

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
WISCONSIN PUBLIC SERVICE CORPORATION)	
for approval of changes to its natural gas)	Case No. U-15926
transportation service tariffs.)	
_____)	

At the June 2, 2009 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 March 25, 2009, Wisconsin Public Service Corporation (WPS Corp) filed an application, with supporting testimony and exhibits, seeking authority to make revisions to certain sections of its Michigan natural gas tariff for transportation services to match its transportation tariffs in effect in Wisconsin. Specifically, WPS Corp requested approval to revise its Michigan tariffs for transportation service to: 1) change from Monthly Balancing services to Daily Cash Out; 2) change the blocks of the Daily Balancing Charge to (0.0% to 8.0%) and (> 8.0%); 3) eliminate utility direct billing of balancing charges to individual customers of third party balancing pools; 4) combine High Flow Constraint Day, Low Flow Constraint Day, and Constraint Day Balancing into a single new section; 5) change the Daily Balancing Floor and Ceiling rate calculation to account for multiple pipelines now serving WPS Corp's service territory; and 6) add a section to

address ANR Operational Flow Orders. WPS Corp claimed that approval of its request would maximize a synergy of savings and enhance administrative convenience.

A prehearing conference was held on May 14, 2009 before Administrative Law Judge Mark E. Cummins. WPS Corp and the Commission Staff participated in the proceeding.

Subsequently the parties submitted a settlement agreement resolving all issues in this case.

According to the terms of the settlement agreement, attached as Exhibit A, the parties agree that the Commission should approve WPS Corp's application and authorize WPS Corp to revise its natural gas tariffs for transportation service as set forth in the tariff sheets attached as Attachment 1 to Exhibit A.

THEREFORE, IT IS ORDERED that:

- A. The settlement agreement, attached as Exhibit A, is approved.
- B. Wisconsin Public Service Corporation is authorized to revise its tariffs for natural gas transportation service as set forth in the tariff sheets attached to the settlement agreement.
- C. Wisconsin Public Service Corporation shall file, within 30 days, tariff sheets consistent with those approved in this order and shown in Attachment 1 to the settlement agreement.

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, under MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

Orjiakor N. Isiogu, Chairman

Monica Martinez, Commissioner

Steven A. Transeth, Commissioner

By its action of June 2, 2009.

Mary Jo Kunkle, Executive Secretary

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
WISCONSIN PUBLIC SERVICE CORPORATION)
for approval of changes to its natural gas transportation)
service tariffs.)
_____)

Case No. U-15926

SETTLEMENT AGREEMENT

As provided in Section 78 of the Administrative Procedures Act of 1969 (“APA”), as amended, MCL 24.278, and the Commission’s Rules of Practice and Procedures, Rule 333, 1999 AC 460.17333, Wisconsin Public Service Corporation (“WPS Corp” or the “Company”) and the Michigan Public Service Commission Staff (“Staff”) have resolved through settlement discussions the contested issues regarding this proceeding and hereby agrees as follows:

1. On March 25, 2009, WPS Corp filed its application, supporting testimony and exhibits with the Michigan Public Service Commission (“MPSC” or the “Commission”) seeking approval to make revisions to certain sections of its Michigan natural gas tariff for transportation services so as to match its transportation tariffs in effect in Wisconsin. Specifically, WPS Corp requested approval to revise its Michigan tariffs for transportation service so as to: (i) change from Monthly Balancing services to Daily Cash Out; (ii) change the blocks of the Daily Balancing Charge to 0.0% to 8.0% and > 8.0%; (iii) eliminate utility direct billing of balancing charges to individual customers of third party balancing pools; (iv) combine High Flow Constraint Day, Low Flow Constraint Day, and Constraint Day Balancing into a single new section; (v) change the Daily Balancing Floor and Ceiling rate calculation to account for multiple pipelines now serving WPS Corp’s service territory; and (vi) add a section to address ANR

Operational Flow Orders. WPS Corp represented that approval of its request would maximize a synergy of savings and enhance administrative convenience.

