

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
WISCONSIN PUBLIC SERVICE CORPORATION)	
for reconciliation of its gas cost recovery plan)	Case No. U-13846-R
for the 12-month period ended October 31, 2004.)	
_____)	

At the July 19, 2005 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. J. Peter Lark, Chairman
Hon. Laura Chappelle, Commissioner
Hon. Monica Martinez, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On January 25, 2005, Wisconsin Public Service Corporation (WPS Corp) filed an application, with supporting testimony and exhibits, seeking a reconciliation of its gas cost recovery (GCR) revenues and expenses for the 12-month period ended October 31, 2004.

Pursuant to due notice, a prehearing conference was held on March 24, 2005 before Administrative Law Judge James N. Rigas, at which the petition to intervene of Attorney General Michael A. Cox (Attorney General) was granted. WPS Corp, the Attorney General, and the Commission Staff participated in the proceedings. Subsequently, on June 28, 2005, the parties jointly filed a settlement agreement. The parties waived Section 81 of the Administrative Procedures Act of 1969, 1969 PA 306, as amended, MCL 24.201 *et seq.*

According to that settlement agreement, which is attached as Exhibit A, the parties agree that the expenditures charged by WPS Corp for the cost of gas supply during the 12-month period

ended October 31, 2004 were reasonably and prudently incurred. The parties also stipulate that WPS Corp experienced a net overrecovery of \$685,978 during the GCR plan period. This amount includes a roll-in of the net underrecovery of \$144,701 from WPS Corp's previous GCR reconciliation, and interest. The parties agree that WPS Corp will roll the net overrecovery of \$685,978 into its current 2004-2005 GCR plan costs in accordance with its standard refund procedures. Finally, WPS Corp agrees to adjust its rates each month, as is reasonable and prudent, to incorporate all or a portion of the GCR factors for the applicable GCR plan year so as to avoid excessive year-end over and underrecoveries.

The Commission FINDS that:

- a. Jurisdiction is pursuant to 1909 PA 300, as amended, MCL 462.2 *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 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 Public Service Corporation shall roll the net over-recovered amount of \$685,978 into its 2004-2005 gas cost recovery plan.

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/ J. Peter Lark
Chairman

(S E A L)

/s/ Laura Chappelle
Commissioner

/s/ Monica Martinez
Commissioner

By its action of July 19, 2005.

/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

Chairman

Commissioner

Commissioner

By its action of July 19, 2005.

Its Executive Secretary

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)
WISCONSIN PUBLIC SERVICE CORPORATION)
for reconciliation of the gas cost)
recovery plan for the 12-month period)
ending October 31, 2004.)
_____)

Case No. U-13846-R

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 Practice and Procedure Before the Commission, 1999 AC, R 460.17333, Wisconsin Public Service Corporation (“WPS Corp”), the Michigan Public Service Commission Staff (“Staff”), and Attorney General Michael A. Cox (“Attorney General”) have resolved through settlement discussions the contested issues in this proceeding and hereby agree as follows:

1. Pursuant to Section 6h(12) of 1982 PA 304, as amended, MCL 460.6h et seq. (“Act 304”), WPS Corp filed its application on January 25, 2005, with supporting testimony and exhibits, seeking to reconcile its gas costs and revenues collected for the 12-month period ending October 31, 2004, and to roll-in to its current Gas Cost Recovery (“GCR”) plan a net GCR over-recovery.

2. On February 23, 2005, 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 area. Further, the Commission directed WPS Corp to publish the Notice of Hearing in daily newspapers of general circulation throughout its Michigan

service area. WPS Corp submitted to the Commission the requisite Affidavit of Mailing and Proof of Publication on March 23, 2005.

3. Administrative Law Judge James N. Rigas presided over the March 24, 2005 prehearing conference. Staff participated in the proceeding, and the Attorney General was permitted to intervene.

4. The parties have entered into settlement discussions and, as a result, the parties agree as follows:

a. Proceedings in this GCR reconciliation were conducted in accordance with Act 304. The expenditures charged by WPS Corp for the cost of gas supply during the 12-month period ended October 31, 2004, were reasonably and prudently incurred.

b. As shown on the revised Exhibit A-1 (LHN-1), Schedule 1, attached as Attachment A, during the GCR period ended October 31, 2004, WPS Corp over-recovered a net total amount of \$685,978 from its Michigan gas customers, which includes the rolled-in under-recovery of \$144,701 from the previous GCR reconciliation in Case No. U-13623-R, plus interest calculated in the amount of \$86,604. In accordance with its standard roll-in refund methodology approved in Case No. U-10492-R, the parties propose that WPS Corp roll-in the total overrecovered amount of \$685,978 into its current GCR plan.

c. WPS Corp agrees to adjust, as is reasonable and prudent, each month its rates to incorporate all or a portion of the GCR factors for the applicable GCR plan year so as to avoid excessive year-end over- and under-recoveries.

5. It is the opinion of all signatories that this settlement agreement will aid the expeditious conclusion of this case.

6. 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.

7. 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.

