

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 authority to defer all costs associated with)
environmental assessments and remediation.)
_____)

Case No. U-11721

At the January 6, 1999 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. John G. Strand, Chairman
Hon. David A. Svanda, Commissioner

ORDER APPROVING APPLICATION

On July 7, 1998, Wisconsin Public Service Corporation (WPS Corp) filed an application for approval of deferral accounting for costs associated with environmental assessment and remediation.

In its application, WPS Corp represents that it owns various properties on which the possible existence of or the potential for environmental contamination has been identified and liability assessed. WPS Corp submits that in view of the potential magnitude and uncertainty surrounding the environmental assessment and remediation costs, deferral and amortization of those costs are appropriate.

WPS Corp requests authority to defer environmental assessments, remediation costs, and related legal fees pursuant to the methodology approved by the Public Service Commission of

Wisconsin (PSCW). WPS Corp represents that it has recorded 100% of its estimated liability for environmental assessments and remediation costs (approximately \$41.7 million, exclusive of legal fees) in Account 253 (Other Deferred Credits) with an offsetting charge to Account 182.3.

Recoveries of insurance claims are credited to Account 182.3. Actual assessment and remediation expenditures are charged to Account 253 as incurred. Actual related legal fees are charged to Account 182.3 as incurred. The estimated future liability account (Account 253) is reviewed annually. Account 253 is adjusted for any changes in estimates with an offsetting adjustment to Account 182.3. WPS Corp states that it will not seek recovery of deferred costs for environmental assessments, remediation, and related legal fees from ratepayers until expenditures exceed insurance recoveries. WPS Corp anticipates that recovery of those remaining costs will conclude within a four- to six-year period. The company states that no carrying charges on the deferred amounts are authorized.

Finally, WPS Corp asserts that because its request does not increase rates, notice and hearing are not necessary.

After a review of the application, the Commission finds that ex parte approval is appropriate. The Commission is satisfied that, in view of the potential magnitude and uncertainty surrounding the environmental assessment and remediation costs, the use of the deferral accounting as approved by the PSCW, and proposed by WPS Corp in its application, is reasonable.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; MSA 22.151 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; MSA 22.1 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; MSA 22.13(1) et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.;

MSA 3.560(101) et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1992 AACS, R 460.17101 et seq.

b. WPS Corp's request for deferral accounting for environmental assessment and remediation costs should be approved.

c. Ex parte approval is appropriate.

THEREFORE, IT IS ORDERED that Wisconsin Public Service Corporation is authorized to implement deferral accounting as approved by the Public Service Commission of Wisconsin for the future environmental assessment and remediation costs related to various properties on which the possible existence of or the potential for environmental contamination has been, or will be, identified and liability assessed.

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; MSA 22.45.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ John G. Strand

Chairman

(S E A L)

/s/ David A. Svanda

Commissioner

By its action of January 6, 1999.

/s/ Dorothy Wideman

Its Executive Secretary

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MICHIGAN PUBLIC SERVICE COMMISSION

Chairman

Commissioner

By its action of January 6, 1999.

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Suggested Minute:

“Adopt and issue order dated January 6, 1999 authorizing Wisconsin Public Service Corporation to defer costs associated with environmental assessment and remediation of contaminated sites, as set forth in the order.”