2. On April 17, 2009, the Commission's Executive Secretary issued a Notice of Hearing directing WPS Corp to mail a copy of the Notice to all cities, incorporated villages, townships and counties in its Michigan service area. Further, WPS Corp was directed to publish the Notice of Hearing in daily newspapers of general circulation throughout its Michigan service area. WPS Corp electronically submitted the requisite Affidavit of Mailing and Proof of Publication prior to the prehearing conference.

3. On May 14, 2009, a prehearing conference was held. Administrative Law Judge Mark E. Cummins presided over the proceeding. WPS Corp and Staff participated in the proceeding. With SFK Pulp Recycling having previously withdrawn its petition to intervene, there were no intervenors.

4. Subsequent to prehearing conference, the parties engaged in settlement discussions and have agreed that the Commission should approve WPS Corp's application and authorize WPS Corp to revise its natural gas tariffs for transportation service as set forth in the tariff sheets attached hereto as Attachment 1.

5. It is in the opinion of all signatories that this settlement agreement is reasonable and prudent, will promote the public interest and aid in 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. The Staff agrees that this settlement is just, reasonable and in the public interest. The parties agree not to appeal, challenge or contest the Commission's order accepting and approving this settlement agreement without modification. If the Commission does not accept the settlement

agreement without modification, 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 purposes in connection with this proceeding or any other proceeding, except as necessary to enforce the provisions hereof. This settlement agreement shall 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 24.231.

WISCONSIN PUBLIC SERVICE CORPORATION

Dated: May 22, 2009

By: _____
One of Its Attorneys
Harvey J. Messing (P23309)
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MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Dated: May __, 2009

By: _____
Its Attorney
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Assistant Attorney General
Public Service Division
6545 Mercantile Way, Suite 15
Lansing, MI 48911

LALIB:180064.1\130072-00001

Wisconsin Public Service Corporation
Case No. U-15926

Settlement Agreement
Attachment 1

E1. Gas Transportation Service (Schedule GT)(Contd)**Natural Gas**

Continued from Sheet No. E-1.00.

POOLING OF METERS

1. Single Entity Pools: Single customers with more than one meter on the Company's distribution system in Michigan may form a Single Entity Pool and request the Company to net the customer's usage, and net the customer's Adjusted Scheduled Delivered Quantity, including any nominated Annual Supply Backup, at each of these meters for purposes of Daily and Monthly Balancing. The customer must designate one of the meters as the one to be billed or credited. Single Entity Pools must be established for an entire calendar month.
2. Third Party Pools: Multiple customers on the Company's distribution system in Michigan may form a Third Party Pool and request the Company to net each Third Party Pool member's usage, and net each Third Party Pool member's Adjusted Scheduled Delivered Quantity, including any nominated Annual Supply Backup, at each of these meters for purposes of Daily and Monthly Balancing. A Pool Administrator must be designated. Third Party Pools must be established for an entire calendar month, and the Company can require the customer to provide written authorization prior to placing them into a Third Party Pool. The Company must be notified by the Pool Administrator, in writing, at least three (3) business days prior to the beginning of each calendar month as to which meters will be participating in the Third Party Pool. The Pool Administrator will be responsible for determining how any charges or credits will be divided among Third Party Pool members. On the second working day of each month, the Pool Administrator will be given individual Third Party Pool member usage information by the Company for the previous month. The Company will then bill the Pool Administrator. If the Pool Administrator defaults on the payment of any charges, the Company reserves the right to allocate charges to each Third Party Pool member and/or the Pool Administrator using its sole discretion.

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Continued to Sheet No. E-3.00.

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VP Regulatory Affairs
Green Bay, Wisconsin

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In Case No: U-15926

E1. Gas Transportation Service (Schedule GT)(Contd)**Natural Gas**

Continued from Sheet No. E-5.00.

PRESSURE BASE CORRECTION

1. The Company will credit a customer with delivering to the Company's system an amount of gas, in therms, equal to their Adjusted Scheduled Delivered Quantity. The Adjusted Scheduled Delivered Quantity is equal to:

(Scheduled Delivered Quantity, in dekatherms, as recognized by the interstate pipeline(s) serving the Company's system) x 10 x (ANR-WPSC Pressure Base Correction, as shown on Sheet No. E-18.00). This calculation shall be rounded to the nearest one-tenth of a therm.