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

WISCONSIN PUBLIC SERVICE CORPORATION

Dated: June 28, 2005

By: ✓ Gary A. Gensch, Jr. Digitally signed by Gary A. Gensch, Jr.
DN: cn=Gary A. Gensch, Jr., o=Loomis Law Firm, c=US
Date: 2005.06.28 10:24:22 -0500

Harvey J. Messing (P23309)
Sherri A. Wellman (P38989)
Gary A. Gensch, Jr. (P66912)
Loomis, Ewert, Parsley,
Davis & Gotting, P.C.
232 S. Capitol Avenue, Suite 1000
Lansing, MI 48933

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Dated: June 28, 2005

By: ✓ *Patricia S. Barone*

Patricia S. Barone (P29560)
Assistant Attorney General
6545 Mercantile Way, Suite 15
Lansing, MI 48911

ATTORNEY GENERAL MICHAEL A. COX

Dated: June 28, 2005

By: *Nancy B. Pridgen* Nancy B. Pridgen
2005.06.28 11:01:20 -04'00'

Nancy B. Pridgen (P67569)
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Revised

Attachment A

WISCONSIN PUBLIC SERVICE CORPORATION

GAS COST RECOVERY CLAUSE STATUS REPORT
TWELVE MONTH PERIOD ENDING OCTOBER 2004

Case No. U-13846-R
Exhibit A-1 (LHN-1)
Schedule 1
Witness: L.H. Nishida
Page 1 of 8

Corporate Gas Expenses	November	December	January	February	March	April	May	June	July	August	September	October	TOTAL
Producer Commodity (Comm)	\$ 17,643,866	\$ 24,275,516	\$ 28,297,943	\$ 25,518,039	\$ 17,052,767	\$ 15,539,221	\$ 11,263,261	\$ 8,803,710	\$ 7,114,288	\$ 6,479,366	\$ 5,802,967	\$ 9,921,378	\$ 177,712,322
Commodity Recovery (Comm)	-	(575,409)	(48,260)	-	(2,352)	(3,673)	(9,098)	-	-	-	(4,012)	(42,153)	(684,958)
Prior Period Adj - Commodity Recovery (Comm)	-	-	126,932	-	-	-	-	-	-	-	-	-	126,932
Transportation Comm and Surch (Comm)	77,856	103,666	168,946	97,310	98,641	52,901	48,731	26,080	22,665	24,883	29,394	41,997	793,070
Gathering Res and Surch (Comm)	-	-	-	-	-	-	-	-	-	-	-	-	-
Prior Period Adj - Gathering (Comm)	-	-	-	-	-	-	-	-	-	-	-	-	-
Take or Pay-Transport-Curr Mo (Comm)	-	-	-	-	-	-	-	-	-	-	-	-	-
Storage Comm (Comm)	3,785,387	8,772,546	25,050,566	8,185,653	10,353,636	900,501	2,197,513	441,215	441,180	209,529	755,211	2,317,294	63,410,231
Take or Pay-Storage (Comm)	-	-	-	-	-	-	-	-	-	-	-	-	-
ANR Pipeline Refund	-	-	-	-	-	-	-	-	-	-	-	-	-
Prior Period Adj. (Comm)	(3,317)	(8,756)	(7,521)	(14,632)	(6,984)	(8,127)	(4,500)	(3,145)	(2,174)	(4,094)	(1,941)	(5,838)	(71,030)
D-1 Transportation Res Fee (D-1)	2,924,981	2,910,965	2,936,974	2,936,480	2,841,956	1,909,912	1,842,326	1,842,592	1,822,152	1,816,456	1,819,326	1,822,644	27,426,765
Prior Period Adj. (D-1)	13,572	(1)	(1)	-	-	-	-	-	-	(129)	-	-	13,440
D-1 Recovery (D-1)	(144,786)	(292,962)	(151,826)	(45,570)	(291,720)	(455,017)	(311,190)	(11,019)	(20,628)	(88,816)	(314,262)	(150,718)	(2,278,515)
Prior Period Adj. for D-1 Recovery (D-1)	-	-	(126,932)	-	-	-	-	-	10	-	-	-	(126,922)
Balancing - Transportation/Storage (Bal)	192,848	189,023	214,465	185,642	188,556	59,390	55,879	57,377	51,923	47,545	48,911	56,953	1,348,513
Balancing - MBS Storage	1,290	11	-	-	-	-	-	-	-	-	-	-	1,300
NNS Res and Surch (Bal)	106,500	106,500	106,500	106,500	106,500	81,080	81,080	81,080	81,080	81,080	81,080	81,080	1,100,060
Prior Period Adj. for Balancing (Bal)	-	-	-	-	-	-	-	-	-	-	-	-	-
D-2 Current Month (D-2)	637,564	911,090	889,200	871,414	617,218	285,124	287,985	287,985	317,726	323,070	320,398	321,209	6,069,984
Prior Period Adj. for D-2 (D-2)	(3,520)	(1)	-	(2)	(24)	(0)	-	-	-	-	-	-	(3,547)
D-2 Recovery (D-2)	-	-	-	-	-	-	-	-	-	-	-	-	-
Prior Period Adj. for D-2 Recovery (D-2)	-	-	-	-	-	-	-	-	-	-	-	-	-
Dakota Cost (Dak)	62,704	62,704	62,704	62,704	62,704	32,689	29,849	29,849	-	-	-	-	405,908
Prior Period Adj. for Dakota Costs (Dak)	-	-	-	-	-	-	-	-	-	-	-	-	-
Take or Pay-Demand (TOP)	-	-	-	-	-	-	-	-	-	-	-	-	-
Prior Period Adj. for Take or Pay (TOP)	-	-	-	-	-	-	-	-	-	-	-	-	-
Imbalance adj. - D1	-	-	-	-	-	-	-	-	-	-	-	-	-
Imbalances - Purchases from Transporters (Comm)	165,599	544,828	485,259	1,129,404	255,349	293,685	124,300	456,695	487,978	582,679	475,700	136,494	5,137,999
	\$ 25,460,544	\$ 36,999,721	\$ 58,004,950	\$ 39,032,943	\$ 31,276,248	\$ 18,687,685	\$ 15,606,137	\$ 12,012,419	\$ 10,316,198	\$ 9,471,570	\$ 9,012,771	\$ 14,500,340	\$ 280,381,524

