

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

\* \* \* \* \*

In the matter of the application of )  
**NORTHERN STATES POWER COMPANY-** )  
**WISCONSIN** for authority to restructure ) Case No. U-11777  
its electric rates. )  
\_\_\_\_\_ )

At the January 6, 1999 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. John G. Strand, Chairman  
Hon. David A. Svanda, Commissioner

**ORDER APPROVING SETTLEMENT AGREEMENT**

On September 4, 1998, Northern States Power Company-Wisconsin (NSP-W) filed an applica-  
tion, testimony, and exhibits requesting authority to restructure its rates on a revenue-neutral basis  
for the sale of electricity in its Michigan service territory.

Pursuant to due notice, a prehearing conference was held on October 15, 1998 before Adminis-  
trative Law Judge Daniel E. Nickerson, Jr. NSP-W and the Commission Staff (Staff) participated  
in the proceedings. Subsequently, the parties entered into a settlement agreement.

According to the terms of the settlement agreement, attached as Exhibit A, NSP-W's Michigan  
retail electric rates should be restructured on a revenue-neutral basis to more closely reflect the cost  
of providing electric service to each rate class as based on a test year ending December 31, 1998  
and a return on common equity of 11.90%. In order to mitigate rate changes to various rate

classes, the parties agree that the rate restructuring should be implemented in two stages. Attachment A to the settlement agreement sets forth the revised rates and rate sheets. Moreover, the parties agree that NSP-W's power supply cost base for purposes of 1982 PA 304, MCL 460.6h et seq.; MSA 22.13(6h) et seq., should be 22.42 mills per kilowatt-hour (kWh) and the adjustment factor should remain at its current level of .011001 mills per kWh, as set forth on Sheet No. 182 of Attachment A.

After review of the settlement agreement, the Commission finds that the agreement is reasonable and in the public interest, and should be approved.

The Commission FINDS that:

- a. Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; MSA 22.151 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; MSA 22.1 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; MSA 22.13(1) et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; MSA 3.560(101) et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1992 AACCS, R 460.17101 et seq.
- b. The settlement agreement is reasonable and in the public interest, and should be approved.
- c. In accordance with the terms of the settlement agreement, NSP-W's Michigan electric rates should be restructured on a revenue-neutral basis as set forth in the settlement agreement.

THEREFORE, IT IS ORDERED that:

- A. The settlement agreement, attached as Exhibit A, is approved.<sup>1</sup>

---

<sup>1</sup>Because of its length, Schedule 3 of Attachment A is not attached to copies of this order.

B. Northern States Power Company-Wisconsin is authorized to restructure its Michigan electric rates as set forth in the settlement agreement. The restructuring shall be done in two stages with the first stage to become effective for service rendered on and after the first day following the date of this order and the second stage to become effective for service rendered on and after January 1, 2000.

C. Northern States Power Company-Wisconsin shall, within 30 days of this order, file with the Commission revised tariff sheets, in substantially the form of the tariff sheets attached to the settlement agreement reflecting the first stage of restructuring and, within 30 days of the effective date of the second stage, file revised tariff sheets for the second stage of the restructuring.

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; MSA 22.45.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ John G. Strand

Chairman

( S E A L )

/s/ David A. Svanda

Commissioner

By its action of January 6, 1999.

/s/ Dorothy Wideman

Its Executive Secretary

B. Northern States Power Company-Wisconsin is authorized to restructure its Michigan electric rates as set forth in the settlement agreement. The restructuring shall be done in two stages with the first stage to become effective for service rendered on and after the first day following the date of this order and the second stage to become effective for service rendered on and after January 1, 2000.

C. Northern States Power Company-Wisconsin shall, within 30 days of this order, file with the Commission revised tariff sheets, in substantially the form of the tariff sheets attached to the settlement agreement reflecting the first stage of restructuring and, within 30 days of the effective date of the second stage, file revised tariff sheets for the second stage of the restructuring.

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; MSA 22.45.

MICHIGAN PUBLIC SERVICE COMMISSION

---

Chairman

---

Commissioner

By its action of January 6, 1999.

---

Its Executive Secretary

In the matter of the application of )  
**NORTHERN STATES POWER COMPANY-** )  
**WISCONSIN** for authority to restructure )  
its electric rates. )  
\_\_\_\_\_ )

Case No. U-11777

Suggested Minute:

“Adopt and issue order dated January 6, 1999 approving the settlement agreement and authorizing Northern States Power Company-Wisconsin to restructure its rates for the sale of electricity on a revenue-neutral basis, as set forth in the order.”