PEAK DAY BACKUP/ANNUAL SUPPLY BACKUP

1. Peak Day Backup/Annual Supply Backup is an optional service available, subject to available interstate pipeline capacity, on a first-come, first-served basis, to customers taking service under this rate schedule on either an Annual (November-October) or Seasonal (November-March) basis. Customers must request Peak Day Backup capacity, in writing, by October 31 of each year to be effective on November 1 of the same year. This service can be purchased from the Company at the following rates:

- a. Demand Charge: Rate per therm of Peak Day Backup capacity per month as listed on Sheet No. E-18.00. The annual rate shall be equal to the Company's annual D1 costs, divided by the Company's interstate pipeline winter peak day maximum daily quantity, and divided by 12. The seasonal rate shall be equal to the Company's November - March D1 costs, divided by the Company's interstate pipeline winter peak day maximum daily quantity, and divided by 5.
- b. Commodity Charge: City Gate rate per therm as listed on Sheet No. E-18.00 on all nominated Annual Supply Backup. This rate will be equal to the maximum authorized gas cost recovery factor, less the D1 rate.

Continued to Sheet No. E-7.00.

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E1. Gas Transportation Service (Schedule GT)(Contd)

Natural Gas

Continued from Sheet No. E-6.00.

2. On a daily basis, customers may purchase gas commodity from the Company under the Annual Supply Backup Service up to the limit of their Peak Day Backup capacity. Customers must nominate the desired amount of gas commodity prior to the start of a Gas Day. This nominated Annual Supply Backup gas commodity will be considered the first gas through the customer's meter.
3. During the winter period (November through March), customers are limited to purchasing a maximum of a 100 day supply of gas commodity under the Annual Supply Backup service. The 100 day supply limit is defined to be equal to the customer's Peak Day Backup capacity times 100 days. This 100 day supply limit does not apply during the summer period (April through October).
4. All revenues from the Peak Day Backup/Annual Supply Backup Service will be reflected in each annual Gas Cost Recovery Reconciliation.

DAILY CASH OUT

1. When usage is more than the Adjusted Scheduled Daily Quantities, on a daily basis, the customer or Pool Administrator shall purchase from the Company the difference between the customer's or pool's actual usage, and the sum of the customer's or pool's Adjusted Scheduled Daily Quantities, including any nominated Annual Supply Backup at each gate station.

When usage is less than the Adjusted Scheduled Daily Quantities, on a daily basis, the Company shall purchase from the customer or pool the difference between the customer's or pool's actual usage, and the sum of the customer's or pool's Adjusted Scheduled Daily Quantities, including any nominated Annual Supply Backup at each gate station.

The rate for this purchase, by the customer or pool administrator or by the Company, shall equal the Daily Indexed Price of gas commodity as defined on Sheet No. E-8.00, 2. Indexed Price, for the day of purchase.

The customer or pool administrator shall be allowed to net their daily cashout between all gate stations on the Company's distribution system on a daily basis. Daily cash out amounts will be netted together for purposes of monthly billing.

Continued to Sheet No. E-8.00.

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E1. Gas Transportation Service (Schedule GT)(Contd)

Natural Gas

Continued from Sheet No. E-7.00.

2. Indexed Price

- a. This index price will be applicable to the daily cash out of imbalances on all pipelines serving the Company's service territory.
- b. The Daily Indexed Price will be the Citygates, Chicago city-gates price as listed in the Gas Daily, plus the appropriate pipeline transportation costs and surcharges and equivalent fuel costs from the Joliet hub to the pipeline's delivery segment.