Revised

WISCONSIN PUBLIC SERVICE CORPORATION
 GAS COST RECOVERY CLAUSE STATUS REPORT
 TWELVE MONTH PERIOD ENDING OCTOBER 2004

Case No. U-13846-R
 Exhibit A-1 (LHN-1)
 Schedule 1
 Witness: L.H. Nishida
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Corporate Volumes Purchased	November	December	January	February	March	April	May	June	July	August	September	October	TOTAL
Flowing Supplies (Dekatherms, ANR Base)	3,867,579	4,926,885	4,562,196	4,359,666	3,343,837	2,901,092	1,954,522	1,286,306	1,080,753	1,028,505	1,117,953	1,893,901	32,323,195
From Storage (Dekatherms, ANR Base)	735,689	1,705,893	4,850,652	1,576,219	1,993,698	170,239	409,474	74,914	73,510	34,977	127,833	394,980	12,148,078
From Transporters (Dekatherms, ANR Base)	34,743	105,130	76,398	190,102	47,731	52,414	20,023	66,177	77,545	95,647	90,503	23,135	879,548
Sub-Total (ANR Base)	4,638,011	6,737,908	9,489,246	6,125,987	5,385,266	3,123,745	2,384,019	1,427,397	1,231,808	1,159,129	1,336,289	2,312,016	45,350,821
Prior Month Adj. (Act.vs.Est) (ANR Base)	148	21	8,163	(2)	-	3,082	78	-	-	3	3	-	11,496
Total (Dekatherms, ANR Base)	4,638,159	6,737,929	9,497,409	6,125,985	5,385,266	3,126,827	2,384,097	1,427,397	1,231,808	1,159,132	1,336,292	2,312,016	45,362,317
Total (Dekatherms, WPSC Base)	4,679,458	6,797,924	9,581,975	6,180,531	5,433,217	3,154,669	2,405,325	1,440,107	1,242,776	1,169,453	1,348,190	2,332,602	45,766,228

Note: All volumes in Dekatherms.

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AVERAGE RATE (\$/DEKATHERM, WPSC Base): \$ 6.1264

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TWELVE MONTH PERIOD ENDING OCTOBER 2004

Case No. U-13846-R
Exhibit A-1 (LHN-1)
Schedule 1
Witness: L.H. Nishida
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MICHIGAN

Sales By Revenue Class (NET)

	November	December	January	February	March	April	May	June	July	August	September	October	TOTAL
1 Residential - General (480-11)	5,378	7,637	9,202	7,945	2,869	2,407	2,835	1,725	1,478	750	1,201	2,594	46,021
2 Residential - Space Heating (480-12)	595,181	755,379	1,017,655	702,097	643,428	319,522	260,830	112,372	62,343	48,948	80,946	285,955	4,884,656
3 Small Comm & Indust - General (481-11)	3,903	5,062	5,034	5,685	4,581	2,179	2,455	21,232	13,006	11,432	13,860	16,719	105,148
4 Small Comm & Indust - Space Heating (481-12)	93,791	135,517	171,069	143,519	108,096	62,603	28,453	17,242	10,178	8,899	13,254	36,036	828,657
5 Large Comm & Indust - General (481-21)	-	-	-	35	(11)	-	-	-	-	-	-	-	24
6 Large Comm & Indust - Space Heating (481-22)	208,780	218,304	214,777	180,796	158,362	53,017	56,855	27,879	25,819	22,105	26,347	75,589	1,268,630
7 Interruptible (incl. Cashout Sales) (481-23)	156	251,250	30,002	-	-	-	-	-	-	-	-	6,228	287,636
8 Power Department	-	-	-	-	-	-	-	-	-	-	-	-	-
MI Commodity (Comm) Sales (Sum 1-8)	907,189	1,373,149	1,447,739	1,040,077	917,325	439,728	351,428	180,450	112,824	92,134	135,608	423,121	7,420,772
MI D1 Sales (Sum 1-6)	907,033	1,121,899	1,417,737	1,040,077	917,325	439,728	351,428	180,450	112,824	92,134	135,608	416,893	7,133,136
MI D2 Sales (Sum 1-8)	907,189	1,373,149	1,447,739	1,040,077	917,325	439,728	351,428	180,450	112,824	92,134	135,608	423,121	7,420,772
MI Balancing (Bal) Sales (Sum 1-8)	907,189	1,373,149	1,447,739	1,040,077	917,325	439,728	351,428	180,450	112,824	92,134	135,608	423,121	7,420,772
MI Dakota (Dak) Sales (Sum 1-8)	907,189	1,373,149	1,447,739	1,040,077	917,325	439,728	351,428	180,450	112,824	92,134	135,608	423,121	7,420,772

CORPORATE

Sales By Revenue Class (NET)

