

Founded in 1852  
by Sidney Davy Miller

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July 1, 2013

Ms. Mary Jo Kunkle  
Executive Secretary  
Michigan Public Service Commission  
4300 W. Saginaw Hwy.  
P.O. Box 30221  
Lansing, MI 48909

Re: Northern States Power Company - Wisconsin  
MPSC Case Nos. U-17354 and U-17361

Dear Ms. Kunkle:

Enclosed for electronic filing are the Application of Northern States Power Company – Wisconsin and supporting Direct Testimony and Exhibits of John R. Ness. Also enclosed is the Entry of Appearance in an Administrative Hearing of Sherri A. Wellman.

Please be advised that a marked-up Notice of Hearing has been e-mailed jonesgl@michigan.gov.

If you should have any questions, please kindly advise.

Very truly yours,

Miller, Canfield, Paddock and Stone, P.L.C.

By: \_\_\_\_\_  
Sherri A. Wellman

Enclosures

cc: John R. Ness  
James Denniston  
SAW/tmb  
21310413.1\130017-00060

MICHIGAN DEPARTMENT OF LABOR AND ECONOMIC GROWTH  
PUBLIC SERVICE COMMISSION

**ENTRY OF APPEARANCE IN AN ADMINISTRATIVE HEARING**

This form is issued as provided for by 1939 PA 3, as amended, and by 1933 PA 254, as amended. The filing of this form, or an acceptable alternative, is necessary to ensure subsequent service of any hearing notices, Commission orders, and related hearing documents.

**General Instructions:**

Type or print legibly in ink. For assistance or clarification, please contact the Public Service Commission at (517) 241-6170.

*Please Note: The commission will provide service of documents in this proceeding to only one person for each party.*

**THIS APPEARANCE TO BE ENTERED IN ASSOCIATION WITH THE ADMINISTRATIVE HEARING:**

Case / Company Name: \_\_\_\_\_ Docket No. \_\_\_\_\_

Please enter my appearance in the above-entitled matter on behalf of:

1. (Name)	_____
2. (Name)	_____
3. (Name)	_____
4. (Name)	_____
5. (Name)	_____
6. (Name)	_____
7. (Name)	_____

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_

Zip \_\_\_\_\_ Phone (\_\_\_\_) \_\_\_\_\_

Email \_\_\_\_\_

Date \_\_\_\_\_

Signature: \_\_\_\_\_

I am not an attorney

I am an attorney whose:

Michigan Bar # is P- \_\_\_\_\_

\_\_\_\_\_ Bar # is: \_\_\_\_\_  
( state )

**STATE OF MICHIGAN**  
**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

\* \* \* \* \*

In the matter, on the Commission's own motion, )	
regarding the regulatory reviews, revisions, )	
determinations, and/or approval necessary for )	Case Nos. U-17354
<b>NORTHERN STATES POWER COMPANY – )</b>	<b>&amp; U-17361</b>
<b>WISCONSIN</b> to fully comply with Public Act )	
295 of 2008. )	

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**APPLICATION**

NORTHERN STATES POWER COMPANY - WISCONSIN, a Wisconsin corporation and wholly owned subsidiary of Xcel Energy Inc., (“NSP-W” or the “Company”) requests authority from the Michigan Public Service Commission (“Commission”) to implement the Company’s 2014-2015 Energy Optimization (“EO”) plans, including continuing alternative compliance payments and charges for recovery of same pursuant to MCL 460.1091. In support thereof, NSP-W respectfully represents as follows:

1. NSP-W is a public service corporation organized under the laws of the State of Wisconsin with principal offices located in Eau Claire, Wisconsin and Ironwood, Michigan. NSP-W is authorized to do business in the State of Michigan.

2. NSP-W is engaged, in part, in the generation, transmission, distribution and sale of electric energy in two counties in the Upper Peninsula of Michigan, and thirty-four counties in Wisconsin. NSP-W is engaged, in part, in the distribution and sale of natural gas in portions of two counties in the Upper Peninsula of Michigan and portions of ten counties in Wisconsin.

3. NSP-W's retail electric and gas business is subject to the jurisdiction of the Commission pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; and 1939 PA 3, as amended, MCL 460.1 et seq. Pursuant to said

statutory provisions, the Commission has power and jurisdiction to regulate NSP-W's retail electric and gas rates for service rendered in the State of Michigan.

