

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
WISCONSIN PUBLIC SERVICE CORPORATION to)
fully comply with Public Acts 286 and 295 of 2008.)
_____)

Case No. U-15894

At the October 21, 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 OPENING DOCKET

On October 6, 2008, Governor Jennifer M. Granholm signed Public Acts 286 and 295 of 2008
into law.

I.

Public Act 286 amends Public Act 3 of 1939; MCL 460.1 *et seq.*, to require the Commission to
do the following with regard to natural gas distribution utilities:

- Revise procedures for the filing, investigation, and hearing of petitions and applications for gas and electric utility rate increases. MCL 460.6a(1).
- Complete rate cases within a 12 month deadline (subject to certain permissible extensions). Failure by the Commission to make a determination within the allotted time means that the application will be considered approved. MCL 460.6a(2).

- Upon request, establish load retention transportation rate schedules or approve gas transportation contracts for gas distribution utilities for the purpose of retaining large industrial or commercial customers. MCL 460.6a(5).
- Adopt standard rate application filing forms and instructions. MCL 460.6a(6).
- Prohibit a person from acquiring, controlling, or merging with a jurisdictional regulated utility without Commission approval. MCL 460.6q.

II.

Public Act 295 of 2008, known as the “Clean, Renewable, and Efficient Energy Act,” also applies to natural gas utilities regulated by the Commission. Initially, Act 295 is to be implemented according to the provisions set forth in a “temporary order” that must be issued by the Commission within 60 days of the effective date of the new legislation. Within one year of Act 295’s effective date, the Commission must promulgate administrative rules to govern the further implementation of the law.

The Commission intends to issue an order in Case No. U-15800 to comply with the temporary order requirement in Section 191. Additionally, in a separate order issued today in Case No. U-15900, the Commission has opened a rulemaking proceeding to solicit comments and suggestions regarding the content of the administrative rules that must be adopted pursuant to Section 191.

Subpart “A” of Part 2 of Act 295 concerns renewable energy. Among other things, Subpart “A” requires all providers of electric service in this state to establish renewable energy programs. All providers must file a plan within 90 days (120 days for self-regulated rural electric cooperatives and municipally-owned electric utilities) after the Commission issues the temporary order. The Commission’s role, and the approach for energy providers to comply with the Act, vary according to the type of electric provider and the size of its customer base.

Subpart “B” of Part 2 of Act 295 concerns energy optimization. Among other things, Subpart “B” requires the filing with the Commission of energy optimization plans by each electric provider (other than alternative electric suppliers) and all rate-regulated natural gas distribution utilities. The overall goal of an energy optimization plan is to reduce the future costs of provider service to customers. Energy optimization plans are to be “designed to delay the need for constructing new electric generating facilities and thereby protect consumers from incurring the costs of such construction.” Section 71(2). Each provider’s proposed energy optimization plan is subject to review and/or approval in the same manner as an electric provider’s renewable energy plan under Subpart A of Act 295. A provider is permitted to combine its energy optimization plan with its renewable energy plan. Providers are also permitted to request Commission approval of the payment of a financial incentive to reward the provider for positive performance.

III.

The Commission realizes that the descriptions of Acts 286 and 295 in this order do not cover all of the important details contained in the legislation. Over the course of the next few months, the rest of the legislation will be discussed in a number of Commission dockets. However, because of the multitude and multiplicity of regulatory actions that must be accomplished to implement Public Acts 286 and 295, and due to the strict time limits placed on the Commission to complete the initial phases of the implementation process, the Commission is opening dockets for all rate regulated natural gas distribution companies at this time to address certain issues that demand immediate attention. The early opening of this docket will assist in the orderly implementation of the new laws, expedite the processing of the company’s future applications, and provide intervenors additional time to comply with intervention requirements in the Commission’s Rules of Practice and Procedure, R 460.17202. Therefore, at the outset of the implementation process,

and while awaiting the issuance of the temporary order required by Section 191 of PA 295, the Commission provides the following as guidance to Wisconsin Public Service Corporation (WPS Corp) regarding the implementation process for Part 2, subpart B of Act 295.

Interventions

Because time is of the essence, the Commission encourages interested persons to file interventions in this docket as soon as possible following issuance of this order.

All documents filed in this case shall be submitted electronically through the Commission's E-Dockets Website at: www.michigan.gov/mpscedockets. Requirements and instructions for filing can be found in the Electronic Case Filings Users Manual on the E-Docket help page. Documents may also be submitted, in Word or PDF Format, as an attachment to an e-mail sent to mpscedockets@michigan.gov. If you require assistance prior to e-filing, contact Commission staff at (517) 241-6170 or by e-mail at: mpscedockets@michigan.gov.

Joint Proceedings

To the extent that a provider may desire to have its case consolidated with that of another provider, and to the extent that such is permitted by the act, the Commission asks that the provider make that desire known through the filing of a request seeking consolidation of cases.

To the extent that a provider has separate divisions that provide both gas and electric utility service or is an electric provider that is affiliated with another utility that provides gas service, the Commission asks that the provider make its desire to consolidate cases known through the filing of a notice of intent to seek consolidation.

Such consolidation requests should be filed in the appropriate dockets no later than November 19, 2008.

Protective Orders

Should WPS Corp, the Commission staff, or any intervenor desire the protections afforded by the entry of a protective order, a request for issuance of a protective order, along with the proposed language of the proposed protective order, shall be filed and served electronically on all known potential parties to the proceedings.

Discovery

Discovery regarding an energy optimization plan may commence at anytime after the provider files its energy optimization plan.

Public Comments

The Commission encourages interested persons who do not seek to intervene as parties to submit public comments. Written and electronic comments may be filed with the Commission at any time. Written comments should be sent to the: Executive Secretary, Michigan Public Service Commission, P.O. Box 30221, Lansing, Michigan 48909. Electronic comments may be e-mailed to: mpscedockets@michigan.gov. All comments should reference Case No. U-15894. Comments received in this matter will become public information, posted on the Commission's website, and subject to disclosure.

THEREFORE, IT IS ORDERED that:

A. Interested persons shall file interventions in this docket as soon as possible following issuance of this order.

B. A consolidation request by Wisconsin Public Service Corporation should be filed in the appropriate dockets no later than November 19, 2008.

C. Should Wisconsin Public Service Corporation, the Commission Staff, or any intervenor desire the protections afforded by the entry of a protective order, a request for issuance of a protective order, along with the proposed language of the proposed protective order, shall be filed and served electronically on all known potential parties to the proceedings.

D. It shall be permissible for discovery regarding an energy optimization plan to commence at anytime after the provider files its energy optimization plan.

The Commission reserves jurisdiction and may issue further orders as necessary.

MICHIGAN PUBLIC SERVICE COMMISSION

Orjiakor N. Isiogu, Chairman

Monica Martinez, Commissioner

Steven A. Transeth, Commissioner

By its action of October 21, 2008.

Mary Jo Kunkle, Executive Secretary