

BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of Wisconsin Public Service Corporation for Authority to
Adjust Electric and Natural Gas Rates

6690-UR-119

FINAL DECISION

This is the Final Decision concerning the application of Wisconsin Public Service Corporation (WPSC) for authority to increase Wisconsin retail electric and natural gas rates in 2009 and 2010.

Final overall rate changes are authorized consisting of no annual rate increase for Wisconsin retail electric operations, and a \$3,000,000 annual rate decrease for Wisconsin retail natural gas operations, a 0.44 percent decrease, for the test year ending December 31, 2009.

Introduction

On April 1, 2008, WPSC filed a request for authority to increase its Wisconsin retail electric rates on January 1, 2009, and January 1, 2010. On June 23, 2008, and July 31, 2008, WPSC supplemented its initial request resulting in an overall requested electric increase of \$84,777,000, or 8.57 percent, in 2009, based on the rates authorized by the Commission after its July 3, 2008, *Final Decision* in docket 6690-FR-101. WPSC requested an additional electric rate increase in 2010 of \$32,487,000, or 2.94 percent, exclusive of adjustments requested for updated fuel, purchased power, and related costs in 2010. The resulting overall requested natural gas increase was \$15,678,000, or 2.90 percent, in 2009, based on the rates authorized by the Commission after its January 11, 2007, *Final Decision* in docket 6690-UR-118.

On June 4, 2008, a prehearing conference was held to determine the issues to be addressed in this docket and to establish a schedule for the hearing. On September 25, 2008, technical hearings were held in Madison. On the same date, public hearings were held in Madison, Green Bay, and Wausau.

On December 9, 2008, WPSC filed a Stipulation to the resolution of specific issues with the following parties: WPSC, the Citizens' Utility Board (CUB), the Wisconsin Industrial Energy Group (WIEG), the Wisconsin Paper Council (WPC), the Wausau Paper Corporation (Wausau Paper), the Wisconsin End-User Gas and Electric Association (WEUGEA), and Integrys Energy Services, Inc. (IES). The Stipulation is included in Appendix D.

The Commission considered this matter at its open meeting of December 18, 2008.

The parties, for purposes of review under Wis. Stat. §§ 227.47 and 227.53, are listed in Appendix A. Others who appeared are listed in the Commission's files.

Findings of Fact

1. It is reasonable to adopt the Stipulation contained in Appendix D excluding the gas distribution rate design referred to in Item 3 of the Stipulation.
2. The following findings are based on the provisions of the Stipulation:
 - a. The 2009 test year fuel rules monitored fuel costs of \$382,128,000 are reasonable.
 - b. The reasonable level of expensed conservation costs recoverable in rates for the 2009 test year is \$14,188,227 for electric utility operations and \$8,952,458 for natural gas utility operations. The level for electric utility operations consists of the conservation budget of \$14,686,131, and an escrow adjustment of \$497,904, which

represents the test year amortization of the projected underspent escrow balance on December 31, 2008, over two years. The level for natural gas operations consists of the conservation budget of \$8,643,337, and an escrow adjustment of \$309,121, which represents the test year amortization of the projected overspent escrow balance on December 31, 2008, over two years.

c. It is appropriate for WPSC to obtain Commission staff acceptance before modifying its 2009 customer service conservation activities.

d. Should WPSC request a change to its 2009 customer service conservation activities based on the statewide programs that will be available beginning January 1, 2009, WPSC should also propose measures of success that reflect the proposed modifications.

e. It is appropriate for the WPSC/Focus on Energy programs implemented in compliance with the Commission's Final Decision in docket 6690-CE-187 to be discontinued on December 31, 2008.

f. It is appropriate for WPSC to eliminate Gas Transportation Management Service.

g. It is appropriate for WPSC to define operating areas by pipeline companies and have the ability to call constraints by operating area to ensure that customers are bringing the appropriate amount of gas from each pipeline to the WPSC distribution system.

- h. It is appropriate for WPSC to consider different pipelines delivering gas to the same geographic area of the distribution system as a single gate station for purposes of Daily Balancing and Daily Cashout.
- i. It is appropriate for WPSC to adopt constraint tariff language similar to the language that has been approved for We Energies' two operating natural gas companies.
- j. It is appropriate for WPSC to adopt the reconnection charges for Electric and Natural Gas Residential and Commercial service reconnections as proposed by Commission staff.
- k. It is appropriate for WPSC to require an upfront payment (by November 15 for non-subdivision customers and November 1 for subdivision customers) for new service installations from customers looking to avoid the higher winter installation costs.
- l. It is appropriate for WPSC to eliminate the sunset date of its Minimum Payment Option in its natural gas and electric tariffs to make it a permanent option for both services.
- m. It is appropriate for WPSC to include unauthorized reconnection of service with its diversion of service tariff provisions.
- n. It is appropriate for WPSC to adopt a single disconnection notice to commercial customers for nonpayment of arrears resulting from different types of utility charges.

3. It is reasonable to monitor 2009 fuel costs using the following ranges: plus or minus 8 percent monthly; cumulative ranges of plus or minus 8 percent for the first month of the year, plus or minus 5 percent for the second month of the year, and plus or minus 2 percent for the remaining months of the year; and plus or minus 2 percent for the annual range.

4. It is reasonable to allow WPSC to recover \$17 million of its deferred Weston 3 replacement power costs over a six-year period, beginning January 1, 2009, with no carrying costs on the unamortized deferred balance.

5. It is appropriate for WPSC to participate in the Commission's proceeding to research and develop utility-owned distributed photovoltaic initiatives.

6. The revenue stabilization mechanism (RSM) proposed by WPSC, when combined with the stipulation reached between WPSC and CUB, is reasonable subject to the following conditions:

- a. The RSM shall be a four-year pilot program, effective January 1, 2009.
- b. WPSC shall complete at least three community-based pilots. One of these pilots shall include advanced metering (AMI). WPSC shall file a progress report with the Commission on development of the pilots no later than March 1, 2009. The pilots shall receive prior Commission approval.
- c. WPSC shall work with Focus on Energy staff to ensure a plan to spend additional WPSC voluntary contributions in WPSC's service territory is developed no later than March 1, 2009. The additional energy efficiency programs shall receive prior Commission approval.

- d. WPSC shall file RSM compliance tariffs, reflecting the Commission's decision on WPSC's RSM, no later than March 1, 2009.
- e. WPSC shall file information, including journal entries, no later than March 1, 2009, describing how it proposes to account for its RSM. Such accounting methods shall receive prior Commission approval.
- f. It is reasonable for WPSC to return to ratepayers, or recover in rates, any over- or under-collection of WPSC's aggregate sales revenue from the affected electric and natural gas rate class schedules, subject to a rate adjustment cap approximately equivalent to 100 basis points or \$12 million for electric operations and \$4 million for natural gas operations. The aggregate sales revenue shall be computed separately for electric and natural gas operations.
- g. Any over- or under-collection in excess of the rate adjustment cap shall not be returned to WPSC's ratepayers or collected from its ratepayers.
- h. Any over- or under-collection of WPSC's aggregate sales revenues within the rate adjustment cap shall be included in WPSC's next full rate case or rate case reopener. Any over- or under-collections shall be subject to carrying costs based on WPSC's last approved short-term debt rate. Such carrying costs shall not be included in computing the rate cap adjustment.
- i. It is reasonable for WPSC to commit, in its stipulation with CUB (Exhibit 93), to support the final recommendation of the Governor's Global Warming Task Force (GWTF), and to include the increased Renewable Portfolio Standard recommendation.

7. It is reasonable to include the additional contributions to Focus on Energy to which WPSC commits in the stipulation with CUB (Exhibit 93) in the conservation escrow budget.

8. It is reasonable to use the actual number of customers when determining the level of over- or under-collections for the RSM.

9. It is reasonable to complete the following performance reviews of WPSC's RSM:

a. A limited performance review of the WPSC's RSM after 12 months of operation. WPSC shall file sufficient information to allow the Commission to complete such review no later than March 1, 2010.

b. A more comprehensive review after 24 months of operation. WPSC shall file sufficient information to allow the Commission to complete such review no later than March 1, 2011.

c. A final comprehensive review approximately six months before the end of the pilot period. WPSC shall file sufficient information to allow the Commission to complete such review no later than June 30, 2012.

10. It is reasonable to require WPSC to continue to work with Commission staff, CUB, and any other interested parties on any unresolved issues that arise during the four-year pilot program.

11. It is reasonable to recover the 2005 Wisconsin Act 141 (Act 141) costs associated with commercial gas service on an average per therm basis.

12. It is reasonable to approve the rate changes for electric and natural gas service as shown in Appendices B and C.

Conclusions of Law

The Commission concludes it has jurisdiction under Wis. Stat. §§ 1.12, 196.02, 196.025, 196.03, 196.19, 196.20, 196.21, 196.37, 196.374, 196.395, and 196.40 and Wis. Admin. Code chs. PSC 113, 116, and 134 to enter a Final Decision authorizing WPSC to place in effect the rates and rules for electric and natural gas utility service set forth in Appendices B and C, subject to the conditions specified in this Final Decision. The rates and rules for electric and natural gas utility service in Appendices B and C are reasonable and appropriate as a matter of law.

Opinion

Applicant and Its Business

WPSC is a public utility, as defined in Wis. Stat. § 196.01(5), engaged in the production, transmission, distribution, and sale of electricity, and in the purchase, distribution, and sale of natural gas in a service area of approximately 11,000 square miles in northeastern Wisconsin and adjacent parts of upper Michigan. Cities that WPSC serves with retail electric service or natural gas service include Green Bay, Marinette, Oshkosh, Rhinelander, Sheboygan, Stevens Point, and Wausau in Wisconsin, and Menominee in Michigan. WPSC is an operating subsidiary of Integrys Energy Group, Inc. (Integrys), a holding company headquartered in Chicago, Illinois.