4. The Michigan Legislature enacted the Michigan clean, renewable, and efficient energy act, 2008 PA 295 (“PA 295”), MCL 460.1001 et seq., effective October 6, 2008. PA 295 and the Commission’s March 15, 2013 order in this matter require the Company to file its gas and electric biennial EO plans for 2014-2015 in this matter.

5. MCL 460.1091 provides that a provider may in lieu of establishing its own EO plan pay a portion of its revenues to an independent EO administrator selected by the Commission.

6. In its May 12, 2009 Order in Case Nos. U-15809 and U-15892, the Commission approved the Company’s initial EO plan for making alternative compliance payments to the EO administrator and proposed charges for recovering the costs thereof. The Company’s intention for 2014-2015 to continue to elect the EO administrator and to make alternative compliance payments.

7. MCL 460.1091(1) describes the calculation of the amount of annual payments to the independent EO administrator. NSP-W proposes that \$312,096 be paid to the independent EO administrator in 2014 based upon 2012 electric revenues and \$103,789 be paid to the independent EO administrator in 2014 based upon 2012 gas revenues. The amount to be paid in 2015 will be finalized as actual 2013 revenues become known.

8. For purposes of estimating EO surcharges for a two-year period 2014-2015, NSP-W proposes using the same level of revenue and payments to the EO administrator for the calculation of its 2014-2015 levelized surcharges with the understanding that 2015 payments to the EO administrator will be based upon actual 2013 revenues, and the revenues collected will be

subject to reconciliation. The requested surcharges are set forth in proposed Exhibit A-1, filed herewith.

9. This Application is supported by the pre-filed direct testimony of John R. Ness and Exhibits A-1 and A-2.

WHEREFORE, Northern States Power Company – Wisconsin requests that this Commission:

A. Find and determine that the Company’s proposed payments to the independent EO administrator for 2014 satisfy the Company’s obligations under Subpart B of 2008 PA 295;

B. Authorize the Company, beginning as of January 1, 2014, to implement, subject to reconciliation, the EO charges set forth herein and approve the proposed tariff provisions related to such EO charges; and

C. Grant such other and further relief and authorizations as may be lawful and proper.

Respectfully submitted,  
NORTHERN STATES POWER COMPANY - WISCONSIN

Dated: July 1, 2013

By: \_\_\_\_\_  
Its Attorney  
Sherri A. Wellman (P38989)  
MILLER, CANFIELD, PADDOCK and STONE, PLC  
One Michigan Avenue, Suite 900  
Lansing, MI 48933  
(517) 487-2070

Attorneys for Northern States Power Company - Wisconsin

21311197.1\130017-00060

**STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

\* \* \* \* \*

In the matter, on the Commission’s own motion, )  
regarding the regulatory reviews, revisions, )  
determinations, and/or approval necessary for )           Case Nos. U-17354  
**NORTHERN STATES POWER COMPANY –** )                               & U-17361  
**WISCONSIN** to fully comply with Public Act )  
295 of 2008. )

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**TESTIMONY OF JOHN R. NESS**

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1   **Q.   Please state your full name and business address.**

2   A.   My name is John R. Ness. My business address is 1414 West Hamilton Avenue, Eau  
3       Claire, Wisconsin 54702-0008.

4   **Q.   By whom are you employed and in what capacity?**

5   A.   I am employed as a Regulatory Case Specialist in the Regulatory Affairs department of  
6       Northern States Power Company - Wisconsin, a Wisconsin corporation and an Xcel  
7       Energy Company (“NSP-W” or the “Company”).

8   **Q.   What is your educational and professional background?**

9   A.   I have a Bachelor of Science degree in Industrial Technology, Industrial Distribution –  
10       Electricity and Electronics, with a minor in Finance from the University of Wisconsin –  
11       Stout. I joined NSP-W in 1992 as an Information Systems Analyst. In 2001, I accepted a  
12       position as a Regulatory Analyst. In 2005, I accepted a position as Regulatory  
13       Administrator and assumed my present position as a Regulatory Case Specialist in 2010.  
14       In my current position, I am responsible for the coordination and execution of regulatory  
15       cases for Michigan and Wisconsin. This includes preparing testimony, exhibits, data  
16       requests, compliance filings, comments and reports for regulatory purposes.