	November	December	January	February	March	April	May	June	July	August	September	October	TOTAL
1 Residential - General (480-11)	198,285	267,200	376,653	262,645	126,562	87,279	93,132	61,202	63,988	40,005	54,149	103,537	1,734,637
2 Residential - Space Heating (480-12)	28,011,402	36,412,667	51,759,461	37,047,108	30,298,058	18,731,523	12,022,889	6,037,442	4,822,908	3,229,763	5,027,986	12,753,515	246,154,722
3 Small Comm & Indust - General (481-11)	434,489	568,785	684,443	568,190	396,418	(16,043)	87,052	95,316	97,376	65,561	83,620	139,109	3,204,316
4 Small Comm & Indust - Space Heating (481-12)	6,427,282	9,381,087	14,131,647	10,211,091	7,645,018	2,569,433	1,895,224	1,089,878	1,122,463	785,678	1,068,896	2,406,311	58,734,008
5 Large Comm & Indust - General (481-21)	1,086,840	1,077,506	1,842,751	925,462	1,195,800	909,960	570,843	432,677	413,794	302,688	386,605	814,238	9,959,164
6 Large Comm & Indust - Space Heating (481-22)	6,718,852	8,929,183	11,914,816	8,637,151	7,784,884	5,695,981	3,149,138	2,236,725	2,033,052	1,358,260	2,027,658	4,544,383	65,030,083
7 Interruptible (incl. Cashout Sales) (481-23)	2,827,230	8,170,696	6,007,406	2,821,248	6,135,264	2,479,608	2,564,154	1,461,411	1,333,917	1,218,285	1,254,059	1,441,890	37,715,168
8 Power Department	1,077,924	3,099,932	9,044,728	1,199,937	677,563	830,688	3,617,102	2,926,469	2,509,236	1,168,170	3,399,638	870,590	-
9 GTMS --- Locked Price Sales	-	-	-	-	-	-	-	-	-	-	-	-	-
10 GTMS --- Below Contract Sales	673,530	695,666	767,419	731,456	714,814	665,991	618,844	524,470	406,952	586,458	613,358	672,611	7,671,569
11 GTMS --- Above Contract Sales	49,609	58,968	66,533	46,062	60,467	19,832	-	-	-	-	32,103	55,444	389,018
CORP Commodity Sales (Sum 1-8)	46,782,304	67,907,056	95,761,905	61,672,832	54,259,567	31,288,429	23,999,534	14,341,120	12,396,734	8,168,410	13,302,611	23,073,573	452,954,075
CORP D1 Sales (Sum 1-6)+(11)	42,926,759	56,695,396	80,776,304	57,697,709	47,507,207	27,997,965	17,818,278	9,953,240	8,553,581	5,781,955	8,681,017	20,816,537	385,205,948
CORP D2 Sales (Sum 1-8)	46,782,304	67,907,056	95,761,905	61,672,832	54,259,567	31,288,429	23,999,534	14,341,120	12,396,734	8,168,410	13,302,611	23,073,573	452,954,075
CORP Balancing (Bal) Sales (Sum 1-8)	46,782,304	67,907,056	95,761,905	61,672,832	54,259,567	31,288,429	23,999,534	14,341,120	12,396,734	8,168,410	13,302,611	23,073,573	452,954,075
CORP Dakota (Dak) Sales (Sum 1-8) - (9) - (10)	46,108,774	67,211,390	94,994,486	60,941,376	53,544,753	30,622,438	23,380,690	13,816,650	11,989,782	7,581,952	12,689,253	22,400,962	445,282,506

Allocation Factors

	November	December	January	February	March	April	May	June	July	August	September	October	TOTAL
Comm (MI Comm Sales/CORP Comm Sales)	1.94%	2.02%	1.51%	1.69%	1.69%	1.41%	1.46%	1.26%	0.91%	1.13%	1.02%	1.83%	1.64%
D1 (MI D1 Sales/CORP D1 Sales)	2.11%	1.98%	1.76%	1.80%	1.93%	1.57%	1.97%	1.81%	1.32%	1.59%	1.56%	2.00%	1.85%
D2 (MI D2 Sales/CORP D2 Sales)	1.94%	2.02%	1.51%	1.69%	1.69%	1.41%	1.46%	1.26%	0.91%	1.13%	1.02%	1.83%	1.64%
BAL (MI Bal Sales/CORP Bal Sales)	1.94%	2.02%	1.51%	1.69%	1.69%	1.41%	1.46%	1.26%	0.91%	1.13%	1.02%	1.83%	1.64%
DAK (MI Dak Sales/CORP Dak Sales)	1.97%	2.04%	1.52%	1.71%	1.71%	1.44%	1.50%	1.31%	0.94%	1.22%	1.07%	1.89%	1.67%

Revised

WISCONSIN PUBLIC SERVICE CORPORATION

GAS COST RECOVERY CLAUSE STATUS REPORT
TWELVE MONTH PERIOD ENDING OCTOBER 2004

Case No. U-13846-R
Exhibit A-1 (LHN-1)
Schedule I
Witness: L.H. Nishida
Page 4 of 8
TOTAL