WPSC also sells electricity at wholesale rates to other utilities and electric cooperatives for resale. The Federal Energy Regulatory Commission (FERC) regulates these wholesale sales. WPSC's wholesale rates, therefore, are not affected by these proceedings. Similarly, the rates applicable to retail sales of electricity and natural gas to Michigan customers are not subject to the jurisdiction of this Commission and are not affected by these proceedings.

Fuel Cost Update and Stipulation on Issues

On November 26, 2008, WPSC filed Exhibit 90, updating the NYMEX natural gas prices and their impact on fuel and purchased power costs for the test year 2009. Exhibit 90 indicates a reduction in fuel and purchased power costs from Commission staff's estimates of \$56.8 million on a WPSC corporate basis, or a reduction of approximately \$40.9 million on a Wisconsin retail basis. Subsequently, on December 9, 2008, WPSC filed the Stipulation that represents a comprehensive settlement on multiple rate case issues for the 2009 test year and issues to be addressed in a 2010 reopener case.

The Commission has reviewed the Stipulation and finds it reasonable to adopt the provisions of the Stipulation and Appendices A and C of the Stipulation as set forth in Appendix D of this Final Decision. Issues that remain to be decided by the Commission are discussed in subsequent sections of this Final Decision.

Electric Fuel Cost Monitoring

It is reasonable to use the following fuel monitoring ranges for WPSC: (1) for the annual range, plus or minus 2 percent; (2) for the monthly range, plus or minus 8 percent; and (3) for the cumulative range, plus or minus 8 percent for the first month of the year, plus or minus 5 percent for the second month, and plus or minus 2 percent for the remaining months of the year.

Weston 3 Lightning Strike Replacement Power Costs

On October 6, 2007, lightning struck a transmission tower near the Weston 3 power plant. This resulted in the destruction of a transformer and the plant's electronic controls, as well as severe damage to the steam generator. Weston 3 went off-line at that time and remained off-line for approximately three months. On October 8, 2007, WPSC filed a request for deferral

accounting treatment for replacement power costs related to the lightning strike. On October 16, 2007, the Commission authorized deferral of the replacement power costs associated with the October 6, 2007, Weston 3 lightning strike. These deferred replacement power costs are approximately \$19.6 million on a Wisconsin retail basis.

Following the October 6, 2007, lightning strike at the Weston 3 power plant, WPSC conducted a root cause study to determine what caused the events resulting in the damages. This study identified two root causes and two contributing causes. The two root causes were: (1) the lack of bonding between the transmission tower that was struck by lightning and the Weston 3 grounding system, and (2) WPSC operators relied on the design of the Distributed Control System (DCS), the computer system that controls the unit's operation, to never lose power, which did not allow for the contingency of a loss of power to the system. Two contributing causes were also identified: (1) WPSC did not determine ways to avoid unit trips, and (2) the failure of the "fail open" design configuration of the emergency oil pump contacts. This failure allowed the unit to continue to run during the uncontrolled shutdown without lubrication from the emergency oil pumps, resulting in damage to the turbine/generator bearings, the fire at the electrical generator, and the lube oil tank explosion.

Relative to root cause Number 1, WPSC funded an evaluation of the Weston 3 site's grounding system by Dr. Meliopoulos of the Georgia Institute of Technology. Dr. Meliopoulos found that the grounding system exceeded the Institute for Electrical and Electronic Engineers standards at the time of the October 6, 2007, lightning strike. He specifically found that the on-site transmission towers were properly grounded, and that such towers are typically not bonded to the generation plant grounding system. Because of the geometry of the power plant site, the presence

of many on-site transmission poles, and the high resistivity of the soil at the site, his evaluation recommended that all on-site transmission poles be bonded to the Weston 3 grounding system. WPSC and American Transmission Company have since done so at a cost of less than \$500,000.

The second root cause for the Weston 3 damages was the design of the DCS, which assumed that a power loss would never occur, and WPSC's reliance on such a design. Five separate power supplies were included in the design of the DCS, including a battery backup in the event the plant tripped and lost all outside sources of power. Despite this design, an unusually strong surge from a lightning strike caused a fuse to open on a circuit which connected four of the five DCS supplies to the Uninterruptible Power Supply (UPS) inverter. When this happened, one of the breakers opened and was supposed to send a signal to another breaker to close in order to create a circuit between the DCS and a reserve power supply. But the breaker that opened failed to send the signal for the other breaker to close because it had been improperly configured.

The breaker that failed had been incorrectly wired. WPSC did not identify this problem prior to the lightning strike because it had no supervisory review procedures in place to detect and correct this error at the time the breaker was initially wired. Although WPSC's own preventative maintenance procedures called for a complete overhaul of the breakers every three years, preventative maintenance of these breakers had last been done in 1998. Consequently, the DCS failed when it lost power and Weston 3 went into an uncontrolled shutdown, with some equipment shutting down while other equipment continued operating. As a result of the uncontrolled shutdown, Weston 3 sustained severe damage to its steam generator.

In its filing, WPSC requested recovery of the Wisconsin retail portion of the deferred replacement power costs over a two-year period, with carrying costs at the weighted cost of capital.

WPSC's position was that its lightning protection measures exceeded industry standards, and while it acknowledged making mistakes in this area, it maintained that the standard for determining prudence does not require perfection. WPSC also cited its efforts to bring the Weston 3 unit back on-line as quickly as possible.

WPSC asserted that in its operations, it must strike an appropriate balance between risk and cost because otherwise measures that reduce the risk of damage and unexpected costs at its fossil plants would come with the cost of increased staffing, and operation and maintenance expenses. According to WPSC, its balance of risk and cost prior to the October 2007 forced outage was prudent such that the outage was not the result of imprudence.

WIEG opposed WPSC's recovery of the deferred replacement power costs in Wisconsin retail rates. Alternatively, WIEG suggested that if the Commission were to allow recovery of any portion of these costs in Wisconsin retail rates, then the amount recovered should be amortized over a six-year period in order to minimize rate impact.

WIEG argued that WPSC was imprudent for failing to sufficiently protect its system against lightning strikes, and for failing to properly perform maintenance on the breaker that failed. WIEG maintained that given Weston 3's previous history of lightning strikes, including ones in 2002 and 2006, WPSC had reason to know that its facility was at greater risk than others. According to WIEG, these strikes should have led to additional grounding and bonding to increase reliability and protection beyond minimal standards. If the on-site transmission tower that was struck had been bonded to the Weston 3 grounding system, the power surge that damaged Weston 3 may not have occurred.

WIEG further argued that as a result of a failure in WPSC's maintenance activities, damage occurred that could have been avoided. Specifically, the failed breaker had not been configured properly, and WPSC failed to discover this error when the breaker was overhauled in 1998. WIEG also noted the failure of WPSC to perform preventative maintenance on the failed breaker.

WIEG pointed out that WPSC's own witness, Dr. Meliopolous, stated that in instances when a utility has experienced increased lightning activity or specific unusual events that cause outages, and when the utility considers a facility critical, a utility may perform a specialized/custom study. These studies would show whether additional grounding and bonding could increase reliability and protection for the facility.

WIEG contended that these failures by WPSC amounted to imprudence and that as a result, the Weston 3 facilities sustained significant damage leading to a forced outage. WIEG further contended that the significantly increased fuel and purchased power expenses during the forced outage would not have been incurred but for WPSC's failure to act prudently, and concluded that it is not reasonable to allow WPSC to recover the outage costs.

WPC also opposed allowing WPSC to recover any portion of the deferred replacement power costs in Wisconsin retail rates.

In a previous WPSC rate case, docket 6690-UR-117, the Commission addressed the standard of prudence in deciding whether costs related to a power plant outage were the result of imprudence by utility management. The Commission relied upon the definition of prudence as set forth by the Court of Appeals in *Wisconsin Public Service Corporation vs. Public Service Commission*, 156 Wis. 2d 611, 617 (Ct. App. 1990) which defined "prudence" as:

Carefulness, precaution, attentiveness and good judgment, as applied to action or conduct. . . . This term, in the language of the law, is commonly associated with “care” and “diligence” and contrasted with “negligence.”

The Commission finds that while the mistake in wiring the incorrectly configured breaker was the result of human error, and did not amount to imprudence, the failure to detect this error at the time of installation was imprudent.

The Commission further finds that in light of the history of lightning strikes to the Weston 3 facility, and the importance of this facility to WPSC’s generating fleet, WPSC’s failure to follow its own preventive maintenance schedule for inspecting the breakers rises to the level of imprudence. The preventative maintenance procedures for these breakers should have detected the incorrectly wired breaker if they had been performed as scheduled. The Commission, therefore, considers it reasonable to require WPSC to bear a portion of the replacement power costs associated with the outage resulting from the October 6, 2007, lightning strike on the Weston 3 generating unit. In order to accomplish this objective, and in order to minimize customer rate impact, the Commission authorizes WPSC to recover \$17 million of the deferred replacement power costs over six years, beginning January 1, 2009, with \$3 million of that amount included in rates authorized in this Final Decision, and does not allow the utility to recover carrying costs on the unamortized deferred balance.

Commissioner Meyer dissents on this issue as he does not consider WPSC’s actions to be imprudent, preferring to allow WPSC to recover the full \$19.6 million deferred amount over a six-year period, beginning January 1, 2009, with no carrying costs on the unamortized deferred balance.

Decoupling (RSM)

WPSC requested that the Commission approve the RSM, also known as full revenue decoupling, to be effective 30 days after the Final Decision is issued in this case. According to WPSC, the proposed RSM has been structured to capture over- and under-collections of WPSC's gross margin, based on the number of bill counts. The cost of fuel recovery would continue to be addressed through the fuel rules and Purchased Gas Adjustment Clause. The RSM only applies to natural gas or electric customers in rate classes identified in Exhibit 93.

