

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-14580-R  
for the 12-month period ended October 31, 2006. )  
\_\_\_\_\_ )

At the June 26, 2007 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

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

**ORDER APPROVING SETTLEMENT AGREEMENT**

On January 31, 2007, 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, 2006.

Pursuant to due notice, a prehearing conference was held on March 27, 2007 before Administrative Law Judge Sharon L. Feldman. WPS Corp and the Commission Staff participated in the proceedings. On June 6, 2007, the parties filed a settlement agreement resolving all issues in the case.

According to the settlement agreement, 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, 2006 were reasonably and prudently incurred. The parties also agree that WPS Corp experienced a net overrecovery of \$70,035 during the GCR plan period. This amount includes a

roll-in of the net overrecovery of \$63,229 from WPS Corp's prior GCR reconciliation in Case No. U-14190-R and interest of \$6,335. The parties agree that WPS Corp will roll the net overrecovery of \$70,035 into its current 2006-2007 GCR plan costs in accordance with the standard roll-in methodology approved in Case No. U-10492-R.

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, 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 overrecovered amount of \$70,035 into its 2006-07 gas cost recovery plan in accordance with the standard roll-in refund method approved in Case No. U-10492-R.

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/ Monica Martinez  
Commissioner

By its action of June 26, 2007.

/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

By its action of June 26, 2007.

---

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 its gas cost recovery plan ) Case No. U-14580-R  
for the 12-month period ended October 31, 2006. )

**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. 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 31, 2007, with supporting testimony and exhibits, seeking to reconcile its gas costs and revenues collected for the 12-month period ending October 31, 2006, and to roll-in to its current Gas Cost Recovery ("GCR") plan a net GCR over-recovery of \$70,035.
2. On March 7, 2007, 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 natural gas service area and to all intervenors in Case Nos. U-14580 and U-14190-R. Furthermore, the Commission directed WPS Corp to publish the Notice of Hearing in daily newspapers of general circulation throughout its

Michigan natural gas service area. WPS Corp electronically filed with Commission the requisite Affidavit of Mailing and Proof of Publication on March 19, 2007.

3. Administrative Law Judge Sharon L. Feldman presided over the March 27, 2007 prehearing conference. Staff participated in the proceeding. There were no intervenors.

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, 2006 were reasonably and prudently incurred.

b. During the GCR period ended October 31, 2006, WPS Corp over-recovered a net total amount of \$70,035 from its Michigan gas customers, which includes the rolled-in over-recovery of \$63,229 from the prior GCR reconciliation in Case No. U-14190-R, plus interest calculated in the amount of \$6,335. 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 net overrecovered amount of \$70,035 into its current 2006-07 GCR plan period.

5. It is of 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 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.  
Wellman**

Digitally signed by Sherri A.  
Wellman  
DN: CN = Sherri A. Wellman, C =  
US, O = Miller Canfield  
Date: 2007.06.04 13:48:21 -04'00'

Dated: June 4, 2007

By:

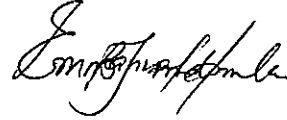
---

One of its Attorneys  
Harvey J. Messing (P23309)  
Sherri A. Wellman (P38989)  
MILLER, CANFIELD, PADDOCK  
AND STONE, P.L.C.  
One Michigan Avenue, Suite 900  
Lansing, MI 48933  
(517) 487-2070

MICHIGAN PUBLIC SERVICE COMMISSION  
STAFF

Dated: June 4, 2007

By:



---

Emmanuel B. Odunlami (P66255)  
Assistant Attorney General  
Public Service Division  
6545 Mercantile Way, Suite 15  
Lansing, MI 48911  
(517) 241-6680

LALIB:150899.1\130072-00005