

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter on the Commission's own motion)	
assigning docket numbers for the filing of)	
biennial energy optimization plans and)	Case No. U-17776
reconciliations for WISCONSIN PUBLIC)	
SERVICE CORPORATION to fully comply with)	
Public Act 295 of 2008.)	
_____)	

At the September 10, 2015 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. John D. Quackenbush, Chairman
Hon. Sally A. Talberg, Commissioner
Hon. Norman J. Saari, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On November 24, 2014, the Commission issued an order in Case No. U-17776, opening the docket in this matter and directing Wisconsin Public Service Corporation (WPS Corp) to file its energy optimization plans (EOP) for the 2016 and 2017 calendar years. On June 26, 2015, WPS Corp filed its application, with supporting testimony and exhibits, requesting approval of its EOP for electric and gas, compliance payments, and surcharges to be implemented effective with the first billing cycle in January 2016.

A prehearing conference was held on August 12, 2015, before Administrative Law Judge Sharon L. Feldman. WPS Corp and the Commission Staff appeared at the proceeding. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

According to the terms of the settlement agreement, attached as Attachment A, the parties

agree that WPS Corp's EOPs for gas and electric for 2016 and 2017 are reasonable and meet the requirements of 2008 PA 295, MCL 460.1001 *et seq.* The parties further agree that in connection with electric service, WPS Corp shall pay to the independent energy optimization program administrator \$389,509 for 2016 and \$394,499 for 2017. With respect to gas service, the parties agree that WPS Corp shall pay to the independent energy optimization program administrator \$112,999 for 2016 and \$114,894 for 2017. The parties note that because the 2017 payments are based on 2015 estimated revenues, the total payments for electric and gas for 2017 may change. The parties agree that each annual amount shall be paid in equal monthly installments over the applicable calendar year. The parties agree that effective with the first billing cycle of 2016, WPS Corp is authorized to charge the energy optimization surcharges set forth in Attachments 1 and 2 to the settlement agreement.

Finally, the parties agree that WPS Corp shall continue to file reconciliations for each calendar year for the preceding calendar year's revenues and costs by March 31. The parties agree that WPS Corp's reconciliation application shall include supporting testimony and exhibits:

(1) reconciling, for the period covered, the revenue billed with (a) actual costs, *i.e.*, payments made to the program administrator, for purposes of determining interest on any overrecoveries and underrecoveries, and (b) the levelized revenue requirements for purposes of determining revised energy optimization surcharges; (2) calculating revenue over- or under-recovery in total and by each major customer class; (3) including interest at WPS Corp's short-term borrowing rate on any over- and under-recoveries; and (4) if appropriate, proposing revised energy optimization surcharges, which shall include an amount designed to true-up the reconciliation amounts.

The Commission finds that the settlement agreement is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

- A. The settlement agreement, attached as Attachment A, is approved.
- B. Wisconsin Public Service Corporation's energy optimization plans are approved.
- C. Wisconsin Public Service Corporation shall recover the costs associated with the implementation of its energy optimization plans by imposing energy optimization surcharges as shown on the tariff sheets attached as Attachments 1 and 2 to the settlement agreement.
- D. Within 30 days of the date of this order, Wisconsin Public Service Corporation shall submit tariff sheets substantially similar to those attached 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, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel.

Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

John D. Quackenbush, Chairman

Sally A. Talberg, Commissioner

Norman J. Saari, Commissioner

By its action of September 10, 2015.

Mary Jo Kunkle, Executive Secretary

ATTACHMENT A

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter on the Commission's own motion)	
assigning docket numbers for the filing of biennial)	Case No. U-17776
energy optimization plans and reconciliations for)	
WISCONSIN PUBLIC SERVICE CORPORATION)	
to fully comply with Public Act 295 of 2008.)	
_____)	

SETTLEMENT AGREEMENT

Pursuant to MCL 24.278 and Rule 431 of the Michigan Administrative Hearing System's Administrative Rules, R 792.10431, Wisconsin Public Service Corporation, ("WPS Corp" or the "Company") and the Commission Staff ("Staff") agree as follows:

1. On November 24, 2014, the Commission issued its Order in Case No. U-17776, directing the Company to file its electric and gas energy optimization plans for the 2016 and 2017 calendar years.