WPSC and CUB worked together to develop a comprehensive proposal on decoupling and an innovative rate design that is responsive to many aspects of the Global Warming Task Force (GWTF) recommendations. This work resulted in an agreement, in the form of a stipulation (decoupling stipulation—Exhibit 93). Exhibit 93, filed on October 15, 2008, proposes the adoption of a package of initiatives applicable to residential and commercial customers on a four year pilot basis. Exhibit 93 is attached to this Final Decision as Appendix E. Exhibit 93 includes the following components:

1. WPSC will reduce fixed customer charges as identified in Exhibit 93. A portion of the fixed charge reduction will be recoverable through variable rates, and a portion, totaling \$2.1 million annually (\$1.7 million for electric operations and \$400,000 for natural gas operations), will not be recoverable in rates.
2. WPSC will increase its contributions to Focus on Energy by \$7.5 million in 2009 or 2.0 percent of the electric and natural gas revenues of customers in the rate classes identified in

Exhibit 93.¹ This increase in contributions, offset by the \$2.1 million fixed charge reduction not recoverable in rates, results in a net increase to the total electric and natural gas revenue requirement of \$5.4 million.

3. WPSC and CUB will jointly develop and implement up to three community-based pilot programs in WPSC's service territory to improve innovative rate designs, develop and test methods to obtain customer participation through information and education, and evaluate customer response to the innovative rates.

4. WPSC will actively support the GWTF's recommendations pertaining to enhanced conservation spending and conservation programs, residential and commercial energy efficient and green building codes, state appliance efficiency standards, and non-regulated fuels efficiency and conservation.

5. WPSC will implement an RSM that ensures it will recover from the customer classes identified in Exhibit 93, its forecasted nonfuel revenues and no more or no less than this amount. In accordance with the rate adjustment cap, rates for these customer classes will be trued up annually for under- or over-collections.

While the Commission has concerns about whether full revenue decoupling is necessary in Wisconsin due to the Commission's current rate case practices and current Wisconsin law, the RSM when combined with the Exhibit 93, should provide a net benefit to all stakeholders. WPSC's RSM as modified by Exhibit 93 is approved, effective January 1, 2009, subject to the following conditions:

¹ The stipulation proposes to increase the contribution to Focus on Energy from 2.0 percent of operating revenues, for both electric and natural gas, to 2.5 percent in 2010, to 3.0 percent in 2011, and to 3.5 percent in 2012 for electric operations, and maintain the contributions at 3.0 percent for natural gas operations in 2012.

1. WPSC shall complete at least three community-based pilots. One of these pilots shall include AMI. WPSC shall file a progress report with the Commission on the pilots no later than March 1, 2009. The pilots shall receive prior Commission approval.
2. WPSC shall work with Focus on Energy and Commission staff to ensure that a plan to provide enhanced energy efficiency services spending in WPSC's service territory, with WPSC's additional voluntary contributions to Focus on Energy, is developed no later than March 1, 2009. The additional energy efficiency programs shall receive prior Commission approval.
3. WPSC shall file RSM compliance tariffs, reflecting the Commission's decision on WPSC's RSM, no later than March 1, 2009.
4. WPSC shall file information, including journal entries, no later than March 1, 2009, describing how it proposes to account for its RSM. Such accounting methods shall receive Commission approval.
5. WPSC shall return to ratepayers, or recover in rates, any over- or under-collection of WPSC's aggregate sales revenue from the affected electric and natural gas rate class schedules subject to a rate adjustment cap approximately equivalent to 100 basis points or \$12 million for electric operations and \$4 million for natural gas operations. The aggregate sales revenue shall be computed separately for electric and natural gas operations.
6. Any over- or under-collection in excess of the rate adjustment cap shall not be returned to WPSC's ratepayers or collected from its ratepayers.
7. Any over- or under-collection of WPSC's aggregate sales revenues within the rate adjustment cap shall be included in WPSC's next full rate case or rate case reopener. Any over- or

under-collections shall be subject to carrying costs based on WPSC's last approved short-term debt rate. Such carrying costs shall not be included in computing the rate adjustment cap.

8. WPSC's commitment to support the final recommendations of the GWTF (see Exhibit 93) should include the increased Renewable Portfolio Standard recommendation.

As discussed above, WPSC will voluntarily increase its annual contribution to Focus on Energy, or its successor, to the levels set forth in the report of GWTF. WPSC has requested rate recovery of these additional contributions to Focus on Energy. The cost of WPSC's current conservation programs receives escrow accounting treatment. Currently, in each rate case, a utility's conservation budget is reviewed and approved by the Commission prior to these costs being included in rates. Once the conservation budget has been approved and included in rates, then it is given escrow accounting treatment. Consistent with the current accounting treatment for the costs of WPSC's current conservation programs, WPSC is authorized to include the additional contributions in the conservation escrow budget.

WPSC has proposed to use the actual number of customers when determining the level of over- or under-collections. Because the difference between using actual customers versus the approved number of customers when determining the level of over- or under-collections is immaterial, WPSC's proposal is accepted.

Commission staff suggested that, for any decoupling plan approved as a pilot program for a period of three or four years or more, the Commission consider having the plan reviewed by Commission staff after 12 months of operation. Commission staff suggested that the Commission could conduct a limited review of performance, to determine if the mechanism is generally meeting expectations. If evidence indicates that there is a significant difference between expectations and

results, Commission staff may recommend that the Commission terminate or modify the pilot. In addition, Commission staff suggested that the Commission may want to consider having a more comprehensive review of the plan approximately six to twelve months before the end of the pilot period. A more comprehensive review of the plan could be conducted to determine if the program should be continued with or without modification after the pilot period ends. Parties and interested persons should be allowed the opportunity to make recommendations as to the scope of the review, the means by which it is carried out, and whether the program should be continued with or without modification after the pilot period ends.

Performance reviews of WPSC's RSM shall be completed according to the following schedule:

1. A limited performance review of the WPSC's RSM after 12 months of operation. WPSC shall file sufficient information to allow the Commission to complete such review no later than March 1, 2010. WPSC shall work closely with CUB and Commission staff to determine evaluation metrics for this review.
2. A more comprehensive review shall begin after 24 months of operation. WPSC shall file sufficient information to allow the Commission to complete such review no later than March 1, 2011. WPSC shall work closely with CUB and Commission staff to determine evaluation metrics for this review.
3. A final comprehensive review shall begin approximately six months before the end of the pilot period. WPSC shall file sufficient information to allow the Commission to complete such review no later than June 30, 2012. WPSC shall work closely with CUB and Commission staff to determine evaluation metrics for this review.

There will undoubtedly be additional issues that become apparent as decoupling is implemented. The utility shall continue to work with Commission staff, CUB, and any other interested parties on any unresolved issues that arise during the four-year pilot program.

Demand-Side Management (DSM)

Conservation Budget and Escrow Adjustment

The authorized level of expensed conservation costs recoverable in rates for the test year is \$23,140,685, with \$14,188,227 allocated to electric utility operations and \$8,952,458 allocated to natural gas utility operations. The level for electric utility operations includes a conservation budget of \$14,686,131 and an escrow adjustment of (\$497,904), which represents the test year amortization of the projected underspent escrow balance on December 31, 2008, over two years. The level for natural gas operations consists of the conservation budget of \$8,643,337, and an escrow adjustment of \$309,121, which represents the test year amortization of the projected overspent escrow balance on December 31, 2008, over two years.

Energy Efficiency

WPSC's proposed 2009 customer service conservation activities are essentially the same as its 2008 activities. These activities were determined to be appropriate by the Commission in docket 6690-UR-118. These activities continue to be appropriate in 2009. WPSC, however, may wish to modify its 2009 customer service conservation activities based on the statewide programs that will be available beginning January 1, 2009. Should WPSC propose to modify its 2009 customer service conservation activities, it should inform Commission staff of its proposed changes and obtain Commission staff acceptance of the changes before they are implemented. If WPSC requests a change to its customer service conservation activities, it should also propose measures of success that reflect the proposed modifications.

In addition to customer service conservation activities, WPSC offers energy efficiency programs that were created in response to the Commission's Final Decision in docket 6690-CE-187. In docket 6690-CE-187, the Commission ordered WPSC to achieve an additional 32 megawatts (MW) of energy efficiency by the end of June 2009. WPSC's approved plan includes 10 MW of savings to be achieved through a contract with Wisconsin Energy Conservation Corporation (WECC), the Focus on Energy program administrator for the statewide residential and business energy efficiency programs. Because the WPSC/Focus on Energy programs will have substantially achieved the 10 MW goal by the end of 2008, it is appropriate for the current WPSC/Focus on Energy programs to terminate on December 31, 2008. This is consistent with the next start date of the statewide Focus on Energy programs.

Solar Renewable Energy

Sierra Club witnesses recommended that WPSC undertake a research and development program that would include a 10 MW distributed photovoltaic (DPV) deployment in 2009-2010. WPSC stated that an effort on the scale proposed by Sierra Club is not justified though it would be willing to participate in a statewide DPV collaborative. The Commission directed Commission staff to draft a Notice of Proceeding to address research and development of utility-owned distributed photovoltaic initiatives. It is appropriate for WPSC to participate in this collaborative.

2005 Wisconsin Act 141 (Act 141) Costs in Electric Base Rates

WPSC's large energy customers receive service under its Rg-1, Rg-2, Rg-3, Cg-1, Cg-2, Cg-3, Cg-4, Cg-5, Cg-20, Cp, Gy-1, Gy-3, Ms-1, and Ms-3 electric rate tariffs. The Act 141 cost in base rates for the Rg-1, Rg-2, and Rg-3 rate classes is \$0.00134 per kilowatt-hour (kWh). The Act 141 cost in base rates for the Cg-1, Cg-2, Cg-3, Cg-4, Cg-5, Cg-20, Cp, Gy-1, Gy-3, Ms-1, and

Ms-3 rate classes is \$0.00111 per kWh. Based on the Act 141 limits, the large energy customers will pay the specific conservation costs associated with the public benefits that they paid in 2005, less the authorized per kWh amounts of Act 141 costs included in base rates, which are listed above. As shown in Exhibit 4, the amounts the large energy customers in the Rg-1, Rg-2, Rg-3, Cg-1, Cg-2, Cg-3, Cg-4, Cg-5, Cg-20, Cp, Gy-1, Gy-3, Ms-1, and Ms-3 rate classes paid in 2005 are approximately \$0.00068, \$0.00062, \$0.00053, \$0.00056, \$0.00062, \$0.00052, \$0.00064, \$0.00050, \$0.00034, \$0.00023, \$0.00135, \$0.00135, \$0.00135, and \$0.00135 per kWh, respectively.