Determination of Michigan Expenses	November	December	January	February	March	April	May	June	July	August	September	October	
Corporate Commodity Expense	\$ 21,669,391	\$ 33,112,391	\$ 54,073,865	\$ 34,915,774	\$ 27,751,056	\$ 16,774,508	\$ 13,620,208	\$ 9,724,555	\$ 8,063,936	\$ 7,292,364	\$ 7,057,318	\$ 12,369,172	\$ 246,424,538
WI GTMS Locked Price Adjustment *	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate Commodity Expense w/GTMS adj. MI Commodity (Comm) Allocation Factor	\$ 21,669,391 1.94%	\$ 33,112,391 2.02%	\$ 54,073,865 1.51%	\$ 34,915,774 1.69%	\$ 27,751,056 1.69%	\$ 16,774,508 1.41%	\$ 13,620,208 1.46%	\$ 9,724,555 1.26%	\$ 8,063,936 0.91%	\$ 7,292,364 1.13%	\$ 7,057,318 1.02%	\$ 12,369,172 1.83%	\$ 246,424,538
Michigan Commodity (Comm) Expense	\$ 420,386	\$ 668,870	\$ 816,515	\$ 590,077	\$ 468,993	\$ 236,521	\$ 198,855	\$ 122,529	\$ 73,382	\$ 82,404	\$ 71,985	\$ 226,356	\$ 3,976,872
Corporate Peak Day (D-1) Expense	\$ 2,793,767	\$ 2,618,002	\$ 2,658,215	\$ 2,890,910	\$ 2,550,236	\$ 1,454,895	\$ 1,531,136	\$ 1,831,573	\$ 1,801,534	\$ 1,727,511	\$ 1,505,063	\$ 1,671,926	\$ 25,034,768
MI Peak Day (D-1) Allocation Factor	2.11%	1.98%	1.76%	1.80%	1.93%	1.57%	1.97%	1.81%	1.32%	1.59%	1.56%	2.00%	
Michigan Peak Day (D-1) Expense	\$ 58,948	\$ 51,836	\$ 46,785	\$ 52,036	\$ 49,220	\$ 22,842	\$ 30,163	\$ 33,151	\$ 23,780	\$ 27,467	\$ 23,479	\$ 33,439	\$ 453,147
Corporate ACQ (D-2) Expense	\$ 634,044	\$ 911,089	\$ 889,200	\$ 871,412	\$ 617,194	\$ 285,124	\$ 287,985	\$ 287,985	\$ 317,726	\$ 323,070	\$ 320,398	\$ 321,209	\$ 6,066,437
MI ACQ (D-2) Allocation Factor	1.94%	2.02%	1.51%	1.69%	1.69%	1.41%	1.46%	1.26%	0.91%	1.13%	1.02%	1.83%	
Michigan ACQ (D-2) Expense	\$ 12,300	\$ 18,404	\$ 13,427	\$ 14,727	\$ 10,431	\$ 4,020	\$ 4,205	\$ 3,629	\$ 2,891	\$ 3,651	\$ 3,268	\$ 5,878	\$ 96,830
Corporate Balancing (BAL) Expense	\$ 300,637	\$ 295,534	\$ 320,965	\$ 292,142	\$ 295,056	\$ 140,470	\$ 136,959	\$ 138,457	\$ 133,003	\$ 128,625	\$ 129,991	\$ 138,033	\$ 2,449,874
MI Balancing (Bal) Allocation Factor	1.94%	2.02%	1.51%	1.69%	1.69%	1.41%	1.46%	1.26%	0.91%	1.13%	1.02%	1.83%	
Michigan Balancing (Bal) Expense	\$ 5,832	\$ 5,970	\$ 4,847	\$ 4,937	\$ 4,986	\$ 1,981	\$ 2,000	\$ 1,745	\$ 1,210	\$ 1,453	\$ 1,326	\$ 2,526	\$ 38,813
Michigan Take-Or-Pay (TOP) Expense*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate Dakota Expense	\$ 62,704	\$ 62,704	\$ 62,704	\$ 62,704	\$ 62,704	\$ 32,689	\$ 29,849	\$ 29,849	\$ -	\$ -	\$ -	\$ -	\$ 405,908
MI Dakota (Dak) Allocation Factor	1.97%	2.04%	1.52%	1.71%	1.71%	1.44%	1.50%	1.31%	0.94%	1.22%	1.07%	1.89%	
Michigan Dakota (Dak) Expense	\$ 1,235	\$ 1,279	\$ 953	\$ 1,072	\$ 1,072	\$ 471	\$ 448	\$ 391	\$ -	\$ -	\$ -	\$ -	\$ 6,922
Corporate Company Use (Therms)	120,369	173,721	212,585	218,962	162,298	244,707	93,725	84,450	60,104	59,981	62,414	87,647	1,580,963
Corporate Lost & Unaccounted For (Therms)	(141,610)	(176,930)	(241,553)	(175,282)	(153,657)	(108,898)	(90,952)	(70,473)	(63,203)	3,431,606	81,504	115,426	2,405,979
Total Co Use + Lost & Unacct For (Therms)	(21,241)	(3,209)	(28,968)	43,680	8,641	135,809	2,773	13,977	(3,099)	3,491,587	143,918	203,073	3,986,942
Average Rate Per Therm (from page 2)	\$ 0.6126	\$ 0.6126	\$ 0.6126	\$ 0.6126	\$ 0.6126	\$ 0.6126	\$ 0.6126	\$ 0.6126	\$ 0.6126	\$ 0.6126	\$ 0.6126	\$ 0.6126	\$ 0.6126
MI Commodity (Comm) Allocation Factor	1.94%	2.02%	1.51%	1.69%	1.69%	1.41%	1.46%	1.26%	0.91%	1.13%	1.02%	1.83%	
MI Co Use + Lost & Unacct For Expense	\$ (252)	\$ (40)	\$ (268)	\$ 452	\$ 89	\$ 1,173	\$ 25	\$ 108	\$ (17)	\$ 24,172	\$ 899	\$ 2,277	\$ 28,618
Summary of Michigan Expenses													
Michigan Commodity (Comm) Expense	\$ 420,386	\$ 668,870	\$ 816,515	\$ 590,077	\$ 468,993	\$ 236,521	\$ 198,855	\$ 122,529	\$ 73,382	\$ 82,404	\$ 71,985	\$ 226,356	\$ 3,976,872
Michigan Peak Day (D-1) Expense	58,948	51,836	46,785	52,036	49,220	22,842	30,163	33,151	23,780	27,467	23,479	33,439	453,147
Michigan ACQ (D-2) Expense	12,300	18,404	13,427	14,727	10,431	4,020	4,205	3,629	2,891	3,651	3,268	5,878	96,830
Michigan Balancing (Bal) Expense	5,832	5,970	4,847	4,937	4,986	1,981	2,000	1,745	1,210	1,453	1,326	2,526	38,813
Michigan Take-Or-Pay (TOP) Expense*	-	-	-	-	-	-	-	-	-	-	-	-	0
Michigan Dakota (Dak) Expense	1,235	1,279	953	1,072	1,072	471	448	391	-	-	-	-	6,922
MI Co Use + Lost & Unacct For Expense	252	40	268	(452)	(89)	(1,173)	(25)	(108)	17	(24,172)	(899)	(2,277)	(28,618)
Total Michigan Expenses	\$ 498,955	\$ 746,399	\$ 882,795	\$ 662,397	\$ 534,612	\$ 264,661	\$ 235,646	\$ 161,337	\$ 101,281	\$ 90,804	\$ 99,158	\$ 265,922	\$ 4,543,967

*Adjustment for gas volumes with Locked Prices in accordance with Wisconsin GTMS gas tariff.
**TOP is Calculated via Separate Allocation Filed with the MPSC and PSCW.