DAILY BALANCING SERVICE

- 1. The Daily Balancing Service is available to any customer or pool taking service under this rate schedule that desires to balance daily gas usage on the Company's system.
- 2. All customers taking service under this rate schedule, but not subscribing to another alternate balancing service, such as ANR Pipeline Company's Market Balancing Service (MBS), must subscribe to the Company's Daily Balancing Service.
- 3. All customers using the Daily Balancing Service that are not members of a Third Party Pool will be placed in the Company Sponsored Pool.
- 4. For each Third Party Pool, on a daily basis, the difference between the entire pool's Adjusted Scheduled Delivered Quantity, including any nominated Annual Supply Backup, and the entire pool's actual usage will be divided into two blocks as defined below. The number of therms in each block will be multiplied by the respective rate for that block in accordance with the following table:
 - a. The Percent Difference From Adjusted Scheduled Delivered Quantity is calculated by taking the absolute value of the difference between the pool's actual daily usage and the pool's Adjusted Scheduled Delivered Quantity, including any nominated Annual Supply Backup, and dividing by the pool's Adjusted Scheduled Delivered Quantity, including any nominated Annual Supply Backup.

Continued to Sheet No. E-9.00.

E1. Gas Transportation Service (Schedule GT)(Contd)	Natural Gas
Continued from Sheet No. E-8.00.	
R	b. <u>Pool's Percent Difference Between Adjusted</u>
R	<u>Scheduled Delivered Quantity And Actual Usage</u>
R	>0.0% up to 8.0%
R	>8.0%
	<u>Rate Per Therm</u> (See Sheet No. E-18.00 for current effective rates)
R	c. The total Daily Balancing charges for a Third Party Pool will be billed directly to the Pool Administrator.
	5. For the Company Sponsored Pool, on a daily basis, the difference between each customer's Adjusted Scheduled Delivered Quantity, including any nominated Annual Supply Backup, and each customer's actual usage will be divided into two blocks. The number of therms in each block will be multiplied by a Pooling Factor. The Pooling Factor is calculated by dividing the sum of the absolute values of the daily imbalances of the Company Sponsored Pool as a whole, by the sum of the absolute values of the individual daily imbalances for each member of the Company Sponsored Pool for each month. This value will then multiplied by the respective rate for each block in accordance with the following table:
	a. The Percent Difference from Adjusted Scheduled Delivered Quantity is calculated by taking the absolute value of the difference between the actual daily usage for each customer, and the Adjusted Scheduled Delivered Quantity for each customer, including any nominated Annual Supply Backup, and dividing by the Adjusted Scheduled Delivered Quantity for each customer, including any nominated Annual Supply Backup.
	b. <u>Pool's Percent Difference Between Adjusted</u>
	<u>Scheduled Delivered Quantity And Actual Usage</u>
	>0.0% up to 8.0%
	>8.0%
	<u>Rate Per Therm</u> (See Sheet E-18.00 for current effective rates)
Continued to Sheet No. E-10.00.	

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E1. Gas Transportation Service (Schedule GT)(Contd)

Natural Gas

Continued from Sheet No. E-9.00.

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6. In addition to Daily Balancing charges, all customers and pools taking service under the Company's Daily Balancing Service will be charged their prorated share of interstate pipeline penalties if any such penalties are charged to the Company. The proration of interstate pipeline penalties will not take place if the customer or pool is already paying the Surcharge For Unauthorized Use of Gas on High Flow Constraint Days, or the pipeline penalty rate on Low Flow Constraint Days.

7. Customers not taking service under the Company's Daily Balancing Service that subsequently default to the Company's Daily Balancing Service will pay for the Company's Daily Balancing Service at a rate equal to the ceiling rate listed on Sheet No. E-18.00.

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8. All revenues from the Daily Balancing Service will be reflected in each of the Company's annual Gas Cost Recovery Reconciliation.

R

9. The first block floor rate (shown on Sheet No. E-18.00) shall be equal to the long run incremental cost of providing balancing service, including the incremental cost of aggregating imbalances between gate stations on the Company's system. The first block ceiling rate shall be equal to the Company's cost of pipeline No-Notice Service, including the fixed costs of the associated interstate pipeline transportation and storage.

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The second block floor rate shall be equal the higher of the first block floor rate or the serving pipelines' highest Market Balancing Service (MBS) overrun rate. The second block ceiling rate shall be equal to the first block ceiling rate plus the serving pipelines' highest No-Notice Service (NNS) overrun rate.

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Continued to Sheet No. E-11.00.

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E1. Gas Transportation Service (Schedule GT)(Contd)

Natural Gas

Continued from Sheet No. E-10.00.