2. On June 26, 2015, the Company filed its application and supporting testimony and exhibits of Michael J. Ansay and James M. Beyer. This filing also included WPS Corp's Provider Notification of Intent to Elect Efficiency United to Offer Energy Optimization Services for 2016-2017.

3. On July 13, 2015, the Commission's Executive Secretary issued the Notice of Hearing in this proceeding directing the Company to mail a copy of the Notice of Hearing to all cities, incorporated villages, townships and counties in its Michigan electric and gas service area, as well as to intervenors in Case No. U-17356. Further, the Company was directed to publish the Notice of Hearing in daily newspapers of general circulation throughout its Michigan electric and gas service area. Additionally, WPS Corp was directed to serve copies of its direct case

filing on all parties to its most recently completed general rate case. On August 10, 2015, the Company electronically filed its affidavits of mailing and proof of publication.

4. On August 12, 2015, Administrative Law Judge Sharon L. Feldman, substituting for Martin D. Snider, conducted a prehearing conference. The Company and Staff participated in the proceedings. There were no intervenors.

5. The parties have participated in settlement discussions and agree as follows:

a. The Company's energy optimization plans for electric and gas meet the requirements of Act 295, are reasonable and in the public interest, and should be approved by the Commission.

b. In connection with electric services, the Company shall pay to the independent energy optimization program administrator \$389,509 for 2016 and \$394,499 for 2017 (as the 2017 payment is based on 2015 estimated revenues, the total payment for 2017 may change). Each annual amount shall be paid in equal monthly installments over the applicable calendar year.

c. In connection with gas services, the Company shall pay to the independent energy optimization program administrator \$112,999 for 2016 and \$114,894 for 2017 (as the 2017 payment is based on 2015 estimated revenues, the total payment for 2017 may change). Each annual amount shall be paid in equal monthly installments over the applicable calendar year.

d. Effective with the first billing cycle of January 2016 the Company shall charge the energy optimization surcharges for electric and gas services respectively as set forth on the tariff sheets attached hereto as Attachment 1 and Attachment 2, respectively.

e. The Company shall continue to file reconciliations for each calendar year for the preceding calendar year's revenues and costs by March 31. The Company shall file with the Commission an application, including supporting testimony and exhibits: (1) reconciling for the period covered, the revenue billed; with (a) actual costs, i.e. payments made to the program administrator, for purposes of determining interest on any over-recoveries and under-recoveries; and (b) the levelized revenue requirements, for purposes of determining revised energy optimization surcharges; (2) calculating revenue over-recovery or under-recovery in total and by each major customer class; (3) including interest at the Company's short-term borrowing rate on any over-recoveries and under-recoveries; and (4) if appropriate, proposing revised energy optimization surcharges, which shall include an amount designed to true-up such reconciliation amounts.

6. All of the signatories are of the opinion that this settlement agreement is reasonable, prudent and will aid in the expeditious conclusion of this case.

7. This settlement agreement is entered into for the sole and express purpose of reaching a compromise among the parties. All offers of settlement and discussions relating to this settlement are considered privileged under MRE 408. If the Commission approves this settlement agreement without modification, neither the parties to the settlement nor the Commission shall make any reference to, or use this settlement agreement or the order approving it, as a reason, authority, rationale or example for taking any action or position or making any subsequent decision in any other case or proceeding; provided, however, such references may be made to enforce or implement the provisions of this settlement agreement and the order approving it.