Replacement of the Generation Displacement Service with the Real Time Market Pricing Program

WPSC has offered Generation Displacement Service for a number of years. Generation Displacement Service provides industrial customers the opportunity to purchase non-firm energy from the utility when doing so is cheaper than operating the customer's generation. The provisions of this service schedule, however, are no longer compatible with the Midwest Independent Transmission System Operator energy market. WPSC proposed to replace the Generation Displacement Service schedule with a Real Time Market Pricing Program. The Real Time Market Pricing Program is not just a simple replacement for the Generation Displacement Service, but is in fact a real time pricing service schedule available to any industrial customer.

The Commission finds that it is reasonable to cancel the Generation Displacement Service schedule and to replace it with the Real Time Market Pricing Program. The Real Time Market Pricing Programs shall be modified to include a charge for transmission service of \$2.59 per kilowatt (kW) based on the customer's monthly billed system demand.

Advanced Renewable Solar Buyback Tariff

WPSC proposed an Advanced Renewable Tariff for the purchase of energy from up to 300 kW of customer-owned solar generation at 25¢ per kWh. The proposed tariff was supported by the Sierra Club. The Commission finds that it is reasonable to authorize the proposed Advanced Renewable Tariff.

Gas Rates

Natural gas revenues were first decreased by prorating the overall decrease of \$3,000,000 to the various service rate classes based on their respective current distribution margin revenues. The volumetric gas distribution rates were reduced to decrease revenue recovery from the various service rate classes based on the pro rata decreases.

Natural gas revenues were decreased a second time by an amount estimated at \$400,000 to reflect the reduction in the fixed customer service charges and the basis reduction not recoverable by an increase in volumetric rates, as set forth in Exhibit 93, the stipulation between WPSC and CUB for the implementation of the RSM.

The average commercial per therm Act 141 cost is equal to \$0.0064. Based on the Act 141 limits, large energy customers will pay costs equal to their 2005 contributions towards gas conservation, less the authorized per therm charge of \$0.0064.

The natural gas rates shown in Appendix C reflect an overall decrease of \$3,000,000; an estimated \$400,000 decrease to reflect the Exhibit 93 stipulation between WPSC and CUB for the implementation of the RSM; and the average commercial Act 141 cost of \$0.0064 per therm. The Commission finds these rates reasonable and just.

Order

1. This Final Decision shall be effective on the date of mailing. The authorized rates and rules take effect on January 1, 2009. WPSC shall file the authorized rates and rules with the Commission and place them in all of its offices and pay stations no later than December 31, 2008.

2. WPSC is authorized to substitute for its existing rates for retail electric and natural gas service, the rate changes contained in Appendices B and C. These changes shall be in effect until the issuance of an order by the Commission establishing new rates.

3. WPSC shall prepare bill inserts that appropriately identify the rates authorized in this Final Decision. WPSC shall distribute the inserts to customers no later than the first billing containing these rates. WPSC shall file copies of these inserts with the Commission before it distributes the inserts to customers.

4. WPSC shall implement the terms and conditions set forth in the Stipulation contained in Appendix D excluding the gas distribution rate design referred to in Item 3 of the Stipulation consistent with this Final Decision.

5. The fuel costs in Appendix D shall be used for monthly monitoring of WPSC's 2009 fuel costs, pursuant to Wis. Admin. Code ch. PSC 116.

6. Fuel costs for 2009 shall be monitored using the following ranges: plus or minus 8 percent monthly; cumulative ranges of plus or minus 8 percent for the first month of the year, plus or minus 5 percent for the second month of the year, and plus or minus 2 percent for the remaining months of the year; and plus or minus 2 percent for the annual range.

7. WPSC is authorized to recover \$17 million of its deferred Weston 3 replacement power costs by amortizing these costs over a six-year period, beginning January 1, 2009, with no

carrying costs on the unamortized deferred balance. The amount included in rates in Appendix D is \$3 million. The remaining \$14 million shall be recovered over the final five years of the amortization period.

8. WPSC shall report monthly to the Commission its actual total system cost of generation and purchased energy less the revenues from opportunity sales of energy and capacity (monitored fuel costs). WPSC shall otherwise comply with the fuel cost determination and monitoring system as set forth in the Findings of Fact.

9. WPSC shall complete at least three community-based pilots. One of these pilots shall include AMI. WPSC shall file a progress report with the Commission on the pilots no later than March 1, 2009. The pilots shall receive prior Commission approval.

10. WPSC shall work with Focus on Energy and Commission staff to develop a plan no later than March 1, 2009, to spend additional voluntary contributions to Focus on Energy, in WPSC's service territory. The additional energy efficiency programs shall receive prior Commission approval.

11. WPSC shall file RSM compliance tariffs, reflecting the Commission's decision on WPSC's RSM, no later than March 1, 2009.

12. WPSC shall file information, including journal entries, no later than March 1, 2009, describing how it proposes to account for its RSM. Such accounting methods shall receive prior Commission approval.

13. WPSC shall defer any over- or under-collections within the rate adjustment cap subject to carrying costs based on WPSC's last approved short-term debt rate.

14. WPSC's commitment to support the final recommendations of the GWTF (see Exhibit 93) should include the increased Renewable Portfolio Standard recommendation.

15. WPSC shall record additional contributions to Focus on Energy to which WPSC commits in the decoupling stipulation, Exhibit 93, in the conservation escrow budget.

16. WPSC shall use the actual number of customers when determining the level of over- or under-collections under the RSM.

17. Regarding the limited performance review of RSM to begin after 12 months of operation, WPSC shall file sufficient information to allow the Commission to complete the review no later than March 1, 2010.

18. Regarding a more comprehensive review after 24 months of operation, WPSC shall file sufficient information to allow the Commission to complete the review no later than March 1, 2011.

19. Regarding a final comprehensive review to begin approximately six months before the end of the pilot period, WPSC shall file sufficient information to allow the Commission to complete the review no later than June 30, 2012.

20. WPSC shall work with Commission staff, CUB, and any other interested parties on any unresolved issues that arise during the four-year pilot program.

21. WPSC shall record annual conservation accrual amounts of \$14,188,227 for electric utility operations and \$8,952,458 for Wisconsin natural gas operations. The level for electric utility operations consists of the conservation budget of \$14,686,131 and an escrow adjustment of (\$497,904), which represents the test year amortization of the projected underspent escrow balance on December 31, 2008, over two years. The level for natural gas operations consists of the

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conservation budget of \$8,643,337, and an escrow adjustment of \$309,121, which represents the test year amortization of the projected overspent escrow balance on December 31, 2008, over two years. WPSC shall continue to record these amounts until the Commission authorizes new DSM accrual amounts.

22. WPSC shall receive Commission staff acceptance of any proposed changes to its customer service conservation activities before they are implemented and shall also propose measures of success that reflect the proposed changes.

23. The WPSC/Focus on Energy efficiency programs resulting from WPSC's Weston 4 Energy Efficiency Plan shall terminate December 31, 2008.

24. WPSC shall be an active participant in the Commission's generic proceeding to address the research and development of utility-owned distributed photovoltaic initiatives.

25. WPSC shall replace the Generation Displacement Service schedule with the Real Time Market Pricing Program.

26. WPSC shall implement the Advanced Renewable Tariff for the purchase of energy from customer-owned solar generation.

27. Jurisdiction is retained.

Dated at Madison, Wisconsin, December 30, 2008

By the Commission:


Sandra J. Paske
Secretary to the Commission

SJP:CCS:MEM:jlt:g:\order\pending\6690-UR-119 Final.doc

See attached Notice of Rights

PUBLIC SERVICE COMMISSION OF WISCONSIN
610 North Whitney Way
P.O. Box 7854
Madison, Wisconsin 53707-7854

**NOTICE OF RIGHTS FOR REHEARING OR JUDICIAL REVIEW, THE
TIMES ALLOWED FOR EACH, AND THE IDENTIFICATION OF THE
PARTY TO BE NAMED AS RESPONDENT**

The following notice is served on you as part of the Commission's written decision. This general notice is for the purpose of ensuring compliance with Wis. Stat. § 227.48(2), and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

PETITION FOR REHEARING

If this decision is an order following a contested case proceeding as defined in Wis. Stat. § 227.01(3), a person aggrieved by the decision has a right to petition the Commission for rehearing within 20 days of mailing of this decision, as provided in Wis. Stat. § 227.49. The mailing date is shown on the first page. If there is no date on the first page, the date of mailing is shown immediately above the signature line. The petition for rehearing must be filed with the Public Service Commission of Wisconsin and served on the parties. An appeal of this decision may also be taken directly to circuit court through the filing of a petition for judicial review. It is not necessary to first petition for rehearing.

PETITION FOR JUDICIAL REVIEW

A person aggrieved by this decision has a right to petition for judicial review as provided in Wis. Stat. § 227.53. The petition must be filed in circuit court and served upon the Public Service Commission of Wisconsin within 30 days of mailing of this decision if there has been no petition for rehearing. If a timely petition for rehearing has been filed, the petition for judicial review must be filed within 30 days of mailing of the order finally disposing of the petition for rehearing, or within 30 days after the final disposition of the petition for rehearing by operation of law pursuant to Wis. Stat. § 227.49(5), whichever is sooner. If an *untimely* petition for rehearing is filed, the 30-day period to petition for judicial review commences the date the Commission mailed its original decision.² The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

If this decision is an order denying rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not permitted.