1 **Q. Have you previously presented testimony on behalf of the Company in other cases?**

2 A. Yes, I have presented testimony and exhibits on behalf of the Company in previous  
3 Energy Optimization Plans and annual reconciliations.

4 **Q. What is the purpose of your testimony?**

5 A. In compliance with the MPSC's March 15, 2013 order in Case Nos. U-17354 and  
6 U-17361. The Company is requesting consideration and review with respect to both gas  
7 and electric service as regarding the following:

8 1. The Company will continue to utilize Efficiency United, the Commission-  
9 approved Energy Optimization Program ("EOP") administrator to comply with  
10 the requirements of 2008 PA 295 and MCL 460.1091, where a provider may, in  
11 lieu of establishing its own EOP, pay a portion of its revenues to an independent  
12 EOP administrator to deliver energy efficiency and conservation programs to its  
13 customers.

14 2. A reconciliation of 2012 Energy Optimization revenues and payments resulted  
15 in a cumulative net under recovery of \$60,216, and with accrued interest, the  
16 total under recovery is \$60,381 through December 31, 2012 with respect to gas  
17 and electric service. This amount will be rolled into 2014 plan year for Energy  
18 Optimization costs and revenue requirements.

19 3. The Company is requesting a change to EOP surcharges to collect its  
20 mandatory, annual funding obligation, which is 2% of the preceding two year  
21 electric and gas revenues, for the 2014 and 2015 biennium.

22 **Q. Are you sponsoring any exhibits in connection with your testimony?**

1 A. Yes. I am sponsoring the following exhibits, all of which were prepared by me or under  
2 my direction and supervision:

3 <u>Exhibit</u>	<u>Content</u>
4 Exhibit A-1 (JRN-1)	5 Cumulative EOP surcharge under collection and 2012 historical 6 sales revenue used to calculate the EOP funding obligation at 7 2.00%. Also, calculation of a revised EOP surcharge schedule that 8 will collect the 2014/2015 that funding requirement;

8 Exhibit A-2 (JRN-2) Tariff sheets reflecting the changes in EO surcharge levels.

9 **Q. Briefly describe the exhibits that you are sponsoring.**

10 A. Exhibit A-1 (JRN-1) shows the under collection of electric and gas EOP surcharge  
11 revenues collected during 2012 for each major rate class and customer type.  
12 Cumulatively, there is a \$60,216 under collection, including the 2011 underrecovery but  
13 excluding accrued interest, that is being requested to be rolled into the 2014 EOP plan  
14 year. Using a forecast of 2014 revenues for each major rate class and customer type, the  
15 2014 EOP funding obligation is calculated at 2.00% of sales revenue and presented as  
16 either a cost per kWh factor or a cost per meter, per month factor. Finally, the collections  
17 expected from each major rate class or customer type are summed and netted against the  
18 funding obligation to show the anticipated net over/under collection of the EO surcharge.  
19 Exhibit A-2 (JRN-2) are red-line versions of the proposed electric tariff sheet D-3.1 and  
20 the gas tariff sheet D-12.0, illustrating the proposed changes to the EOP surcharge factors,  
21 to be effective January 1, 2014.

22 **Q. During 2012, did the Company under-recover its EOP revenues compared to the**  
23 **amount paid to the program administrator?**



1 A. Yes it did, for both electric and gas service. The 2012 EOP revenues collected, based on  
2 2.00% of 2010 sales revenues compared to the payments made to the State-appointed  
3 Administrator resulted in an under-collection of \$60,318 for the combination electric and  
4 gas utilities, inclusive of the 2011 unerrecovery and interest. This reconciliation is  
5 currently pending in Case Nos. U-17284 and U-17291.

6 **Q. How Did the Company arrive at its EOP surcharge revenues collected in 2012?**

7 A. As specified in PA 295, the Company implemented a volumetric surcharge for its  
8 Residential customers and a “per meter” surcharge for each of its other rate classes. The  
9 Company then applied the appropriate surcharge factor to the billing units sold during  
10 2012, based upon the requirements of each surcharge component.

11 **Q. What will be the amount of the Company’s EOP funding requirements in 2014?**

12 A. EOP payments for 2014 will be based on 2.00% of actual 2012 revenues. As shown in  
13 Exhibit A-1 (JRN-1), the payments will be \$312,096 based on electric revenue and  
14 \$103,789 based on gas revenue, for a total funding requirement of \$415,886 inclusive of  
15 prior year’s under collections.