8. Pursuant to Rule 431(6) of the Michigan Administrative Hearing System's Administrative Rules, R 792.1043(6) the parties agree any order approving this settlement agreement shall not establish precedent for future proceedings and shall not be used as such. This settlement agreement is based on the facts and circumstances of this case and is intended as the final disposition of Case No. U-17776 only. If the Commission approves this settlement agreement, without modification, the undersigned parties agree not to appeal, challenge or otherwise contest the Commission order approving this settlement agreement only.

9. This settlement agreement is not severable. Each provision of this settlement agreement is dependent upon all other provisions of this settlement agreement. Failure to comply with any provision of this settlement agreement constitutes failure to comply with the entire settlement agreement. If the Commission rejects or modifies this settlement agreement or any provision of this settlement agreement, this settlement agreement shall be deemed to be withdrawn, shall not constitute any part of the record in this proceeding or be used for any other purpose, and shall not operate to prejudice the pre-negotiation positions of any party.

10. The parties agree to waive Section 81 of the Administrative Procedures Act of 1969 (MCL 24.281), as it applies to the issues in this proceeding, if the Commission approves this settlement agreement without modification.

WISCONSIN PUBLIC SERVICE CORPORATION

Sherri A.

Digitally signed by: Sherri A. Wellman
DN: CN = Sherri A. Wellman C = AD O =
MillerCanfield
Date: 2015.09.02 13:04:59 -05'00'

Wellman

Dated: September 2, 2015

By:

One of Its Attorneys
Sherri A. Wellman (P38989)
Theresa A. Staley (P56998)
MILLER, CANFIELD, PADDOCK and STONE, P.L.C.
One Michigan Avenue, Suite 900
Lansing, Michigan 48933
(517) 483-4954

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Dated: September 2, 2015

By: _____

Michael J. Orris

Its Attorney
Michael J. Orris (P51232)
Assistant Attorney General
Public Service Division
7109 West Saginaw Highway
3rd Floor
Lansing MI 48911
(517) 241-6680

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MPSC Vol No 5-ELECTRIC

Replaces 8th Rev. Sheet No. D-100.00
7th Rev. Sheet No. D-100.00

D12. Energy Optimization (EO)**EO****Energy Optimization Surcharge**

This surcharge 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.

All customer bills subject to the provisions of this tariff, including any bills rendered under special contract, shall be adjusted by the Energy Optimization Surcharge per kWh or Customer as follows:

<u>Tariff</u>	<u>Energy Charges</u>
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Rg-1M	\$0.002 34 /kWh
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RG-OTOU-1M	\$0.002 34 /kWh
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<u>Tariff</u>	<u>Per Month/Meter</u>	<u>Per Day/Meter</u>
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Cg-1M	\$3. 2544	\$0. 1068-1131
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Cg-1M Seasonal	\$6. 5088	\$0. 2137-2262
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Cg-OTOU-1M	\$3. 2544	\$0. 1068-1131
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Cg-OTOU-1M Seasonal	\$6. 5088	\$0. 2137-2262
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Cg-3M	\$ 33.66 40.47	\$1. 1066-3305
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Cg-3M Seasonal	\$ 67.32 80.94	\$2. 2133-6610
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Mp-1M	\$ 33.66 40.47	\$1. 1066-3305
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Cp-1M (Secondary)	\$ 123.93 90.85	\$ 4.07 462.9868
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Cp-1M (Primary)	\$ 123.93 90.85	\$ 4.07 462.9868
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Cp-1M (Transmission <10MW)	\$ 2,134.05 2,346.05	\$ 70.160 777.1304
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Cp-1M (Transmission >10MW)	\$ 9,243.33 9,051.61	\$ 303.890 3297.5872
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Ls-1M	\$0. 2519	\$0. 0082-0062
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Issued: XX-XX-XX
 By D M Derricks
 Director - Regulatory Affairs
 Green Bay, Wisconsin

Effective for Service
 On and After: XX-XX-XX
 Issued Under Auth. of
 Mich Public Serv Comm
 Dated: XX-XX-XX
 In Case No: U-17776

