

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)
WISCONSIN ELECTRIC POWER COMPANY'S)
power supply cost recovery reconciliation proceeding)
for the 12-month period ended December 31, 2003.)
_____)

Case No. U-13556-R

At the August 10, 2004 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. J. Peter Lark, Chair
Hon. Robert B. Nelson, Commissioner
Hon. Laura Chappelle, Commissioner

OPINION AND ORDER

On March 31, 2004, Wisconsin Electric Power Company (Wisconsin Electric) filed an application, with supporting testimony and exhibits, requesting approval of a power supply cost recovery (PSCR) reconciliation for the 12-month period ending December 31, 2003, and authority to true-up the results of its 2001 and 2002 reconciliations.

Pursuant to due notice, a prehearing conference was held on May 12, 2004 before Administrative Law Judge James N. Rigas. Wisconsin Electric and the Commission Staff participated in the proceedings. Subsequently, a settlement agreement was jointly sponsored by the parties to resolve all issues in the case.

According to the terms of the settlement agreement, attached as Exhibit A, Wisconsin Electric underrecovered \$1,235,463 during 2003. Wisconsin Electric will collect the total net underrecovery of \$1,245,554 which includes (i) \$1,235,463 underrecovered during 2003,

(ii) \$18,911 in interest for 2003 and through the midpoint of the surcharge period, (iii) \$12,789 for a 2001 PSCR reconciliation true-up of an under-collected amount inclusive of interest, and (iv) \$21,609 for a 2002 PSCR reconciliation true-up of an under-refunded amount inclusive of interest. The total net underrecovery of \$1,245,554 will be collected from Wisconsin Electric Power Company's Michigan retail electric customers by implementing a surcharge of \$0.00332 per kilowatt-hour in its October 2004 through March 2005 billings.

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.; 1982 PA 304, as amended, MCL 460.6h 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.
- b. The settlement agreement is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

- A. The settlement agreement, attached as Exhibit A, is approved.
- B. Wisconsin Electric Power Company is authorized to implement a surcharge of \$0.00332 per kilowatt-hour on bills issued October 2004 through March 2005 for its Michigan retail electric customers to collect the total net underrecovered amount of \$1,245,554.
- C. Wisconsin Electric Power Company shall file, within 30 days, four sets of tariff sheets reflecting the approved surcharge.

The Commission reserves jurisdiction and any 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/ J. Peter Lark
Chair

(S E A L)

/s/ Robert B. Nelson
Commissioner

/s/ Laura Chappelle
Commissioner

By its action of August 10, 2004.

/s/ Mary Jo Kunkle
Its Executive Secretary

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

Chair

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By its action of August 10, 2004.

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Suggested Minute:

“Adopt and issue order dated August 10, 2004 approving the settlement agreement and authorizing Wisconsin Electric Power Company to implement a surcharge of \$0.00332 per kilowatt-hour on bills issued October 2004 through March 2005, as set forth in the order.”