GAS COST RECOVERY CLAUSE STATUS REPORT
 TWELVE MONTH PERIOD ENDING OCTOBER 2004

MICHIGAN

Sales By Revenue Class (ACTUAL)	November	December	January	February	March	April	May	June	July	August	September	October	TOTAL
Residential - General (480-11)	3,903	6,622	7,870	9,629	4,782	3,491	2,988	2,133	1,541	1,236	1,265	1,560	47,020
Residential - Space Heating (480-12)	402,031	664,419	841,535	930,624	692,183	485,832	329,037	184,892	95,736	78,361	83,524	159,344	4,947,518
Small Comm & Indust - General (481-11)	2,591	4,393	4,631	6,341	4,839	3,360	2,700	14,521	12,179	13,377	14,294	11,448	94,674
Small Comm & Indust - Space Heating (481-12)	59,907	111,968	141,574	173,570	121,628	89,667	47,908	27,486	14,755	12,966	13,724	20,808	835,961
Large Comm & Indust - General (481-21)	-	-	-	24	-	-	-	-	-	-	-	-	24
Large Comm & Indust - Space Heating (481-22)	126,219	197,954	202,095	231,640	171,164	102,848	70,730	42,119	28,499	28,264	28,171	43,511	1,273,214
Interruptible (w/ Transportation Cashout Sales) (481-23)	156	251,250	30,002	-	-	-	-	-	-	-	-	6,228	287,636
Power Department	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Sales	594,807	1,236,606	1,227,707	1,351,828	994,596	685,198	453,363	271,151	152,710	134,204	140,978	242,899	7,486,047

MICHIGAN

Number Of Meters

Residential - General (480-11)	94	94	94	94	77	77	77	77	77	77	76	76	990
Residential - Space Heating (480-12)	4,754	4,756	4,762	4,762	4,778	4,777	4,779	4,781	4,777	4,775	4,778	4,781	57,260
Small Comm & Indust - General (481-11)	10	10	10	10	10	11	11	11	11	11	11	11	127
Small Comm & Indust - Space Heating (481-12)	405	404	404	403	401	405	405	405	404	403	405	405	4,849
Large Comm & Indust - General (481-21)	-	-	-	1	1	-	-	-	-	-	-	-	2
Large Comm & Indust - Space Heating (481-22)	47	48	48	48	48	43	43	43	43	43	42	42	538
Interruptible (481-23)	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (489-00)	16	15	15	14	14	14	14	14	14	14	14	14	172
Total Meters	5,326	5,327	5,333	5,332	5,329	5,327	5,329	5,331	5,326	5,323	5,326	5,329	63,938
Michigan Unbilled													
Gross Unbilled Current Month	623,139	759,682	979,714	667,963	590,692	345,222	243,287	152,586	112,700	70,630	65,260	245,482	4,856,357
Unbilled Reversal Current Month	(310,757)	(623,139)	(759,682)	(979,714)	(667,963)	(590,692)	(345,222)	(243,287)	(152,586)	(112,700)	(70,630)	(65,260)	(4,921,632)
Net Unbilled Current Month	312,382	136,543	220,032	(311,751)	(77,271)	(245,470)	(101,935)	(90,701)	(39,886)	(42,070)	(5,370)	180,222	(65,275)