CONSTRAINT PERIODS

1. High Flow Constraint Periods

- a. A high flow constraint period can be declared when: (a) the company determines that distribution capacity limitations will affect the ability to serve customers in an area for a period or (b) the company determines for economic and/or operational reasons that the expected demand may exceed the expected supply for a period, or (c) the company believes that to meet the expected supply shortfall it will incur overrun, scheduling, or penalty charges and/or use gas supplies that will hinder its ability to meet estimated demand obligations that are forecasted for the company's future obligations to serve the sales customers.
- b. When the company determines that a high flow constraint condition exists, the company can declare a High Flow Constraint Period on all applicable parties and they must limit their usage of gas to the daily gas supplies to which they have rights. Customers or pools taking service under this rate schedule may not use more gas than their Adjusted Scheduled Delivered Quantity, plus any Peak Day Backup capacity.
- c. The customer, marketer, and/or its agent shall limit its daily usage of gas to its total daily gas supply until notified by the company that the High Flow Constraint period has ended.
- d. Any customer, marketer, and/or its agent using more than its daily supply of gas on any day or portion thereof during a High Flow Constraint Period shall be deemed to have unauthorized gas. The unauthorized gas shall be determined by using the company remote meter reading equipment or through daily and/or hourly meter readings obtained by the company. Overtake quantities shall be subject to the Surcharge for Unauthorized Use of Gas found on Sheet No. E-14.00 of this tariff.

2. Low Flow Constraint Periods

- a. A low flow constraint period can be declared when: (a) the company determines for economic or operational reasons that the expected supply of gas delivered to an area may exceed expected demand for a period; or (b) the company has managed its supply in a reasonable manner compared with supply contract restrictions; or (c) the capacity to manage excess city gate supply is inadequate to manage the expected supply excess delivered by the company and/or customer's or the company's gas supply plan will not accommodate unplanned storage injections.

Continued to Sheet No. E-12.00.

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E1. Gas Transportation Service (Schedule GT)(Contd)

Natural Gas

Continued from Sheet No. E-11.00.

- b. When the company determines that a low flow constraint condition exists, the company can declare a Low Flow Constraint Period on all applicable parties and they must use all delivered gas that they have rights to.
- c. The company shall require the customer, marketer, and/or its agent, in the operating system or operating area on which the constraint is called to use all gas delivered by the company's system each day or portions there of until they are notified by the company that the Low Flow Constraint Period is ended.
- d. Any customer, marketer, and/or its agent using less than the amount of gas delivered to the company's system during a Low Flow Constraint Period shall have unauthorized gas. The unauthorized gas shall be determined using company remote meter reading equipment or through daily and/or hourly meter reading obtained by the company. Daily undertake quantities shall be subject to the Surcharge for Unauthorized Use of Gas found on Sheet No. E-14.00 of this tariff.

3. Constraint Notification

- a. The company will provide constraint period notification information electronically via the company's currently established Web page. Any messages posted on the company's Web page regarding the company's intention to declare a constraint period will be posted by the company as far in advance as possible but no less than two hours before the start of such constraint period.
- b. The company, in addition to electronic notification via its web site, shall also attempt to notify telephonically via text message, or fax, or E-Mail message, or pager, customers, marketers, or its agent that submitted the nomination to the company as far in advance as possible of a High Flow Constraint Period or a Low Flow Constraint Period. However, notice shall be provided no less than two hours before the start of such constraint period.
- c. The customer, marketer, and/or its agent shall be responsible for keeping the company informed of accurate and current customer, marketer, and/or agent contact information, including but not limited to personnel names and their availability, phone numbers, pager numbers, fax numbers, and E-Mail addresses. If the company attempts to contact the customer, marketer, and/or its agent and determines, at the company's sole discretion, that customer contact information for the customer, its marketer and/or its agent is inaccurate such that the company is unable to notify the customer, marketer, and/or its agent, they shall continue to be subject to all constraint period rules and penalties.

Continued to Sheet No. E13.00.

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E1. Gas Transportation Service (Schedule GT)(Contd)

Natural Gas

Continued from Sheet No. E-12.00.

