

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 reconciliation of its gas cost recovery plan) Case No. U-14956-R
for the 12-month period ended October 31, 2007.)
_____)

At the November 13, 2008 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 January 29, 2008, 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, 2007.

A prehearing conference was held on March 13, 2008, before Administrative Law Judge Barbara A. Stump. WPS Corp and the Commission Staff participated in the proceedings. On October 20, 2008, 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, 2007, were reasonably and prudently incurred. The parties also agree that WPS Corp experienced a net overrecovery of \$54,701 during the GCR plan period. This amount includes a roll-in of the net overrecovery of \$70,035 from WPS Corp's prior GCR reconciliation in Case

No. U-14580-R and interest of \$2,828. The parties agree that WPS Corp shall roll the net overrecovery of \$54,701 into the beginning balance of the company's 2007-2008 GCR plan costs in accordance with the standard roll-in method approved in Case No. U-10492-R.

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 \$54,701 into its 2007-08 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

Orjiakor N. Isiogu, Chairman

By its action of November 13, 2008.

Monica Martinez, Commissioner

Mary Jo Kunkle, Executive Secretary

Steven A. Transeth, Commissioner

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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 29, 2008, with supporting testimony and exhibits, seeking to reconcile its gas costs and revenues collected for the 12-month period ending October 31, 2007, and to roll-in to its current Gas Cost Recovery (“GCR”) plan a net GCR over-recovery of \$54,701.

2. On February 21, 2008, 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 No. U-14580. 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 7, 2008.

3. Administrative Law Judge Barbara A. Stump presided over the March 13, 2008 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, 2007 were reasonably and prudently incurred.

b. During the GCR period ended October 31, 2007, WPS Corp over-recovered a net total amount of \$54,701 from its Michigan gas customers, which includes the rolled-in over-recovery of \$70,035 from the prior GCR reconciliation in Case No. U-14580-R, plus interest calculated in the amount of \$2,828. The parties agree that, in accordance with its standard roll-in refund methodology approved in Case No. U-10492-R, WPS Corp has roll-in the net overrecovery of \$54,701 into the beginning balance of the Company's 2007-08 GCR cost report and will be reflected in Case No. U-15350-R.

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: 2008.10.17 13:57:48 -0400

Dated: October 20, 2008

By: _____

One of its Attorneys
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MICHIGAN PUBLIC SERVICE COMMISSION
STAFF

Michael J. Orris

Dated: October 20, 2008

By: _____

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