

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 a power supply cost recovery reconciliation)	Case No. U-16032-R
proceeding for the 12-month period)	
ended December 31, 2010.)	
_____)	

At the January 12, 2012 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. John D. Quackenbush, Chairman
Hon. Orjiakor N. Isiogu, Commissioner
Hon. Greg R. White, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On March 25, 2011, Wisconsin Public Service Corporation (WPS Corp) filed an application, with supporting testimony and an exhibit, requesting approval of its power supply cost recovery (PSCR) reconciliation proceeding for the 12-month period ended December 31, 2010.

A prehearing conference was held on May 26, 2011 before Administrative Law Judge Mark D. Eyster (ALJ). WPS Corp and the Commission Staff participated in the proceedings. The ALJ granted intervenor status to Citizens Against Rate Excess. Subsequently, 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 parties agree that WPS Corp experienced a total net overrecovery of \$246,151. This amount reflects the amortization of the Michigan jurisdictional portion of the Kewaunee Nuclear Power Plant Non-

Qualified Decommissioning Trust Fund and the 2008 PSCR underrecovery that was completed in July of 2010, as well as the roll-in of the 2009 overrecovery authorized in Case No. U-15402-R and interest. The parties agree that the total net overrecovery of \$246,151 should be reflected in WPS Corp's 2011 PSCR reconciliation beginning balance.

The Commission finds that 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. The proposed power supply cost recovery reconciliation net overrecovery of \$246,151 is approved.
- C. Wisconsin Public Service Corporation shall reflect the \$246,151 overrecovery amount as its 2011 power supply cost recovery reconciliation beginning balance.

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

John D. Quackenbush, Chairman

Orjiakor N. Isiogu, Commissioner

Greg R. White, Commissioner

By its action of January 12, 2012.

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-16032-R
for a power supply cost reconciliation proceeding for)
the 12-month period ended December 31, 2010.)
_____)

SETTLEMENT AGREEMENT

Pursuant to MCL 24.278 and Rule 333 of the Rules of Practice and Procedure before the Michigan Public Service Commission (“Commission”), R 460.17333, Wisconsin Public Service Corporation (“WPS Corp” or the “Company”), Citizens Against Rate Excess (“CARE”) and the Commission Staff (“Staff”) agree as follows:

1. On March 25, 2011, the Company filed with the Commission its application, testimony and an exhibit seeking authority to reconcile its power supply costs and revenues for the 12-month period ending December 31, 2010.
2. On May 3, 2011, the Commission’s Executive Secretary issued the Notice of Hearing in this proceeding directing the Company to mail a copy of the Notice of Hearing to all cities, incorporated villages, townships and counties in its Michigan electric service area and to intervenors in Case No. U-16032. Furthermore, the Company was directed to publish the Notice of Hearing in daily newspapers of general circulation in its Michigan electric service area. On May 24, 2011, the Company electronically filed its affidavit of mailing and proof of publication.
3. On May 26, 2011, Administrative Law Judge Mark D. Eyster conducted the prehearing conference. The Company and Staff attended the prehearing conference. The petition to intervene by CARE was granted.

4. Subsequent to the prehearing conference and following Staff's audit of WPS Corp's books and records, the parties agree as follows:

a. The expenditures charged by WPS Corp for the cost of power supply were reasonably and prudently incurred for the 12-month period ending December 31, 2010, and the purchase practices followed by the Company comport with the 2010 PSCR Plan as reviewed by the Commission in Case No. U-16032 and were reasonable and prudent.

b. WPS Corp experienced a total net overrecovery of \$246,151 during the period ending December 31, 2010. This amount reflects the amortization of the Michigan jurisdictional portion of the Kewaunee Nuclear Power Plant Non-Qualified Decommissioning Trust Fund and the amortization of the 2008 PSCR underrecovery which was completed in July of 2010, as well as the roll-in of the 2009 overrecovery \$472,138 authorized in Case No. U-15662-R, and interest.

c. It is agreed that WPS Corp shall reflect the roll-in of the \$246,151 overrecovered amount as the 2011 PSCR reconciliation beginning balance.

5. All the parties are of the opinion that this Settlement Agreement is in the public interest, represents a fair and reasonable resolution of the proceeding, and will aid in the expeditious conclusion of this case.

6. This Settlement Agreement is entered into for the sole and express purpose of reaching a compromise among the parties. All offers of settlement and discussions relating to this settlement are considered privileged under Michigan Rule of Evidence 408. If the Commission approves this Settlement Agreement without modification, neither the parties to the Settlement Agreement or the Commission shall make any reference to, or use this Settlement Agreement or the order approving it, as a reason, authority, rationale or example for taking any

action or position or making any subsequent decision in any other case or proceeding, however, such references may be made to enforce or implement the provisions of this Settlement Agreement and the order approving it.

7. The parties further agree that any order approving this Settlement Agreement shall not establish precedent for future proceedings. This Settlement Agreement is based on the facts and circumstances of this case and is intended as the final disposition of Case No. U-16032-R. If the Commission approves this Settlement Agreement, without modification, the undersigned parties agree not to appeal, challenge or otherwise contest the Commission order approving this Settlement Agreement.

8. This Settlement Agreement is not severable. Each provision of this Settlement Agreement is dependent upon all other provisions of this Settlement Agreement. Failure to comply with any provision of this Settlement Agreement constitutes failure to comply with the entire Settlement Agreement. If the Commission rejects or modifies this Settlement Agreement or any provision of this Settlement Agreement, this Settlement Agreement shall be deemed to be withdrawn, it shall not constitute any part of the record in this proceeding or be used for any other purpose, and shall not operate to prejudice the pre-negotiation position of any party.

9. All signatories agree to waive § 81 of the Administrative Procedures Act of 1969, as amended, MCL 24.281, as it applies to the issues in this proceeding, if the Commission approves this Settlement Agreement without modification.

WISCONSIN PUBLIC SERVICE CORPORATION

Sherri A.

Digitally signed by: Sherri A. Wellman
DN: CN = Sherri A. Wellman C = US O
= Miller Canfield
Date: 2011.12.19 15:25:14 -05'00'

Dated: December 19, 2011

By: Wellman

Its Attorney

Sherri A. Wellman (P38989)

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

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MICHIGAN PUBLIC SERVICE COMMISSION STAFF

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By: _____

Its Attorney

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Public Service Division

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CITIZENS AGAINST RATE EXCESS

John Liskey

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