Revised July 3, 2008

APPENDIX A

² See *State v. Currier*, 2006 WI App 12, 288 Wis. 2d 693, 709 N.W.2d 520.

(CONTESTED)

In order to comply with Wis. Stat. § 227.47, the following parties who appeared before the agency are considered parties for purposes of review under Wis. Stat. § 227.53.

Public Service Commission of Wisconsin
(Not a party but must be served)
610 N. Whitney Way
P.O. Box 7854
Madison, WI 53707-7854

WISCONSIN PUBLIC SERVICE CORPORATION

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CITIZENS UTILITY BOARD

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Kira E. Loehr
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INTEGRYS ENERGY SERVICES, INC.

Sarah Mead
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MANITOWOC PUBLIC UTILITIES

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Boardman Law Firm
PO Box 927
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RENEW WISCONSIN

Michael Vickerman
222 South Hamilton Street
Madison, WI 53703

SIERRA CLUB

Docket 6690-UR-119

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WAUSAU PAPER CORP.

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Niles Berman
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WISCONSIN END-USER GAS AND ELECTRIC ASSOCIATION

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WISCONSIN PAPER COUNCIL

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WISCONSIN PUBLIC POWER INC.

Paul G. Kent
Anderson & Kent, S.C.
1 North Pinckney Street, Suite 200
Madison, WI 53703

Wisconsin Public Service Corporation
SUMMARY OF ELECTRIC RATES

Rate Schedule, Class & Description	Present Rates	Authorized Rates
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Rg-1 RESIDENTIAL - Urban

Equivalent Monthly Customer Charge:	Single-phase	\$8.40	\$5.70
	Three-phase	\$14.00	\$9.70
Daily Customer Charge:	Single-phase	\$0.2762	\$0.1874
	Three-phase	\$0.4603	\$0.3189
Energy Charge (per kWh)		\$0.10911	\$0.11739
Fuel Adjustment Clause (per kWh)		\$0.00435	\$0.00000
Act 141 \$ in Base Rates (per kWh)		NA	\$0.00134
Approx. Act 141 \$ in Lg.Cust. Rates (per kWh)		NA	\$0.00068

Rg-2 RESIDENTIAL - Rural

Equivalent Monthly Customer Charge:	Single-phase	\$10.40	\$7.00
	Three-phase	\$16.00	\$11.00
Daily Customer Charge:	Single-phase	\$0.3419	\$0.2301
	Three-phase	\$0.5260	\$0.3616
Energy Charge (per kWh)		\$0.10911	\$0.11855
Fuel Adjustment Clause (per kWh)		\$0.00435	\$0.00000
Act 141 \$ in Base Rates (per kWh)		NA	\$0.00134
Approx. Act 141 \$ in Lg.Cust. Rates (per kWh)		NA	\$0.00062

Rg-3 OTOU RESIDENTIAL
OPTIONAL TOU - Urban

Equivalent Monthly Customer Charge:	Single-phase	\$8.40	\$5.70
	Three-phase	\$14.00	\$9.70
Daily Customer Charge:	Single-phase	\$0.2762	\$0.1874
	Three-phase	\$0.4603	\$0.3189
Energy Charge (per kWh):			
On Peak		\$0.20730	\$0.21422
Off Peak		\$0.05490	\$0.06182
Fuel Adjustment Clause (per kWh)		\$0.00435	\$0.00000
Water Heater:			
Control Charge		\$4.80	\$4.80
Control Charge - Seasonal		\$9.60	\$9.60
Act 141 \$ in Base Rates (per kWh)		NA	\$0.00134
Approx. Act 141 \$ in Lg.Cust. Rates (per kWh)		NA	\$0.00053

**Wisconsin Public Service Corporation
SUMMARY OF ELECTRIC RATES**

Rate Schedule, Class & Description	Present Rates	Authorized Rates
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**Rg-4 OTOU RESIDENTIAL
OPTIONAL TOU - Rural**

Equivalent Monthly Customer Charge:	Single-phase	\$10.40	\$7.00
	Three-phase	\$16.00	\$11.00
Daily Customer Charge:	Single-phase	\$0.3419	\$0.2301
	Three-phase	\$0.5260	\$0.3616
Energy Charge (per kWh):			
On Peak		\$0.20730	\$0.21442
Off Peak		\$0.05490	\$0.06202
Fuel Adjustment Clause (per kWh)		\$0.00435	\$0.00000
Water Heater:			
Control Charge		\$4.80	\$4.80
Control Charge - Seasonal		\$9.60	\$9.60
Act 141 \$ in Base Rates (per kWh)		NA	\$0.00134
Approx. Act 141 \$ in Lg.Cust. Rates (per kWh)		NA	\$0.00053

Cg-1 SMALL C&I (<50 KW)

Equivalent Monthly Customer Charge:	Single-phase	\$10.50	\$7.25
	Three-phase	\$15.00	\$10.25
Daily Customer Charge:	Single-phase	\$0.3452	\$0.2384
	Three-phase	\$0.4932	\$0.3370
Energy Charge (per kWh)		\$0.10911	\$0.11534
Fuel Adjustment Clause (per kWh)		\$0.00435	\$0.00000
Act 141 \$ in Base Rates (per kWh)		NA	\$0.00111
Approx. Act 141 \$ in Lg.Cust. Rates (per kWh)		NA	\$0.00056

Cg-2 SMALL C&I (<50 KW)

Equivalent Monthly Customer Charge:	Single-phase	\$12.50	\$8.50
	Three-phase	\$17.00	\$11.50
Daily Customer Charge:	Single-phase	\$0.4110	\$0.2795
	Three-phase	\$0.5589	\$0.3781
Energy Charge (per kWh)		\$0.10911	\$0.11580
Fuel Adjustment Clause (per kWh)		\$0.00435	\$0.00000
Act 141 \$ in Base Rates (per kWh)		NA	\$0.00111
Approx. Act 141 \$ in Lg.Cust. Rates (per kWh)		NA	\$0.00062

Wisconsin Public Service Corporation
SUMMARY OF ELECTRIC RATES

Rate Schedule, Class & Description	Present Rates	Authorized Rates
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Cg-5 SMALL C&I (50 < KW > 100)

Equivalent Monthly Customer Charge:	Single-phase	\$31.50	\$15.00
	Three-phase	\$36.50	\$19.00
Daily Customer Charge:	Single-phase	\$1.0356	\$0.4932
	Three-phase	\$1.2000	\$0.6247
Energy Charge (per kWh)		\$0.09490	\$0.10002
Fuel Adjustment Clause (per kWh)		\$0.00435	\$0.00000
Act 141 \$ in Base Rates (per kWh)		NA	\$0.00111
Approx. Act 141 \$ in Lg.Cust. Rates (per kWh)		NA	\$0.00050

Cg-3 OTOU C&I OPTIONAL TOU - Urban

Equivalent Monthly Customer Charge:	Single-phase	\$10.50	\$7.25
	Three-phase	\$15.00	\$10.25
Daily Customer Charge:	Single-phase	\$0.3452	\$0.2384
	Three-phase	\$0.4932	\$0.3370
Energy Charge (per kWh):			
On Peak		\$0.20730	\$0.21285
Off Peak		\$0.05490	\$0.06045
Fuel Adjustment Clause (per kWh)		\$0.00435	\$0.00000
Water Heater:			
Control Charge		\$4.80	\$4.80
Control Charge - Seasonal		\$9.60	\$9.60
Act 141 \$ in Base Rates (per kWh)		NA	\$0.00111
Approx. Act 141 \$ in Lg.Cust. Rates (per kWh)		NA	\$0.00052

Cg-4 OTOU C&I OPTIONAL TOU - Rural

Equivalent Monthly Customer Charge:	Single-phase	\$12.50	\$8.50
	Three-phase	\$17.00	\$11.50
Daily Customer Charge:	Single-phase	\$0.4110	\$0.2795
	Three-phase	\$0.5589	\$0.3781
Energy Charge (per kWh):			
On Peak		\$0.20730	\$0.21288
Off Peak		\$0.05490	\$0.06048
Fuel Adjustment Clause (per kWh)		\$0.00435	\$0.00000
Water Heater:			
Control Charge		\$4.80	\$4.80
Control Charge - Seasonal		\$9.60	\$9.60
Act 141 \$ in Base Rates (per kWh)		NA	\$0.00111
Approx. Act 141 \$ in Lg.Cust. Rates (per kWh)		NA	\$0.00064

**Wisconsin Public Service Corporation
SUMMARY OF ELECTRIC RATES**

Rate Schedule, Class & Description		Present Rates	Authorized Rates
Cg-20-TOU C&I (100-1000 kW)			
Equivalent Monthly Customer Charge:	Secondary	\$59.50	\$30.50
	Primary	\$113.60	\$58.30
Daily Customer Charge:	Secondary	\$1.9562	\$1.0027
	Primary	\$3.7348	\$1.9167
Customer Demand Charge		\$1.407	\$1.407
Standby Demand Charge		\$1.840	\$1.840
System Demand Charge:	Summer	\$10.670	\$10.670
	Winter	\$7.312	\$7.312
Energy Charge (per kWh):			
On Peak		\$0.06414	\$0.06875
Off Peak		\$0.03659	\$0.04120
Energy Limiter		\$0.16562	\$0.16997
Fuel Adjustment Clause (per kWh)		\$0.00435	\$0.00000
Act 141 \$ in Base Rates (per kWh)		NA	\$0.00111
Approx. Act 141 \$ in Lg.Cust. Rates (per kWh)		NA	\$0.00034
Cp LARGE C&I (>1000 kW)			
Equivalent Monthly Customer Charge:	Secondary	\$322.00	\$322.00
	Primary	375.00	375.00
	Transmission	858.00	858.00
Daily Customer Charge:	Secondary	\$10.5863	\$10.5863
	Primary	\$12.3288	\$12.3288
	Transmission	\$28.2082	\$28.2082
Distribution Demand Charge:			
Secondary		\$1.957	\$1.957
Primary		\$1.722	\$1.722
Substation - Transformer Capacity Charge:			
Transmission		\$0.583	\$0.583
Standby Demand Charge		\$3.50	\$3.50
System Demand Charge:			
Peak:			
Summer (Sec.)		\$10.758	\$10.758
Summer (Pri.)		10.484	10.484
Summer (Trans.)		10.295	10.295
Winter (Sec.)		5.918	5.918
Winter (Pri.)		5.768	5.768
Winter (Trans.)		5.663	5.663
Intermediate:			
Summer (Sec.)		\$8.069	\$8.069
Summer (Pri.)		7.863	7.863
Summer (Trans.)		7.721	7.721
Winter (Sec.)		4.439	4.439
Winter (Pri.)		4.326	4.326
Winter (Trans.)		4.247	4.247

