

D1. Power Supply Cost Recovery**PSCR**

A. PSCR Factors:

All rates for electric service shall include an amount up to the Power Supply Cost Recovery Factor (the PSCR Factor) for the specified billing period as set forth below.

The PSCR Factors for a given month will consist of an increase or decrease of 0.010417 mills per kWh for all customers in the Integrated System and in the Iron River System for each full 0.01 mill increase or decrease in the projected power supply costs for that month above or below a cost base of 65.29 mills per kWh, rounded to the nearest one-hundredth of a mill per kWh. The projected power supply costs per kWh shall equal the total projected net power cost in that month divided by the sum of that month's projected net system kWh requirements. Net system kWh requirements shall be the sum of net kWh generation and net kWh purchased and interchanged.

An amount not exceeding the PSCR Factor for each month shall be placed into effect in the first billing cycle of that monthly billing period and shall continue in effect until the first billing cycle of a subsequent month for which a subsequent PSCR Factor becomes operative.

B. Monthly Reports:

Not more than 45 days following the last day of each billing month in which a PSCR Factor has been applied to customers' bills, the Company shall file with the Commission a detailed statement for that month of the revenues recorded pursuant to the PSCR Factor and the allowance for cost of power supply included in the base rates established in the latest Commission order for the Company and the cost of power supply.

C. Annual Reconciliation:

All fuel cost and purchased and net interchanged power revenues received by the Company, whether included in base rates or collected pursuant to a fuel and purchased power cost adjustment clause or a power supply cost recovery clause, shall be subject to annual reconciliation with the cost of fuel and purchased and net interchanged power. Such annual reconciliations shall be conducted in accordance with the reconciliation procedures described in Section 6j (12) to (18) of 1939 PA 3, as amended, including the provisions for refunds, additional charges, deferral and recovery, and shall include consideration by the Commission of the reasonableness and prudence of expenditures charged pursuant to any fuel and purchased power cost adjustment clause in existence during the period being reconciled.

Continued on Sheet No. D-2.00

D1. Power Supply Cost Recovery

PSCR

Continued from Sheet No. D-1.00

Should the Company apply lesser factors than those below, or if the factors are later revised pursuant to Commission Orders or 1982 PA 304, the Company will notify the Commission and file a revision of the following list.

ALL CLASSES

Power Supply Cost Recovery Factors

Billing Months	Authorized 2012 Plan Year PSCR Factor \$/kWh	Prior Years Over/Under Recovery Factor \$/kWh	Maximum Authorized 2012 PSCR Factor \$/kWh	Actual Factor Billed \$/kWh
January 2012	(\$0.00402)	(\$0.00000)	(\$0.00402)	(\$0.00404)
February 2012	(\$0.00402)	(\$0.00000)	(\$0.00402)	(\$0.00853)
March 2012	(\$0.00402)	(\$0.00000)	(\$0.00402)	(\$0.00963)
April 2012	(\$0.00402)	(\$0.00000)	(\$0.00402)	(\$0.01053)
May 2012	(\$0.00402)	(\$0.00000)	(\$0.00402)	(\$0.01637)
June 2012	(\$0.00402)	(\$0.00000)	(\$0.00402)	
July 2012	(\$0.00402)	(\$0.00000)	(\$0.00402)	
August 2012	(\$0.00402)	(\$0.00000)	(\$0.00402)	
September 2012	(\$0.00402)	(\$0.00000)	(\$0.00402)	
October 2012	(\$0.00402)	(\$0.00000)	(\$0.00402)	
November 2012	(\$0.00402)	(\$0.00000)	(\$0.00402)	
December 2012	(\$0.00402)	(\$0.00000)	(\$0.00402)	

R

Continued on Sheet No. D-3.00

Issued 4-16-12
By J F Schott
VP External Affairs
Green Bay, Wisconsin

Effective Jan - Dec
2012 Billing Months
Issued Under Auth. of
Mich Public Serv Comm
In Case No. U-16417

UPPER PENINSULA POWER COMPANY

MPSC Vol No 8-ELECTRIC

4th Revised Sheet No. D-3.00
Replaces 3rd Revised Sheet No. D-3.00

D1. Power Supply Cost Recovery					PSCR
Continued from Sheet No. D-2.00					
<u>ALL CLASSES</u>					
Power Supply Cost Recovery Factors					
R	Billing Months	Authorized 2011 Plan Year PSCR Factor \$/kWh	Prior Years Over/Under Recovery Factor \$/kWh	Maximum Authorized 2011 PSCR Factor \$/kWh	Actual Factor Billed \$/kWh
R	January 2011	(\$0.00478)	\$0.00000	(\$0.00478)	(\$0.00478)
R	February 2011	(\$0.00478)	\$0.00000	(\$0.00478)	(\$0.00478)
R	March 2011	(\$0.00478)	\$0.00000	(\$0.00478)	(\$0.00500)
R	April 2011	(\$0.00479)	(\$0.00077)	(\$0.00556)	(\$0.00556)
R	May 2011	(\$0.00479)	(\$0.00077)	(\$0.00556)	(\$0.00742)
R	June 2011	(\$0.00479)	(\$0.00077)	(\$0.00556)	(\$0.00742)
R	July 2011	(\$0.00479)	(\$0.00077)	(\$0.00556)	(\$0.00803)
R	August 2011	(\$0.00479)	(\$0.00077)	(\$0.00556)	(\$0.00924)
R	September 2011	(\$0.00479)	(\$0.00077)	(\$0.00556)	(\$0.01250)
R	October 2011	(\$0.00479)	(\$0.00077)	(\$0.00556)	(\$0.01505)
R	November 2011	(\$0.00479)	(\$0.00077)	(\$0.00556)	(\$0.01505)
R	December 2011	(\$0.00479)	(\$0.00077)	(\$0.00556)	(\$0.01505)

Issued 12-12-11
By J F Schott
VP External Affairs
Green Bay, Wisconsin

Effective Jan - Dec
2011 Billing Months
Issued Under Auth. of
Mich Public Serv Comm
In Case No. U-16421
Dated 3-17-11