- d. Depending upon the operating conditions on the serving pipeline and/or the company's distribution system, the company may call a constraint across the entire distribution system, or limit the constraint to one or more operating areas, pipeline gate(s), Pools or customer. The geographical area and level of the constraint shall be clearly identified by the company at the time the company notifies those affected by the constraint period.
- e. Any customer, marketer, and/or its agent or pool administrator named specifically, or in areas for which a constraint period is called will be subject to the Surcharge For Unauthorized Use of Gas on all unauthorized gas in addition to normal cashout and balancing charges. The company shall have the authority to waive any Surcharge For Unauthorized Use of Gas that are the direct result of remote meter reading equipment errors as determined by the company in its sole discretion.
- f. In the event that a customer, marketer, and/or its agent or pool administrator does not comply with a constraint order, the company will have the authority at all times, but not be required to valve-off non-compliant customers during period of constraint (e.g., when there may be loss of life involved).

4. Application of Constraints

- a. All constraints may be called on a customer, a pool, geographic area, pipeline gate(s), operating area, or total distribution system wide basis.
- b. When the customer, marketer and/or agent's pool is over a larger geographic area than the area covered under a constraint, then any surcharge quantity shall be determined at the constraint application area.
- c. When the customer, marketer and/or agent's pool is over a smaller geographic area than the area covered under a constraint, then any surcharge quantity shall be based solely on the quantity(s) of those for whom the constraint was called.

Continued to Sheet No. E-14.00.

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E1. Gas Transportation Service (Schedule GT)(Contd)

Natural Gas

Continued from Sheet No. E-13.00.

5. Constraint Reporting Requirement

A report will be filed on a public, non-confidential basis, and shall be received by the Commission within 30 days following the Curtailment or Constraint. Included in the report will be the date of the constraint, the kind of constraint (high or low flow), the identity(s) of the customer, marketer, and/or its agent or pool administrator, pipeline gate(s), operating area subject to the constraint, and the reason for calling the constraint. The report shall include an explanation of why a constraint was not imposed on any company marketing affiliate(s) if such is the case. Records documenting the company's actions with respect to calling constraints shall be retained for at least three years after the end of the constraint period.

SURCHARGE FOR UNAUTHORIZED USE OF GAS

1. The penalty rates described in paragraphs "a" and "b" below will be charged against customers regardless of whether the Company is actually charged penalties from the interstate pipeline(s) serving the Company's system. All such penalty revenues will be reflected in each of the Company's annual Gas Cost Recovery Reconciliation.

- a. Customers shall be required to pay a minimum penalty rate of \$2.00 per therm for all unauthorized use of gas.
- b. When the Company is exposed to penalties greater than \$2.00 per therm from the interstate pipeline(s) serving the Company's system, the minimum penalty rate will increase to \$10.00 per therm, plus any incremental costs incurred by the Company to serve customers, for all unauthorized use of gas.

Continued to Sheet No. E-15.00.

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E1. Gas Transportation Service (Schedule GT)(Contd)

Natural Gas

Continued from Sheet No. E-15.00.

PIPELINE OPERATIONAL FLOW ORDER (OFO) PENALTIES

1. When ANR Pipeline Company (ANR), which serves the Company's distribution system, issues an OFO, customers taking service under this tariff will be subject to penalties if the Company receives penalties from ANR and if the customer contributes to the condition that causes the penalty. This pass through of penalties will be in addition to any other authorized penalties that can be charged to the customer.
2. Under current tariffs, ANR has the right to issue an OFO, to place restrictions on customers, in order to maintain or restore the operational integrity of its interstate pipeline system.
3. An OFO may include hourly flow restrictions on gas delivered to a single gate station and/or a group of gate stations as determined by ANR.
 - a. Under hourly flow restrictions, hourly flow rights for all contracts at a gate station and/or a group of gate stations will be aggregated into a single maximum hourly flow. If the maximum hourly flow is exceeded, a penalty will be issued by the ANR to the Company as the operator of the gate station and/or group of gate stations.
 - b. The penalty, as charged by ANR, will be allocated to each customer based on the number of therms by which the customer exceeded his/her contracted hourly flow rights divided by the total number of therms by which all customers exceeded their contracted hourly flow rights as determined by the Company's metering information and the customer's approved nomination with ANR.
 - c. For Single Entity Pools or Third Party Pools, the customer or pool administrator respectively, will be responsible for nominating the proper amount of gas at each gate station and /or group of gate stations where their pool members take gas. If the pool members at a gate station and/or group of gate stations exceed their hourly flow rights during an OFO, the customer, in the case of a Single Entity Pool, or the pool administrator, in the case of a Third Party Pool, will be responsible for all assessed penalties.