16 **Q. Does this conclude your testimony?**

17 A. Yes, it does.

**NORTHERN STATES POWER COMPANY - WISCONSIN (XCEL ENERGY INC.)**  
**Computation of the Energy Optimization Surcharges**  
**With True-Up Adjustment**

Cases No.: U-17354

: U-17361

Exhibit: A-1 (JRN-1)

Witness: John R. Ness

Electric Rate Class	2011	2012	Cumulative	2012 Total	2.00% of	2014 EOP	Projected Volumes 2014		Proposed Surcharge	2014 Est. Recovery
	Over/(Under) Collection	Over/(Under) Collection*	Over/(Under) Collection*	Historical Revenues	2012 Revenues	Obligation (incl. true-up)				
Residential - C01, C02, C31	\$ (2,782)	\$ (15,164)	\$ (17,947)	\$ 5,825,238	\$ 116,505	\$ 134,451	54,251,820	kWh	\$ 0.00250	\$ 135,630
Small Commercial - C10, C11, C31, C32	\$ (565)	\$ (3,194)	\$ (3,759)	\$ 1,489,045	\$ 29,781	\$ 33,540	1,150	meter-mo.	\$ 2.95	\$ 40,710
Commercial - C12, C21	\$ (591)	\$ (8,572)	\$ (9,163)	\$ 2,190,441	\$ 43,809	\$ 52,972	123	meter-mo.	\$ 29.75	\$ 43,911
Industrial - C13, C20 (sec.)	\$ (521)	\$ (5,967)	\$ (6,489)	\$ 1,392,027	\$ 27,841	\$ 34,329	17	meter-mo.	\$ 160.00	\$ 32,640
Industrial - C20 (trans.)	\$ (1,015)	\$ (9,671)	\$ (10,686)	\$ 2,126,974	\$ 42,539	\$ 53,225	2	meter-mo.	\$ 1,900.00	\$ 45,600
Lighting - C04, C30	\$ (79)	\$ 756	\$ 676	\$ 212,766	\$ 4,255	\$ 3,579	1,900	lamp per month	\$ 0.27	\$ 6,156
<b>Total</b>	<b>\$ (5,553)</b>	<b>\$ (41,813)</b>	<b>\$ (47,366)</b>	<b>\$ 13,236,491</b>	<b>\$ 264,730</b>	<b>\$ 312,096</b>				
									2014 Recovery	\$ 304,647
									2014 EOP Obligation	\$ 312,096
									<b>Total Over/(Under) Recovery</b>	<b>\$ (7,449)</b>

  

Gas Rate Class	2011	2012	Cumulative	2012 Total	2.00% of	2014 EOP	Projected Volumes 2014		Proposed Surcharge	2014 Est. Recovery
	Over/(Under) Collection	Over/(Under) Collection*	Over/(Under) Collection*	Historical Revenues	2012 Revenues	Obligation (incl. true-up)				
Residential - 301	\$ (2,840)	\$ (13,237)	\$ (16,077)	\$ 2,648,135	\$ 52,963	\$ 69,040	3,950,135	therm	\$ 0.0170	\$ 67,152
Commercial - 302, (incl. Transportation Svc.)	\$ (775)	\$ 2,032	\$ 1,257	\$ 1,328,327	\$ 26,567	\$ 25,310	641	mo	\$ 5.02	\$ 38,614
Interruptible - 303	\$ (82)	\$ 1,740	\$ 1,659	\$ 135,129	\$ 2,703	\$ 1,044	5	mo	\$ 86.39	\$ 5,183
Industrial - 304	\$ (221)	\$ 533	\$ 312	\$ 435,400	\$ 8,708	\$ 8,396	2	mo	\$ 468.79	\$ 11,251
<b>Total</b>	<b>\$ (3,918)</b>	<b>\$ (8,932)</b>	<b>\$ (12,850)</b>	<b>\$ 4,546,991</b>	<b>\$ 90,940</b>	<b>\$ 103,789</b>				
									2014 Recovery	\$ 122,200
									2014 EOP Obligation	\$ 103,789
									<b>Total Over/(Under) Recovery</b>	<b>18,411</b>