**Wisconsin Public Service Corporation
SUMMARY OF ELECTRIC RATES**

Rate Schedule, Class & Description	Present Rates	Authorized Rates
Cp LARGE C&I (>1000 kW) -- continued		
Interruptible Demand Charge ¹		
Summer (Sec.)	\$4.457	\$4.457
Summer (Pri.)	4.183	4.183
Summer (Trans.)	3.994	3.994
Winter (Sec.)	2.767	2.767
Winter (Pri.)	2.617	2.617
Winter (Trans.)	2.512	2.512
Interruptible Credit ¹		
Summer	(6.301)	(6.301)
Winter	(3.151)	(3.151)
Note ¹ Interruptible Demand = Net of Firm Demand & Interruptible Credit		
Energy Charge:		
On-Peak (Secondary)	\$0.05699	\$0.06134
On-Peak (Primary)	0.05547	0.05982
On-Peak (Transmission)	0.05472	0.05907
Off-Peak (Secondary)	0.02848	0.03283
Off-Peak (Primary)	0.02773	0.03208
Off-Peak (Transmission)	0.02734	0.03169
Fuel Adjustment Clause (per kWh)	\$0.00435	\$0.00000
Power Factor Discount (Pri, Sec, Trans)	92.44%	92.44%
Act 141 \$ in Base Rates (per kWh)	NA	\$0.00111
Approx. Act 141 \$ in Lg.Cust. Rates (per kWh)	NA	\$0.00023

Gy-1 PRIVATE STREET LIGHTING

Mercury Vapor		
7000 Lumens (100)	\$16.82	\$17.00
11,000 Lumens (150W)	19.03	19.28
20,000 Lumens (400W)	23.35	23.80
Sodium Vapor		
9,000 Lumens (100W)	16.82	17.00
14,000 Lumens (150W)	19.03	19.28
27,000 Lumens (250 W)	23.35	23.80
45,000 Lumens (400W)	32.24	32.95
Wood Poles	4.84	4.84
Fiberglass Poles 25' / 20'	7.89	7.89
Fiberglass Poles 30' / 25'	10.69	10.69
Fiberglass Poles 35' / 30'	13.39	13.39
Fiberglass Poles 40' / 35'	22.28	22.28
Spans	2.09	2.09
Excess Footage - Mast Arm	0.22	0.22
Discounts:		
Mercury Vapor		
7000 Lumens (100W)	(2.23)	(2.23)
11,000 Lumens (150W)	(3.09)	(3.09)
20,000 Lumens (400W)	(4.87)	(4.87)

**Wisconsin Public Service Corporation
SUMMARY OF ELECTRIC RATES**

Rate Schedule, Class & Description	Present Rates	Authorized Rates
Gy-1 PRIVATE STREET LIGHTING -- (continued)		
Discounts (continued):		
Sodium Vapor		
9,000 Lumens (100W)	(1.23)	(1.23)
14,000 Lumens (150W)	(1.83)	(1.83)
27,000 Lumens (250 W)	(3.13)	(3.13)
45,000 Lumens (400 W)	(4.98)	(4.98)
Fuel Adjustment Clause (per kWh)	\$0.00435	\$0.00000
Act 141 \$ in Base Rates (per kWh)	NA	\$0.00111
Approx. Act 141 \$ in Lg.Cust. Rates (per kWh)	NA	\$0.00135
Gy-3 PRIVATE AREA LIGHTING		
Mercury Vapor		
7000 Lumens (100W) Area	\$12.07	\$12.25
20,000 Lumens (150W) Area	21.46	22.14
20,000 Lumens (150W) Directional	24.50	25.18
57,000 Lumens (400W) Directional	48.17	49.84
Sodium Vapor		
9,000 Lumens (100W) Area	12.07	12.25
14,000 Lumens (150W) Area	14.92	15.18
27,000 Lumens (250 W) Directional	28.92	29.37
45,000 Lumens (400W) Directional	35.24	35.95
Metal Halide		
36,000 Lumens (400W)	35.03	35.70
110,000 Lumens (1000 W)	52.65	54.25
Wood Poles	4.84	4.84
Fiberglass Poles 25' / 20'	7.89	7.89
Fiberglass Poles 30' / 25'	10.69	10.69
Fiberglass Poles 35' / 30'	13.39	13.39
Fiberglass Poles 40' / 35'	22.28	22.28
Spans	2.09	2.09
Discounts:		
Mercury Vapor		
7000 Lumens (100W)	(2.23)	(2.23)
11,000 Lumens (150W)	(4.87)	(4.87)
Sodium Vapor		
9,000 Lumens (100W)	(1.23)	(1.23)
14,000 Lumens (150W)	(1.83)	(1.83)
27,000 Lumens (250 W)	(3.13)	(3.13)
45,000 Lumens (400W)	(4.98)	(4.98)
Metal Halide		
36,000 Lumens (400W)	(4.81)	(4.81)
110,000 Lumens (1000 W)	(10.12)	(10.12)
Fuel Adjustment Clause (per kWh)	\$0.00435	\$0.00000
Act 141 \$ in Base Rates (per kWh)	NA	\$0.00111
Approx. Act 141 \$ in Lg.Cust. Rates (per kWh)	NA	\$0.00135

**Wisconsin Public Service Corporation
SUMMARY OF ELECTRIC RATES**

Rate Schedule, Class & Description	Present Rates	Authorized Rates
Ms-1 STREET LIGHTING		
Mercury Vapor		
7000 Lumens (100W)	\$16.82	\$17.00
11,000 Lumens (150W)	19.03	19.28
20,000 Lumens (250W)	23.35	23.80
Sodium Vapor		
9,000 Lumens (100W)	16.82	17.00
14,000 Lumens (150W)	19.03	19.28
27,000 Lumens (250 W)	23.35	23.80
45,000 Lumens (400W)	32.24	32.95
Metal Halide		
36,000 Lumens (400W)	32.24	32.95
Fixtures		
Acorn / New Haven (9,000 Lumen)	2.20	2.20
Dorchester (9,000 Lumen)	4.13	4.13
Traditionaire (9,000 Lumen)	1.47	1.47
Traditionaire (14,000 Lumen)	1.79	1.79
Shoe Box (14,000 Lumen)	2.92	2.92
Shoe Box (27,000 Lumen)	3.64	3.64
Shoe Box (45,000 Lumen)	5.73	5.73
Westminster (9,000 Lumen)	2.64	2.64
Discounts:		
Mercury Vapor		
7000 Lumens (100W)	(2.23)	(2.23)
11,000 Lumens (150W)	(3.09)	(3.09)
20,000 Lumens (250W)	(4.87)	(4.87)
38,000 Lumens (400 W)	(8.24)	(8.24)
57,000 Lumens (1000 W)	(11.64)	(11.64)
Sodium Vapor		
9,000 Lumens (100W)	(1.30)	(1.30)
14,000 Lumens (150W)	(1.93)	(1.93)
27,000 Lumens (250 W)	(3.32)	(3.32)
45,000 Lumens (400W)	(4.98)	(4.98)
Fuel Adjustment Clause (per kWh)	\$0.00435	\$0.00000
Act 141 \$ in Base Rates (per kWh)	NA	\$0.00111
Approx. Act 141 \$ in Lg.Cust. Rates (per kWh)	NA	\$0.00135

**Wisconsin Public Service Corporation
SUMMARY OF ELECTRIC RATES**

Rate Schedule, Class & Description	Present Rates	Authorized Rates
Ms-3 CUSTOMER OWNED ST. LIGHTING		
Mercury Vapor		
7000 Lumens (100W)	\$13.41	\$13.73
11,000 Lumens (150W)	16.11	16.55
20,000 Lumens (250W)	20.48	21.16
38,000 Lumens (400 W)	26.58	27.76
Sodium Vapor		
9,000 Lumens (100W)	11.12	11.30
14,000 Lumens (150W)	13.00	13.26
27,000 Lumens (250 W)	16.55	16.99
45,000 Lumens (400W)	21.06	21.76
Part Night Credit:		
Mercury Vapor		
7000 Lumens (100W)	(0.20)	(0.20)
11,000 Lumens (150W)	(0.27)	(0.27)
20,000 Lumens (250W)	(0.43)	(0.43)
38,000 Lumens (400 W)	(0.73)	(0.73)
Sodium Vapor		
9,000 Lumens (100W)	(0.11)	(0.11)
14,000 Lumens (150W)	(0.16)	(0.16)
27,000 Lumens (250 W)	(0.30)	(0.30)
45,000 Lumens (400W)	(0.47)	(0.47)
Fuel Adjustment Clause (per kWh)	\$0.00435	\$0.00000
Act 141 \$ in Base Rates (per kWh)	NA	\$0.00111
Approx. Act 141 \$ in Lg.Cust. Rates (per kWh)	NA	\$0.00135
Ms-31 MUNICIPAL ORNAMENTAL LIGHTING		
(Closed)		
Energy Charge	\$0.05826	\$0.06261
Fuel Clause Adjustment	\$0.00435	\$0.00000
RC-S1 RESIDENTIAL CONTROLLED SPACE HEATING		
Equivalent Monthly Customer Charge	\$9.15	\$6.23
Daily Customer Charge	\$0.3008	\$0.2048
Energy Charge	\$0.05780	\$0.06515
Fuel Clause Adjustment	\$0.00435	\$0.00000
CG-S1 SMALL C&I CONTROLLED SPACE HEATING		
Equivalent Monthly Customer Charge	\$9.15	\$6.23
Daily Customer Charge	\$0.3008	\$0.2048
Energy Charge	\$0.05780	\$0.06304
Fuel Clause Adjustment	\$0.00435	\$0.00000

