

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 accounting recognition and approval of an)
amortization life and an amortization rate for)
account 340 land rights related to the Crane Creek)
Wind Project.)
_____)

Case No. U-16053

At the October 13, 2009 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Orjiakor N. Isiogu, Chairman
Hon. Monica Martinez, Commissioner
Hon. Steven A. Transeth, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On July 21, 2009, Wisconsin Public Service Corporation (WPS Corp.) filed an application requesting recognition and approval of an amortization life and an amortization rate for account 340 land rights related to the construction of the Crane Creek Wind Project recently approved by the Public Service Commission of Wisconsin (PSCW).

A prehearing conference was held on October 1, 2009 before Administrative Law Judge Daniel E. Nickerson, Jr. WPS Corp. and the Commission Staff participated in the proceeding. The parties submitted a settlement agreement resolving all issues in the case.

According to the terms of the settlement agreement, attached as Exhibit A, the Crane Creek Wind Project is a 99 megawatt wind generation facility in Saratoga, Jamestown, and Oakdale Townships in Howard County, Iowa. On May 23, 2008, the PSCW approved in

Docket No. 6690-CE-194 WPS Corp.'s request for a certificate of authority to acquire the project. WPS Corp. estimates that the project will have an operational life of 30 years, and the estimated cost will be \$251,000,000, including allowance for funds used during construction. WPS Corp. further estimates that the project will generate approximately 298,119 megawatt-hours of renewable energy in 2010, and that the project is required to meet Wisconsin's renewable portfolio standard.

WPS Corp. states that it does not currently have a Michigan certified book amortization life or amortization rate for account 340 land rights, and requests approval of an amortization life of 30 years and an amortization rate of 3.33% as related to the project effective October 1, 2009. On August 19, 2009, WPS Corp. filed a copy of the PSCW's order issued in Docket No. 6690-DE-101 wherein it certified the amortization life and amortization rate for account 340 land rights as related to the project and as requested herein. The requested approval is for accounting purposes only and approval of its request will not result in an increase in any rates or charges to customers.

The Commission finds that the 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 Public Service Corporation is authorized to reflect in its Michigan jurisdictional accounting books and records, beginning October 1, 2009, the amortization life of 30 years and an amortization rate of 3.33 percent for account 340 land rights.

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

Orjiakor N. Isiogu, Chairman

Monica Martinez, Commissioner

Steven A. Transeth, Commissioner

By its action of October 13, 2009.

Mary Jo Kunkle, Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
WISCONSIN PUBLIC SERVICE CORPORATION) Case No. U-16053
for accounting recognition of Amortization Life and)
Amortization Rate for Account 340 Land Rights)
associated with the Crane Creek Wind Project.)
_____)

SETTLEMENT AGREEMENT

As provided in § 78 of the Administrative Procedures Act of 1969 (“APA”), as amended, MCL 24.278, and Rule 333 of the Rules of the Practice and Procedure Before the Commission, 1999 AC, R 460.17333, Wisconsin Public Service Corporation (“WPS Corp”) and the Michigan Public Service Commission Staff (“Staff”) have resolved through settlement discussions the contested issues in this proceeding and hereby agree as follows:

1. On July 21, 2009, WPS Corp filed an application with the Michigan Public Service Commission (“MPSC” or “Commission”) requesting recognition and approval of an Amortization Life and Amortization Rate for Account 340 Land Rights related to the construction of the Crane Creek Wind Project recently approved by the Public Service Commission of Wisconsin (“PSCW”).

2. In its application, WPS Corp represented that the Crane Creek Wind Project is a 99 MW wind generation facility in Saratoga, Jamestown and Oakdale Townships, in Howard County, Iowa, and that on May 23, 2008, the PSCW approved in Docket No. 6690-CE-194 WPS Corp’s request for a Certificate of Authority to acquire the project. WPS Corp estimates that the

project will have an operational life of 30 years, and the estimated cost will be \$251,000,000 including allowance for funds used during construction. WPS Corp further estimates that the project will generate approximately 298,119 megawatt hours of renewable energy in 2010, and that the project is required to meet Wisconsin's Renewable Portfolio Standard.

Continuing, WPS Corp represented that it does not currently have a Michigan certified book Amortization Life or Amortization Rate for Account 340 Land Rights, and requests approval of an Amortization Life of 30 years and an Amortization Rate of 3.33% as related to the project effective October 1, 2009.

3. On August 19, 2009, WPS Corp filed a copy of the PSCW's order issued in Docket No. 6690-DE-101 wherein it certified an Amortization Life and Amortization Rate for Account 340 Land Rights as related to the project, and as requested in its application filed with the MPSC.

4. On September 1, 2009, the Commission issued its Notice of Hearing directing WPS Corp to mail a copy of the Notice of Hearing to all cities, incorporated villages, townships, and counties in its Michigan service areas. Furthermore, the Commission directed WPS Corp to publish the Notice of Hearing in daily newspapers of general circulation throughout its Michigan service area. WPS Corp filed with the Commission the requisite Affidavit of Mailing and Proof of Publication on September 15, 2009.

5. Administrative Law Judge Daniel E. Nickerson, Jr. presided over the October 1, 2009 prehearing conference. Staff participated in the proceeding. There were no intervenors.

6. The parties have entered into settlement discussions and, as a result, the parties agree that WPS Corp should be authorized to reflect in its Michigan jurisdictional accounting

books and records, beginning October 1, 2009, the Amortization Life of 30 years and an Amortization Rate of 3.33 percent for Account 340 Land Rights.

7. It is the opinion of all signatories that this Settlement Agreement is reasonable prudent, and will aid the expeditious conclusion of this case.

8. This Settlement Agreement is intended for a final disposition of this proceeding, and the parties join in respectfully requesting that the Commission grant prompt approval. Each signatory agrees not to appeal, challenge or contest the Commission's order accepting and approving this Settlement Agreement without modification. If the Commission does not accept this Settlement Agreement without modification, then the Agreement shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever.

9. This Settlement Agreement has been made for the sole and express purpose of settling this case, and all discussions relating hereto are and shall be privileged and shall not be used in any manner, or be admissible for any other purpose in connection with this proceeding or any other proceeding hereof. This Settlement Agreement does not constitute a precedent in any other case or proceeding except as necessary to carry out its terms.

10. All signatories waive Section 81 of the APA of 1969, as amended, MCL 24.281, as it applies to the issues in this proceeding.

WISCONSIN PUBLIC SERVICE CORPORATION

Sherri A.

Digitally signed by: Sherri A. Wellman
DN: CN = Sherri A. Wellman C = US O
= Miller Canfield
Date: 2009.09.29 14:30:00 -05'00'

Wellman

Dated: September 29, 2009

By:

One of its Attorneys
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MICHIGAN PUBLIC SERVICE COMMISSION STAFF



Dated: September 29, 2009

By:

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