Revised

WISCONSIN PUBLIC SERVICE CORPORATION

GAS COST RECOVERY CLAUSE STATUS REPORT
TWELVE MONTH PERIOD ENDING OCTOBER 2004

Case No. U-13846-R
Exhibit A-1 (LHN-1)
Schedule 1
Witness: L.H. Nishida
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CORPORATE Sales By Revenue Class (ACTUAL)	November	December	January	February	March	April	May	June	July	August	September	October	TOTAL
Residential - General (480-11)	147,972	238,453	308,397	344,581	186,108	131,521	103,771	74,711	61,088	55,728	57,049	63,841	1,773,220
Residential - Space Heating (480-12)	18,612,820	31,574,226	41,860,553	47,712,933	33,800,149	25,804,524	16,284,886	9,455,518	5,836,433	4,938,188	5,213,509	7,444,850	248,538,589
Small Comm & Indust - General (481-11)	299,682	498,962	587,639	702,047	466,432	173,431	113,482	99,985	88,386	85,681	87,997	88,289	3,292,013
Small Comm & Indust - Space Heating (481-12)	4,241,964	7,807,545	11,084,437	12,902,490	8,796,234	5,182,348	2,931,822	1,704,784	1,197,708	1,093,962	1,124,270	1,436,560	59,504,124
Large Comm & Indust - General (481-21)	792,721	1,077,690	1,470,486	1,424,270	1,191,912	1,075,619	725,341	524,878	408,138	395,641	406,598	492,109	9,985,403
Large Comm & Indust - Space Heating (481-22)	4,609,975	7,768,686	9,848,768	11,173,012	8,347,671	7,084,804	4,371,905	2,932,985	2,119,433	1,914,673	2,074,794	2,702,157	64,948,863
Interruptible (w/ Transportation Cashout Sales) (481-23)	2,827,230	8,170,696	6,007,406	2,821,248	6,135,264	2,479,608	2,564,154	1,461,411	1,333,917	1,218,285	1,254,059	1,441,890	37,715,168
Power Department	1,077,924	3,099,932	9,044,728	1,199,937	677,563	830,688	3,617,102	2,926,469	2,509,236	1,168,170	3,399,638	870,590	30,421,977
Total Sales	32,610,288	60,236,190	80,212,414	78,280,518	59,601,333	42,762,543	30,712,463	19,180,741	13,554,339	10,870,328	13,617,914	14,540,286	456,179,357
CORPORATE													
Number Of Meters													
Residential - General (480-11)	5,947	5,965	5,969	5,963	5,426	5,260	5,262	5,246	5,248	5,240	5,238	5,236	66,000
Residential - Space Heating (480-12)	266,512	267,077	267,498	267,746	268,505	268,815	268,883	269,072	269,177	269,412	269,848	270,508	3,223,053
Small Comm & Indust - General (481-11)	886	882	874	872	871	782	780	781	780	780	781	779	9,848
Small Comm & Indust - Space Heating (481-12)	23,067	23,129	23,229	23,288	23,296	22,831	22,808	22,780	22,746	22,769	22,781	22,863	275,587
Large Comm & Indust - General (481-21)	142	142	140	141	140	229	229	229	229	228	228	228	2,305
Large Comm & Indust - Space Heating (481-22)	2,375	2,372	2,369	2,368	2,366	2,837	2,832	2,825	2,820	2,814	2,808	2,812	31,598
Interruptible (481-23)	121	122	122	121	122	122	120	120	118	118	119	118	1,443
Transportation (489-00)	594	596	596	590	587	589	588	588	590	590	589	587	7,084
Total Meters	299,644	300,285	300,797	301,089	301,313	301,465	301,502	301,641	301,708	301,951	302,392	303,131	3,616,918
Corporate Unbilled													
Gross Unbilled Current Month	30,080,277	37,751,143	53,300,634	36,692,948	31,351,182	19,877,068	13,164,139	8,324,518	7,166,913	4,464,995	4,149,692	12,682,979	259,006,488
Unbilled Reversal Current Month	(15,908,261)	(30,080,277)	(37,751,143)	(53,300,634)	(36,692,948)	(31,351,182)	(19,877,068)	(13,164,139)	(8,324,518)	(7,166,913)	(4,464,995)	(4,149,692)	(262,231,770)
Net Unbilled Current Month	14,172,016	7,670,866	15,549,491	(16,607,686)	(5,341,766)	(11,474,114)	(6,712,929)	(4,839,621)	(1,157,605)	(2,701,918)	(315,303)	8,533,287	(3,225,282)

Revised

WISCONSIN PUBLIC SERVICE CORPORATION

GAS COST RECOVERY CLAUSE STATUS REPORT
TWELVE MONTH PERIOD ENDING OCTOBER 2004

Case No. U-13846-R
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Schedule 1
Witness: L.H. Nishida
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Michigan Rate Schedule Sales	November	December	January	February	March	April	May	June	July	August	September	October	TOTAL
Rate Schedule Sales (Therms)*	594,807	1,236,606	1,227,707	1,351,828	994,596	685,198	453,363	271,151	152,710	134,204	140,978	242,899	7,486,047
Less Transportation Cashout Sales (Therms)*	156	-	2	-	-	-	-	-	-	-	-	6,228	6,386
Less Transportation Annual Supply Backup Sales (Therms)*	-	251,250	30,000	-	-	-	-	-	-	-	-	-	281,250
Actual Sales Billed @ GCR Rate (Therms)	594,651	985,356	1,197,706	1,351,828	994,596	685,198	453,363	271,151	152,710	134,204	140,978	236,671	7,198,412
Allocation of Interdepartmental Sales													
Corporate Interdepartmental Sales (Therms)	64,514	105,175	124,171	123,447	94,088	113,962	43,220	38,738	27,529	27,538	28,513	40,869	831,764
MI Commodity (Comm) Allocation Factor	1.94%	2.02%	1.51%	1.69%	1.69%	1.41%	1.46%	1.26%	0.91%	1.13%	1.02%	1.83%	
Michigan Interdepartmental Sales @ GCR Rate (Therms)	1,252	2,125	1,875	2,086	1,590	1,607	631	488	251	311	291	748	13,254
Summary of Michigan Sales (Therms)													
Rate Sched Sales w/o Transportation Cashout/Annual Supply BU Sales (Therms)	594,651	985,356	1,197,706	1,351,828	994,596	685,198	453,363	271,151	152,710	134,204	140,978	236,671	7,198,412
Transportation Cashout Sales (Therms)*	156	-	2	-	-	-	-	-	-	-	-	6,228	6,386
Transportation Annual Supply Backup Sales (Therms)*	-	251,250	30,000	-	-	-	-	-	-	-	-	-	281,250
Net Unbilled (Therms)	312,382	136,543	220,032	(311,751)	(77,271)	(245,470)	(101,935)	(90,701)	(39,886)	(42,070)	(5,370)	180,222	(65,275)
Michigan Interdepartmental Sales (Therms)	1,252	2,125	1,875	2,086	1,590	1,607	631	488	251	311	291	748	13,254
Total Michigan Sales (Therms)*	908,441	1,375,274	1,449,614	1,042,163	918,915	441,335	352,059	180,938	113,075	92,445	135,899	423,869	7,434,026

