

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
WISCONSIN ELECTRIC POWER COMPANY)	
for approval of deferred accounting treatment and)	Case No. U-13586
other accounting approvals.)	
_____)	

At the April 17, 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 AMENDED APPLICATION

On October 16, 2002, Wisconsin Electric Power Company (Wisconsin Electric) filed an application seeking, among other things, approval of deferred accounting treatment for costs related to the start-up of, formation of, and obtaining transmission service from American Transmission Company, LLC (ATCLLC) to the extent such costs are not included in rates. On March 18, 2003, WEPCO filed an amended application.

In its amended application Wisconsin Electric states the September 16, 2002 order in Case No. U-12725 found: (i) that the transfer of transmission assets to and obtaining transmission service from ATCLLC were reasonable and prudent; (ii) that charges incurred in obtaining transmission from ATCLLC are power supply costs; (iii) that the change in power supply cost recovery (PSCR) treatment of transmission charges: (a) shall be effective at the same time as the rate increase authorized by that order; and (b) shall not be afforded retroactive effect for the 2001

and 2002 PSCR plan and reconciliation proceedings prior to the effective date of the order; and (iv) that the request for authorization to use deferred accounting is outside the scope of the rate application and will not be addressed in the order, and that Wisconsin Electric may file an application describing the accounting treatment that it proposes.

Consistent with the September 16, 2002 order, Wisconsin Electric requests that the Commission grant the accounting authority necessary to account for these ATCLLC costs as a regulatory asset. Wisconsin Electric represents that granting its request 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 amended application, the Commission finds that ex parte approval is appropriate. The Commission finds that Wisconsin Electric may defer the jurisdictional costs described in its application, 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 AACS, R 460.17101 et seq.

b. Wisconsin Electric's request for authority to use deferral accounting for the jurisdictional costs associated with the start-up of, formation of, and obtaining transmission service from ATCLLC to the extent such costs are not included in rates should be approved.

c. Ex parte approval of the amended application is appropriate.

THEREFORE, IT IS ORDERED that Wisconsin Electric Power Company is authorized to defer, to the extent such costs are not included in rates, the jurisdictional costs associated with the start-up of, formation of, and obtaining transmission service from American Transmission Company, LLC, 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 April 17, 2003.

/s/ Dorothy Wideman
Its Executive Secretary

THEREFORE, IT IS ORDERED that Wisconsin Electric Power Company is authorized to defer, to the extent such costs are not included in rates, the jurisdictional costs associated with the start-up of, formation of, and obtaining transmission service from American Transmission Company, LLC, 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

Chairman

Commissioner

Commissioner

By its action of April 17, 2003.

Its Executive Secretary

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Case No. U-13586

Suggested Minute:

“Adopt and issue order dated April 17, 2003 approving Wisconsin Electric Power Company’s application to defer the Michigan jurisdictional portion of start-up and transitional costs related to the formation of the American Transmission Company, LLC, as set forth in the order.”