MICHIGAN

MPSC Vol No 5-GAS

~~7th-8th~~ Rev. Sheet No. D-8.01
 Replaces ~~6th-7th~~ Rev. Sheet No. D-8.01

D3. Supplemental Charges (Schedule GSC)**Natural Gas****D3. SUPPLEMENTAL CHARGES**

- Each Rate Schedule may be subject to Rule C3, Customer Attachment Program.
- Energy Optimization(EO) Surcharge - This surcharge is pursuant to Section 91(4) of 2008 PA 295, the adjustment of distribution service 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. The EO compliance payments and the associated surcharges are subject to a reconciliation mechanism.

The approved Energy Optimization Surcharges are listed below:

	<u>Customer Class</u>	<u>EO Surcharge</u>	
		<u>Per Day/meter</u>	<u>Per Month/meter</u>
R	Residential	\$0.01330.0166 /Therm	
R	C & I Small-year round customers	\$0.05570.0823	\$1.692.50
R	C & I Small-seasonal customers	\$0.11140.1646	\$3.385.00
R	C & I Large	\$0.99321.5851	\$30.2148.21
	Transportation Medium*	---	---
R	Transportation Large	\$0.82670.4953	\$25.1515.07
R	Transportation Super Large	\$12.56069.6139	\$382.05292.42

* No customers currently on this rate

Continued to Sheet No. D-9.00

Issued: xx-xx-15
 By D M Derricks
 Director - Regulatory Affairs
 Green Bay, Wisconsin

Effective for Service
 On and After: xx-xx-15
 Issued Under Auth. of
 Mich Public Serv Comm
 Dated: xx-xx-15
 In Case No: U-17776

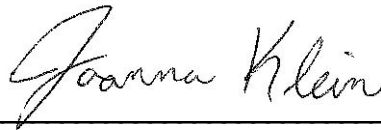
PROOF OF SERVICE

STATE OF MICHIGAN)

Case No. U-17776

County of Ingham)

Joanna Klein being duly sworn, deposes and says that on September 10, 2015 A.D. she served a copy of the attached Commission order by first class mail, postage prepaid, or by inter-departmental mail, to the persons as shown on the attached service list.



Joanna Klein

Subscribed and sworn to before me
This 10th day of September 2015

Steven J. Cook
Notary Public, Ingham County, Michigan
As acting in Eaton County
My Commission Expires: April 30, 2018

Service List U-17776

Michael J. Orris
Michigan Dept. of Attorney General/PSD
7109 W. Saginaw Hwy.
Lansing MI 48917

Martin D. Snider
DLARA/MAHS - MPSC Hearings
7109 W. Saginaw Hwy.
I. D. M A I L
Lansing MI 48917

Sherri A. Wellman
Miller Canfield Paddock & Stone
One Michigan Avenue, Suite 900
Lansing MI 48933

Wisconsin Public Service Corporation
700 N. Adams Street
PO Box 19001
Green Bay WI 54307-9001

PROOF OF SERVICE

STATE OF MICHIGAN)

Case No. U-17776

County of Ingham)

Lisa Felice being duly sworn, deposes and says that on September 10, 2015 A.D. she electronically notified the attached list of this **Commission Order (Commission's Own Motion) via e-mail transmission**, to the persons as shown on the attached service list (Listserv Distribution List).

Lisa Felice

Subscribed and sworn to before me
this 10th day of September 2015

Steven J. Cook
Notary Public, Ingham County, Michigan
As acting in Eaton County
My Commission Expires: April 30, 2018

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mkappler@HOMEWORKS.ORG	Tri-County Electric Co-Op
psimmer@HOMEWORKS.ORG	Tri-County Electric Co-Op
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johnbistranin@realgy.com	Realgy Corp.
jweeks@mpower.org	Jim Weeks
gaclark2@aep.com	Indiana Michigan Power Company

mvorabouth@ses4energy.com Santana Energy