*Includes Transportation Cashout Sales

Revised

WISCONSIN PUBLIC SERVICE CORPORATION
 GAS COST RECOVERY CLAUSE STATUS REPORT
 TWELVE MONTH PERIOD ENDING OCTOBER 2004

Case No. U-13846-R
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 Schedule 1
 Witness: L.H. Nishida
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	November	December	January	February	March	April	May	June	July	August	September	October	TOTAL
Maximum GCR Factor Permitted (per Therm)	\$ 0.73393	\$ 0.73393	\$ 0.73393	\$ 0.80475	\$ 0.80475	\$ 0.80475	\$ 0.83407	\$ 0.86777	\$ 0.88123	\$ 0.88123	\$ 0.88123	\$ 0.88123	\$ 0.65978
GCR Factor Billed To Customers (per Therm)	\$ 0.73393	\$ 0.73393	\$ 0.73393	\$ 0.80475	\$ 0.80475	\$ 0.80475	\$ 0.45000	\$ 0.45000	\$ 0.45000	\$ 0.45000	\$ 0.45000	\$ 0.45000	\$ 0.65978
Rate Schedule Sales Revenue**	\$ 436,432.50	\$ 723,182.33	\$ 879,032.00	\$ 1,087,883.58	\$ 800,401.13	\$ 551,413.09	\$ 204,013.35	\$ 122,017.95	\$ 68,719.50	\$ 60,391.80	\$ 63,440.10	\$ 106,501.77	\$ 5,103,429.10
Gross Unbilled Current Month Revenue	457,340.41	557,553.41	788,424.84	537,543.22	475,359.39	155,349.90	109,479.15	68,663.70	50,715.00	31,783.50	29,367.00	161,964.11	3,423,543.63
Unbilled Reversal Current Month Revenue	(228,073.89)	(457,340.41)	(557,553.41)	(788,424.84)	(537,543.22)	(475,359.39)	(155,349.90)	(109,479.15)	(68,663.70)	(50,715.00)	(31,783.50)	(29,367.00)	(3,489,653.41)
Interdepartmental Revenue	918.57	1,559.26	1,376.11	1,678.91	1,279.62	1,293.12	283.96	219.64	112.73	140.03	130.87	336.56	9,329.38
Transportation Cashout Revenue	94.83	-	0.95	-	-	-	-	-	-	-	-	3,642.37	3,738.15
Transportation Daily Balancing Revenue	961.94	2,709.81	697.29	1,019.58	574.25	3,399.20	943.29	667.20	996.81	1,582.20	1,144.44	999.31	15,695.32
Transportation Penalty Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation Annual Peak Day Backup Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation Seasonal Peak Day Backup Revenue	6,597.60	6,597.60	6,597.60	6,597.60	6,597.60	-	-	-	-	-	-	-	32,988.00
Transportation Annual Supply Backup Revenue	-	168,814.88	20,157.00	-	-	-	-	-	-	-	-	-	188,971.88
Total Revenues	\$ 674,271.96	\$ 1,003,076.88	\$ 1,138,732.38	\$ 846,298.05	\$ 746,668.77	\$ 236,095.92	\$ 159,369.85	\$ 82,089.34	\$ 51,880.34	\$ 43,182.53	\$ 62,298.91	\$ 244,077.12	\$ 5,288,042.05
Total Pipeline Refunds Received	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	498,955.21	746,399.41	882,794.52	662,397.04	534,612.23	264,660.85	235,645.52	161,337.16	101,280.97	90,803.63	99,158.27	265,921.77	4,543,966.58
Monthly (Over) Under Recovery	\$ (175,316.75)	\$ (256,677.47)	\$ (255,937.86)	\$ (183,901.01)	\$ (212,056.54)	\$ 28,564.93	\$ 76,275.67	\$ 79,247.82	\$ 49,400.63	\$ 47,621.10	\$ 36,859.36	\$ 21,844.85	\$ (744,075.47)
Half Month Convention	\$ (87,658.38)	\$ (128,338.74)	\$ (127,968.93)	\$ (91,950.51)	\$ (106,028.27)	\$ 14,282.47	\$ 38,137.84	\$ 39,623.91	\$ 24,700.32	\$ 23,810.55	\$ 18,429.68	\$ 10,922.33	
Roll-in from previous GCR period	\$144,701.00												\$ 144,701.00
Cumulative Total	\$ 57,042.62	\$ (158,954.50)	\$ (415,262.17)	\$ (635,181.61)	\$ (833,160.39)	\$ (924,906.19)	\$ (872,485.88)	\$ (794,724.13)	\$ (730,399.90)	\$ (681,889.03)	\$ (639,648.80)	\$ (610,296.79)	
Monthly Interest Allocator	8.1967%	8.4699%	8.4699%	7.9235%	8.4699%	8.1967%	8.4699%	8.1967%	8.4699%	8.4699%	8.1967%	8.4699%	
Equity Rate	14.2500%	14.2500%	14.2500%	14.2500%	14.2500%	14.2500%	14.2500%	14.2500%	14.2500%	14.2500%	14.2500%	14.2500%	
Short Term Rate	1.1550%	1.1600%	1.1370%	1.1340%	1.0960%	1.0650%	1.0680%	1.1700%	1.4020%	1.5420%	1.7070%	1.8690%	
Monthly Interest	\$ 54.00	\$ (1,918.53)	\$ (5,012.08)	\$ (7,171.83)	\$ (10,055.97)	\$ (10,803.21)	\$ (10,530.62)	\$ (9,282.64)	\$ (8,815.69)	\$ (8,230.18)	\$ (7,471.31)	\$ (7,366.08)	\$ (86,604.14)
Total Cumulative (Over) Under Recovery													\$ (685,978.61)

Note: Sign Convention - Any entry that decreases revenue is negative and any entry that increases revenue is positive no matter what the account type (debit or credit).
 ** Does NOT include Transportation Cashout Sales Revenue.