  

<b>Total Electric and Gas</b>	<b>\$ (9,471)</b>	<b>\$ (50,745)</b>	<b>\$ (60,216)</b>	<b>\$ 17,783,482</b>	<b>\$ 355,670</b>	<b>\$ 415,886</b>				
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**ENERGY OPTIMIZATION PROGRAM CLAUSE  
ENERGY OPTIMIZATION SURCHARGES**

- A) The Energy Optimization Program Clause permits, pursuant to Section 91(4) of 2008 PA 295, the adjustment of distribution rates, via the application of an Energy Optimization Surcharge, to allow recovery of the energy optimization alternative compliance payment made by the Company in compliance with Section 91(1) of 2008 PA 295.
- B) An annual Energy Optimization Program reconciliation shall be conducted.
- C) The approved Energy Optimization Surcharges are shown below.

<b>Rate Schedule</b>	<b>Energy Optimization Surcharge</b>
Residential Service MR-1	\$ <del>00.0025</del> <u>00195</u> / kWh
Residential Time-of-Day Service MR-2	\$ <del>00.00195</del> <u>0025</u> / kWh
Automatic Outdoor Lighting Service MOL-1	\$ <del>00.2527</del> / lamp
Small Commercial Service MSC-1	\$ <del>1.982.95</del> / meter
Small General Time-of-Day Service MST-1	\$ <del>1.982.95</del> / meter
Commercial Industrial General Service MCI-1	\$ <del>22.7529.75</del> / meter
Large Industrial Service MI-1	\$ <del>143.50160.00</del> / meter
Peak Controlled Time-of-Day Service MPC-1	
Secondary	\$ <del>143.50160.00</del> / meter
Primary	\$ <del>143.50160.00</del> / meter
Transmission Transformed	\$ <del>1,700.00</del> <u>1900.00</u> / meter
Transmission Untransformed	\$ <del>143.50160.00</del> / meter
Peak Controlled General Service MPC-2	\$ <del>22.7529.75</del> / meter
Street Lighting MSL-1	\$ <del>0 0.25.27</del> / lamp
Non-metered LED lighting MSL-2	\$ <del>0.130.27</del> / lamp
Optional Off-Peak Service MOP-1	\$ <del>0.001950.0025</del> / kWh
Municipal Pumping Service MPA-1	\$ <del>1.982.95</del> / meter

Issued ~~August 28,~~ 2012~~2013~~ by

M.E. Stoering

President & CEO

Eau Claire, Wisconsin

2012~~2013~~

Effective: for bills rendered on or after

~~September 1, 2012~~January 1, 2014

Issued Under Authority of the

Michigan Public Service Commission

Dated August 14,

In Case No. U-16740U-17354

a Wisconsin corporation

(To implement new EOP surcharge factors approved in Case U-~~16740~~17361)

**SECTION D**  
**ENERGY OPTIMIZATION PROGRAM CLAUSE**  
**ENERGY OPTIMIZATION SURCHARGES**

- A) The Energy Optimization Program Clause permits, pursuant to Section 91(4) of 2008 PA 295, the adjustment of distribution rates, via the application of an Energy Optimization Surcharge, to allow recovery of the energy optimization alternative compliance payment made by the Company in compliance with Section 91(1) of 2008 PA 295.
- B) An annual Energy Optimization Program reconciliation shall be conducted.
- C) The approved Energy Optimization Surcharges are shown below.

<b>Rate Schedule</b>	<b>Energy Optimization Surcharge</b>
Residential Service - 301	\$ <del>0.01550</del> .017 / therm
Commercial and Industrial General Service - 302	\$ 5.02 / meter
Commercial and Industrial General Service - 304	\$ 468.79 / meter
Commercial and Industrial Interruptible Use - 303	\$ 86.39 / meter
Commercial and Industrial Transportation Service	\$ 5.02 / meter

Issued ~~August 28, 2012~~ \_\_\_\_\_, 2013 by

M.E. Stoering

~~2014~~

President & CEO

Eau Claire, Wisconsin

~~2013~~

Effective: for bills rendered on and after ~~September 1, 2012~~ January 1,

Issued Under Authority of the  
Michigan Public Service Commission  
Dated ~~August 14, 2012~~ \_\_\_\_\_.

In Case No. ~~U-16740~~U-17361