**Wisconsin Public Service Corporation
SUMMARY OF ELECTRIC RATES**

Rate Schedule, Class & Description	Present Rates	Authorized Rates
---	--------------------------	-----------------------------

NATURE WISE

NAT-R	\$1.00	\$1.00
NAT-F	\$1.00	\$1.00
NAT-C	\$1.00	\$1.00

ATS - AUTOMATIC TRANSFER SWITCH

Monthly Customer Charge:		
Total Charge	\$650.00	\$650.00
Maintenance Only	\$210.00	\$210.00

PARALLEL GENERATION

Equivalent Monthly Customer Charge	\$8.00	\$8.00
Daily Customer Charge	\$0.2630	\$0.2630
On-Peak Energy Payment:		
Delivery at Secondary Voltage	\$0.09407	\$0.09407
Delivery at Primary Voltage	\$0.09623	\$0.09623
Delivery at Trans. Voltage	\$0.09504	\$0.09504
Off-Peak Energy Payment:		
Delivery at Secondary Voltage	\$0.03722	\$0.03722
Delivery at Primary Voltage	\$0.03805	\$0.03805
Delivery at Trans. Voltage	\$0.03762	\$0.03762
Fuel Adjustment Clause (per kWh)	\$0.00435	\$0.00000

Rg-5 OTOU URBAN RESIDENTIAL**OPTIONAL 3-Tier TOU**

All Customer Charges	Same as Rg-3	Same as Rg-3
Energy Charges:		
On-Peak	\$0.23287	\$0.23722
Shoulder	\$0.10911	\$0.11346
Off-Peak	\$0.06721	\$0.07156
Fuel Adjustment Clause (per kWh)	\$0.00435	\$0.00000

Rg-6 OTOU RURAL RESIDENTIAL**OPTIONAL 3-Tier TOU**

All Customer Charges	Same as Rg-4	Same as Rg-4
Energy Charges:		
On-Peak	\$0.23287	\$0.23722
Shoulder	\$0.10911	\$0.11346
Off-Peak	\$0.06721	\$0.07156
Fuel Adjustment Clause (per kWh)	\$0.00435	\$0.00000

**Wisconsin Public Service Corporation
SUMMARY OF ELECTRIC RATES**

Rate Schedule, Class & Description	Present Rates	Authorized Rates
Rg-RR, RESPONSE REWARDS		
All Customer Charges	Same as Rg	Same as Rg
Energy Charges:		
Critical Peak	\$0.45000	\$0.45435
On-Peak	\$0.19109	\$0.19544
Off-Peak	\$0.06721	\$0.07156
Fuel Adjustment Clause (per kWh)	\$0.00435	\$0.00000
Cg-20 RESPONSE REWARDS		
All Customer Charges	Same as Cg-20	Same as Cg-20
System Demand Charges:		
Summer	\$8.003	\$7.729
Winter	\$5.484	\$5.297
Energy Charges:		
Critical Peak	\$0.35000	\$0.35435
On-Peak	\$0.04265	\$0.04700
Off-Peak	\$0.03293	\$0.03728
Fuel Adjustment Clause (per kWh)	\$0.00435	\$0.00000
Cp-RR RESPONSE REWARDS		
All Customer Charges	Same as Cp	Same as Cp
System Demand Charge:	Unchanged	Unchanged
Energy Charge:		
Critical (Sec.)	\$0.35000	\$0.35435
Critical (Pri.)	\$0.34073	\$0.34508
Critical (Trans.)	\$0.33069	\$0.33504
On-Peak (Sec.)	\$0.04194	\$0.04629
On-Peak (Pri.)	\$0.04083	\$0.04518
On-Peak (Trans.)	\$0.04027	\$0.04462
Off-Peak (Sec.)	\$0.02562	\$0.02997
Off-Peak (Pri.)	\$0.02495	\$0.02930
Off-Peak (Trans.)	\$0.02461	\$0.02896
Fuel Adjustment Clause (per kWh)	\$0.00435	\$0.00000
Cp-ND NEXT DAY PRICING OPTION		
System Demand Charges:	Same as Cp	Same as Cp
Off-Peak Charges	Same as Cp	Same as Cp
On-Peak Charges:		
Critical Day		
Secondary	\$0.12092	\$0.12527
Primary	\$0.11772	\$0.12207
Transmission	\$0.11612	\$0.12047
Peak Day		
Secondary	\$0.07392	\$0.07827
Primary	\$0.07194	\$0.07629
Transmission	\$0.07096	\$0.07531
Mid-Economy Day		
Secondary	\$0.04701	\$0.05136
Primary	\$0.04577	\$0.05012
Transmission	\$0.04515	\$0.04950
Economy Day		
Secondary	\$0.03539	\$0.03974
Primary	\$0.03445	\$0.03880
Transmission	\$0.03398	\$0.03833
Fuel Adjustment Clause (per kWh)	\$0.00435	\$0.00000

Wisconsin Public Service Corporation
Present and Authorized Rates

NATURAL GAS RATES		
	Present Rates	Authorized Rates
<u>Residential</u>		
Daily Customer Charge - (Rg-3)	\$ 0.3369	\$ 0.2301
Daily Customer Charge - Seasonal Service (Rg-3)	\$ 0.6738	\$ 0.4602
Daily Customer Charge - (Rg-T)	\$ 0.3369	\$ 0.3369
Daily Transportation Administrative Charge (Rg-T)	\$ 1.2329	\$ 1.2329
Volumetric Charges (per therm):		
Distribution Service Charge - (Rg-3)	\$ 0.2331	\$ 0.2685
Distribution Service Charge - (Rg-T)	\$ 0.2331	\$ 0.2247
Daily Balancing Charge	\$ 0.0009	\$ 0.0009
Gas Acquisition Charge (Rg-3)	\$ 0.0368	\$ 0.0368
<u>Standard Commercial (Cg-FST, Annual Usage < 2,000 therms)</u>		
Daily Customer Charge	\$ 0.3369	\$ 0.2301
Daily Customer Charge - Seasonal	\$ 0.6738	\$ 0.4602
Volumetric Charges (per therm):		
Distribution Service Charge	\$ 0.2331	\$ 0.2685
Daily Balancing Charge	\$ 0.0009	\$ 0.0009
Gas Acquisition Charge	\$ 0.0368	\$ 0.0368
<u>Small Commercial (Annual Usage 2,001 - 20,000 therms)</u>		
Daily Customer Charge - (Cg-FS)	\$ 0.9863	\$ 0.6904
Daily Customer Charge - Seasonal (Cg-FS)	\$ 1.9726	\$ 1.3808
Daily Customer Charge - (Cg-TS, TSA, GTMS-S)	\$ 0.9863	\$ 0.9863
Daily Telemetering Charge (Cg-TS, GTMS-S)	\$ 0.9205	\$ 0.9205
Daily Transportation Administrative Charge (Cg-TS, CG-TSA, GTM)	\$ 1.2329	\$ 1.2329
Volumetric Charges (per therm):		
Distribution Service Charge - (Cg-FS)	\$ 0.1263	\$ 0.1385
Distribution Service Charge - (Cg-TS, TSA, GTMS-S)	\$ 0.1263	\$ 0.1222
Daily Balancing Charge	\$ 0.0009	\$ 0.0009
Gas Acquisition Charge (Cg-FS, GTMS-S)	\$ 0.0368	\$ 0.0368
<u>Medium Commercial (Annual Usage 20,001 - 200,000 therms)</u>		
Daily Customer Charge - (Cg-FM)	\$ 4.4383	\$ 3.1233
Daily Customer Charge - Seasonal (Cg-FM)	\$ 8.8766	\$ 6.2466
Daily Customer Charge - (Cg-IM, TM, TMA, GTMS-M)	\$ 4.4383	\$ 4.4384
Daily Telemetering Charge (Cg-IM, Cg-TM, GTMS-M)	\$ 0.9205	\$ 0.9205
Daily Transportation Administrative Charge (Cg-TM, Cg-TMA, GTM)	\$ 1.2329	\$ 1.2329
Volumetric Charges (per therm):		
Distribution Service Charge (FM)	\$ 0.0708	\$ 0.0788
Distribution Service Charge - (Cg-IM, TM, TMA, GTMS-M)	\$ 0.0708	\$ 0.0686