Continued to Sheet No. E-15.02.

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E1. Gas Transportation Service (Schedule GT)(Contd)

Natural Gas

Continued from Sheet No. E-15.01.

- N d. Upon request, the Company will provide the customer or pool
N administrator the name of the gate station through which the gas
N transportation customer's gas is flowing. Should distribution system
N changes cause a change in gate station assignment, the Company will
N notify the customer or pool administrator prior to March 1st for changes
N effective the following November 1st.

- N e. For system sales customers the Company's assigned ETS MDQ and FTS MDQ
N for each gate station will be used to calculate the hourly flow limit
N for each gate station and/or a group of gate stations.

- N 4. The Company will submit a report to the Commission within 30 days of any
N billing of OFO penalties to its customers.

- N 5. The Company will issue a courtesy notification to transportation customers
N on its constraint notification list when it becomes aware of an OFO with
N hourly flow restrictions that affects its service territory. The failure of
N the Company to issue a courtesy notification will not affect the Company's
N ability to pass through OFO penalties as authorized by this tariff.

- N 6. All OFO penalty costs and revenues associated with the pass through of OFO
N penalties will flow through the Company's annual Gas Cost Recovery
N Reconciliation.

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MICHIGAN

MPSC Vol No 5-GAS

6th Rev. Sheet No. E-18.00
Replaces 5th Rev. Sheet No. E-18.00

E3. Gas Transportation Service-Rates		Natural Gas	
<u>GAS TRANSPORTATION SERVICE - RATE SCHEDULE GT</u>			
	<u>Distribution Charge</u>	<u>Take-or-Pay Rate</u>	<u>Effective Rate</u>
	\$	\$	\$
<u>Cg-TM</u>			
Monthly Customer Charge*	--	--	4.8493/147.50
Rate Per Therm	0.08514	0.00000	0.08514
<u>Cg-TL</u>			
Monthly Customer Charge*	--	--	6.9698/212.00
Rate Per Therm	0.06214	0.00000	0.06214
<u>Cg-TSL</u>			
Monthly Customer Charge*	--	--	6.9698/212.00
Rate Per Therm	0.03000	0.00000	0.03000
<u>PEAK DAY BACKUP SERVICE AND ANNUAL SUPPLY BACKUP SERVICE</u>			
Demand Charge - Per Therm of Demand Per Month (Annual Option)			\$0.63708
Demand Charge - Per Therm of Demand Per Month (Seasonal Option)			\$0.81448
Commodity Charge - City Gate Rate Per Therm**			\$0.83280
D1 Rate (Case No. U-15622)			\$0.09304
<u>ANR-WPSC PRESSURE BASE CORRECTION:</u>		(14.73/14.60) = 1.0089	
<u>DAILY BALANCING SERVICE</u>	<u>Floor</u>	<u>Ceiling</u>	<u>Effective</u>
<u>% Difference From Nomination</u>	<u>Rate Per Therm</u>	<u>Rate Per Therm</u>	<u>Rate Per Therm</u>
>0.0% up to 8.0%	\$0.0020	\$0.0519	\$0.0175
>8.0%	\$0.0323	\$0.0842	\$0.0370
*This charge includes a \$140.00 per month Administrative Charge.			
**Rate at the Company's city gate. The transportation Distribution Charge corresponding to the customer's rate class (from above) must be added to calculate the effective rate for deliveries to the customer's meter. This rate is subject to adjustment pursuant to the GCR Factor Adjustment Mechanism on Sheet No. D-6.00.			

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