors (“Intervenors”) (collectively the “Parties”) subject to the terms of this Protective Order for the objective of allowing the Parties access to information requested by them for the purposes of advocating positions in this proceeding. UPPCO shall provide such Protected Material directly to Staff and Intervenors and shall file them under seal with the Docket Section of the MPSC.

5. The parties to this case retain the right to seek further restrictions on the dissemination of Protected Materials to persons or entities who may subsequently seek to intervene in this or any other MPSC proceeding.

6. UPPCO shall stamp each page of the Protected Material: “THIS DOCUMENT CONTAINS CONFIDENTIAL INFORMATION SUBJECT TO A [DATE] PROTECTIVE ORDER WHICH IS ON FILE IN CASE NO. U-16166 WITH THE DOCKET SECTION. ANY PERSON RECEIVING OR REVIEWING THIS DOCUMENT IS BOUND BY THE TERMS OF THE PROTECTIVE ORDER.”

7. Parties receiving Protected Material shall be bound by the terms of this Protective Order and shall, to the extent permitted by law, take reasonable steps to protect the Protected Material from being available for review by third persons or from being stored or otherwise included with materials available for public disclosure.

8. Parties receiving a copy of the Protected Material may make additional copies and may use the Protected Material in the course of this proceeding; however, such material shall not be released or disclosed to any other person, except to the extent

authorized in this Protective Order. The Protected Material may not be used for any purpose except as necessary for the conduct of this proceeding and any other UPPCO proceeding before the MPSC for which Protected Material is a source document.

9. Offers of evidence in this or any other MPSC proceeding, as well as briefs and other written submissions, may include, incorporate, utilize, refer to, or otherwise use Protected Material in any reasonable manner. Written submissions using Protected Material shall be filed under seal with the ALJ, to be maintained by the Docket Section of the MPSC in envelopes clearly marked on the outside with the notation reflected in Paragraph 6, supra, or in another appropriate manner. Simultaneously, identical documents and materials, but with the protected information redacted, shall be filed, offered, introduced, or otherwise disclosed in the usual manner for the submissions of evidence or briefs.

Furthermore, with regard to proceedings before the MPSC or presiding officers designated by it, examination of witnesses on the Protected Material shall be conducted on a separate record to be maintained by the Docket Section of the MPSC in the manner, and subject to the limitations provided in Paragraphs 4, 6, and 7 above. These separate record proceedings shall be closed to all persons except those furnishing the Protected Material and Parties otherwise submit to this Protective Order. The party presenting the information during the course of a proceeding shall advise the presiding officer receiving testimony of the terms of this Protective Order and suggest that a separate, protected record be made of all testimony concerning the protected information. Copies of documents filed with the MPSC that contained Protected Material, including the portions of the exhibits, transcripts, and briefs that refer to Protected Material, should be sealed and maintained in the MPSC's files with a copy of this Protective Order attached.

10. It is intended that the Protected Material subject to this Protective Order shall be shielded from disclosure to anyone who is not a party to this case only to the extent permitted by law. If any person files a Freedom of Information Act Request with the MPSC or Michigan Attorney General seeking access to documents subject to this Protective Order,

the MPSC's Executive Secretary or the Attorney General shall immediately notify UPPCO, and UPPCO may take whatever legal actions it deems appropriate to protect the Protected Material from disclosure. In accordance with Section 5 of the Freedom of Information Act, MCL 15.235, the notice must be given at last five (5) business days prior to the MPSC, its Staff, and/or Attorney General responding to the request.

11. The provision of this Protective Order shall not apply to a particular document or portion of a document described in Paragraphs 2 and 3 if a party can demonstrate that it has been previously disclosed by UPPCO and does not meet the criteria set forth in Paragraph 1 a or b. Before disclosing a particular document or portion of a document described in Paragraph 2 or 3, however, the party must first provide reasonable notice to UPPCO of its conclusion that the document or portion of a document is not subject to this Protective Order because of prior disclosure. The provision of this Protective Order shall terminate as to the particular documents described in Paragraphs 2 and 3 to the extent that the terms of such documents are filed with a state, provincial or federal agency and are not subject to a protection from public disclosure, or are otherwise lawfully disclosed.

12. If Parties that receive Protected Material under this Protective Order violate this Order by an improper disclosure or use of Protected Material, then the violating party shall take all necessary steps to remedy the improper disclosure or use. This includes immediately notifying the MSPC, the Administrative Law Judge ("ALJ"), and UPPCO, in writing, of the identity of each person known or reasonably suspected to have obtained the Protected Material. Parties that violate this Protective Order remain subject to Paragraph 12 regardless of whether UPPCO could have discovered the violation earlier than it was discovered. Paragraph 12 of this Protective Order applies to both inadvertent and intentional violations. Nothing in this Protective Order limits UPPCO's rights and remedies, at law or in equity, against Parties or persons using Protected Material in a manner not authorized by this Protective Order, including the right to obtain injunctive relief to prevent or redress violations of this Protective Order.

13. The MPSC or any ALJ designated by it may subsequently declare that the protected status of a document or portion of a document designated a Protected Material should not be continued and immediately communicate that declaration to UPPCO. Thereafter, this Protective Order shall cease to apply to that document or portion of the document unless, within ten (10) days, UPPCO files a pleading asserting that the information should continue to be protected and setting forth the basis for that assertion. UPPCO shall bear the burden of proving that the information is entitled to continuing protection from disclosure. If the MPSC or ALJ finds that a document or portion of a document no longer qualifies for treatment as "Protected Material", it shall remain subject to the protection afforded by this order for ten (10) days following the issuance of the MPSC's order or the ALJ's ruling.

Dated: _____

Administrative Law Judge

LALIB:180433.1\130062-00025

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)
UPPER PENINSULA POWER COMPANY)
for authority to increase retail electric rates.)
_____)

Case No. U-16166

NOTICE OF HEARING

PLEASE TAKE NOTICE that the scheduling of an initial hearing on the Motion of Upper Peninsula Power Company for Entry of a Protective Order will be taken up with the Administrative Law Judge in this proceeding upon his/her appointment.

Respectfully submitted,

UPPER PENINSULA POWER COMPANY

Dated: June 30, 2010

By: _____

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