

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)
WISCONSIN PUBLIC SERVICE CORPORATION)
for deferral accounting approval of security and)
disaster recovery costs.)
_____)

Case No. U-13235

At the February 20, 2003 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Laura Chappelle, Chairman
Hon. David A. Svanda, Commissioner
Hon. Robert B. Nelson, Commissioner

ORDER APPROVING APPLICATION

On December 27, 2001, Wisconsin Public Service Corporation (WPS Corp) filed an appli-
cation seeking authority to defer security and disaster recovery costs following the September 11,
2001 terrorist attacks.

WPS Corp represents that as a result of the September 11, 2001 attacks, security at the
Kewaunee Nuclear Power Plant (KNPP) was raised to NRC Level 3 and security at WPS Corp's
essential facilities, such as gas gate stations, electric substations, and electric and gas operating
centers, was raised to a level of very limited access with physical and electronic facility
surveillance. Further, in reaction to the September 11, 2001 attacks and the increased likelihood
of continued terrorism, WPS Corp represents that it is engaged in reviewing all of its existing
security and disaster recovery mechanisms and procedures, and is in the process of developing
enhanced mechanisms and procedures. WPS Corp represents that the costs associated with its

review and enhancement process will be significant, ranging in the millions of dollars, and that much of the costs will be incurred in 2002, prior to inclusion in a general rate case. Finally, WPS Corp represents that granting its request for deferral accounting will not result in an increase in its rates. Therefore, it asserts that Commission may grant the requested authority without notice and a hearing.

After a review of the application, the Commission finds that ex parte approval is appropriate. The Commission finds that WPS Corp may defer the jurisdictional costs described in its application that it incurs beginning in 2002, until new rates become effective as established in the company's next rate proceeding. The Commission will consider the appropriateness of related carrying costs when it considers rate recovery of the deferred costs.

The Commission FINDS that:

a. 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, 1992 AACCS, R 460.17101 et seq.

b. WPS Corp's request for authority to use deferral accounting for the jurisdictional costs associated with enhanced security and disaster recovery should be approved.

d. Ex parte approval is appropriate.

THEREFORE, IT IS ORDERED that Wisconsin Public Service Corporation is authorized to defer beginning in 2002, the jurisdictional costs associated with enhanced security and disaster recovery in Account 186, miscellaneous deferred debits.

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.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ Laura Chappelle
Chairman

(S E A L)

/s/ David A. Svanda
Commissioner

/s/ Robert B. Nelson
Commissioner

By its action of February 20, 2003.

/s/ Dorothy Wideman
Its Executive Secretary

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MICHIGAN PUBLIC SERVICE COMMISSION

Chairman

Commissioner

Commissioner

By its action of February 20, 2003.

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Suggested Minute:

“Adopt and issue order dated February 20, 2003 authorizing Wisconsin Public Service Corporation to implement deferral accounting for additional security and disaster costs, as set forth in the order.”