	Present Rates	Authorized Rates
<u>Large Commercial (200,001 to 2,400,000)</u>		
Daily Customer Charge	\$ 19.5616	\$ 19.5616
Daily Customer Charge - Seasonal (Cg-FL)	\$ 39.1233	\$ 39.1233
Telemetry Charge (Cg-FL, Cg-IL, Cg-TL, Cg-SOS-L, GTMS-L)	\$ 0.9205	\$ 0.9205
Transportation Administrative Charge (Cg-TL, Cg-TLA, GTMS-L)	\$ 1.2329	\$ 1.2329
Demand Charge	\$ 0.1475	\$ 0.1475
Volumetric Charges:		
Distribution Service Charge	\$ 0.0334	\$ 0.0321
Daily Balancing Charge	\$ 0.0009	\$ 0.0009
Gas Acquisition Charge (Cg-FL)	\$ 0.0288	\$ 0.0288
Gas Acquisition Charge (Cg-IL, Cg-SOS-L, GTMS-L)	\$ 0.0226	\$ 0.0226
<u>S-Large Commercial (> 2,400,000)</u>		
Daily Basic Distribution Charge	\$ 127.6274	\$ 127.6274
Telemetry Charge (Cg-ISL, Cg-TSL, GTMS-SL)	\$ 0.9205	\$ 0.9205
Transportation Administrative Charge (Cg-TSL, Cg-TSLA, GTMS-SI)	\$ 1.2329	\$ 1.2329
Demand Charge	\$ 0.0833	\$ 0.0833
Volumetric Charges:		
Distribution Service Charge (GC-5F, GC-5I)	\$ 0.0276	\$ 0.0267
Daily Balancing Charge	\$ 0.0009	\$ 0.0009
Gas Acquisition Charge (Cg-ISL, GTMS-SL)	\$ 0.0226	\$ 0.0226
<u>Interruptible Electric Generation (>200,000)</u>		
Daily Basic Distribution Charge	\$ 229.9726	\$ 229.9726
Telemetry Charge	\$ 0.9205	\$ 0.9205
Demand Charge	\$ 0.0649	\$ 0.0649
Volumetric Charges:		
Distribution Service Charge	\$ 0.0180	\$ 0.0164
Daily Balancing Charge	\$ 0.0009	\$ 0.0009
Gas Acquisition Charge	\$ 0.0226	\$ 0.0226

	Present Rates	Authorized Rates
<u>Coal Displacement Gas Transportation</u>		
Daily Basic Distribution Charge	\$ 127.6274	\$ 127.6274
Telemetry Charge	\$ 0.9205	\$ 0.9205
Transportation Administrative Charge (GN-9T)	\$ 1.2329	\$ 1.2329
Demand Charge	\$ 0.0616	\$ 0.0616
Volumetric Charges:		
Distribution Service Charge (GN-9F, GN-9I, GN-9T)	\$ 0.0200	\$ 0.0189
Daily Balancing Charge	\$ 0.0009	\$ 0.0009
<u>Base Average Cost of Gas Rates:</u>		
Commodity ("Comm") rate	\$ 0.7601	\$ 1.1051
Peak Day Demand ("D1") rate	\$ 0.0763	\$ 0.0982
Annual Demand ("D2") rate	\$ 0.0108	\$ 0.0097
Balancing ("Bal") rate	\$ 0.0030	\$ 0.0041
<u>Act 141 Volumetric Distribution Rates 1/</u>		
Residential (Rg-3)	\$ -	\$ 0.0092
Commercial & Industrial, Cg-ST (0 to 2,000)	\$ -	\$ 0.0064
Commercial & Industrial, Cg-S (2,001 to 20,000)	\$ -	\$ 0.0064
Commercial & Industrial, Cg-M (20,001 to 200,000)	\$ -	\$ 0.0064
Commercial & Industrial, Cg-L (200,001 to 2,400,000)	\$ -	\$ 0.0064
Commercial & Industrial, Cg-SL (> 2,400,000)	\$ -	\$ 0.0064
Interruptible Electric Generation, Cg-IEG (200,000+)	\$ -	\$ 0.0064
Coal Displacement Gas Transportation (CDGT)	\$ -	\$ 0.0064

1/ Act 141 volumetric distribution rates are included in the above volumetric Distribution Service Charges.

STIPULATION

The undersigned parties to this docket, the Test Year 2009 rate case of Wisconsin Public Service Corporation ("WPSC") in Docket No. 6690-UR-119, hereby stipulate to the resolution of the following issues.

1. Except as adjusted pursuant to this Stipulation, WPSC's 2009 electric rates will equal the electric rates currently in effect, which include an electric fuel surcharge of \$0.00435/kWh approved on July 3, 2008 in Docket 6690-FR-101 (and made subject to refund for 2008 on September 30, 2008) and the base rates the Commission approved on January 15, 2008 in Docket 6690-UR-118. The surcharge of \$0.00435/kWh, which equates to approximately \$48 million in annual revenues, shall be rolled into WPSC's base rates (except Pg-2 buyback rates) effective January 1, 2009, or the effective date of a Commission order in this docket, whichever is later. For 2008, the \$0.00435/kWh remains subject to refund per Commission order in Docket 6690-FR-101. For 2009, a new monitored fuel base shall be implemented and will be subject to the normal operation of the fuel rules. The new 2009 monitored fuel base is attached hereto as Appendix A.

2. The electric rates referenced in Paragraph 1 include a \$3.0 million annual recovery for deferred replacement power costs associated with the October 2007 forced outage of Weston 3 by lightning strike. The Commission shall decide what amount, if any, and what level of carrying costs, if any, WPSC shall recover of such deferred replacement power costs. The \$3.0 million annual recovery shall be adjusted in WPSC's 2010 rate reopener to accord with the Commission's decision.

3. WPSC's 2009 gas distribution rates will be decreased by \$3.0 million as compared to the rates approved by the Commission in its January 11, 2007 order in Docket No. 6690-UR-118. WPSC's gas distribution rate design shall be as set forth in Appendix B hereto.

4. The long-term range for common equity in WPSC's financial structure shall be 49.0% to 54.0%.

5. The common equity ratio target for WPSC's financial capital structure shall be 51.0%.

6. WPSC shall not pay, without Commission approval, normal dividends greater than 103 percent of the prior year's common dividend. WPSC shall notify the Commission if any special dividend is contemplated. No special dividend that might cause the common equity, on a financial basis, to drop below the projected calendar year average of 51.0 percent is permitted without Commission approval.

7. WPSC shall continue to earn a current return on 50% of CWIP except for the environmental upgrade projects at WPSC's electric generating facilities for which the

Appendix D

Commission previously authorized WPSC to capitalize 100 percent AFUDC. The Commission will consider requests for 100 percent return on CWIP on a project by project basis.

8. WPSC shall submit in its next rate case application detailed information regarding all off-balance sheet obligations for which the financial markets will calculate a debt equivalent. The information shall include, at a minimum, the minimum annual lease and purchased power agreement obligations; the method of calculation along with the calculated amount of the debt equivalent; and supporting documentation, including all reports, correspondence and any other justification that clearly established S&P's and other major credit rating agencies' determination of the off-balance sheet debt equivalent, to the extent available, and publicly available documentation when S&P and other major credit rating agencies' documentation is not available.

9. WPSC shall submit a ten-year financial forecast in its next rate case application.

10. The Commission shall authorize the deferrals and amortizations listed in Appendix C hereto. In addition, the following deferrals are authorized:

a. Costs incurred in purchasing NOx allowances in 2009, and NOx and SOx allowances in 2010.

b. Refunds from ATC associated with its network transmission services until such refunds can be returned to customers.

c. Production tax credits associated with the Crane Creek wind project.

d. WPSC is authorized to defer for accounting purposes any retail revenue reduction impacts resulting from Wisconsin Act 141 billing limitations on certain retail customers. Such deferred amounts shall be considered as conservation escrow charges and must be maintained in separate sub-accounts for future rate case purposes to insure that such retail customers with Wisconsin Act 141 billing limitations are not charged these deferred amounts.

11. The Commission shall adopt the uncontested alternatives for demand-side management set forth in Issues 21-24 of the Decision Matrix.

12. The Commission shall decide whether to adopt the energy efficiency stipulation of WPSC and Citizens Utility Board. WPSC's 2009 electric and gas rates referenced in Paragraphs 1 and 3 shall be adjusted for the impacted rate classes in accordance with that decision. WPSC is authorized to defer, with carrying costs at WPSC's cost of short-term debt, any additional contributions to Focus on Energy contemplated by the stipulation and authorized by the Commission for 2009. The recovery of 2010 costs and amortization of the 2009 deferred amount will be addressed in WPSC's 2010 rate reopener.

13. WPSC is authorized to defer, with carrying costs at WPSC's short term debt rate, the 2009 revenue requirement impacts resulting from the actual Pension and Benefit plan asset growth differing from the amount assumed with calculating the Staff audit revenue deficiencies for both gas and electric service in Docket No. 6690-UR-119 rate case. The recovery of 2010

Appendix D

costs and the amortization of the 2009 deferred amounts will be addressed in WPSC's 2010 rate reopener.

14. WPSC shall file a limited 2010 rate reopener that includes the following items: (1) fuel and purchased power costs including (a) delivered coal pricing and related costs, including handling and other miscellaneous costs, (b) emission control reagent costs, (c) emission allowance costs, (d) natural gas and fuel oil pricing, (e) purchased power pricing and related costs including MISO-related costs, ATC network transmission charges, and capacity costs, (f) plant outage schedules, (g) unit forced outage rates and derates, (h) unit rating data, and (i) the re-dispatch of all power supply options including Crane Creek Wind generation at that time; (2) construction costs associated with WPSC's Crane Creek wind project, including income tax-related credits and deductions; (3) revenue requirement associated with additional payments to Focus on Energy, and amortization of deferred 2009 amounts, if the Commission approves the energy efficiency stipulation between WPSC and Citizens Utility Board; (4) revenue requirement impact of change in Pension and Benefit plan asset growth and amortization of deferred 2009 amounts; (5) amortization of deferred replacement power costs associated with the October 2007 forced outage of Weston 3 by lightning strike; (6) amortization of the net refund of recoveries associated with the spent nuclear fuel dispute, and (7) green pricing and standard buyback rates.

15. The following uncontested issues, identified by their number in the Decision Matrix, shall be adopted: 38a, 38b, 38d, 38e, and 40-44.

16. The following issues, identified by their number in the Decision Matrix, are addressed by this Stipulation: 6, 8, 13-15, 18, 21-24, 25a, 25b, 25k, 25n, and 25o.

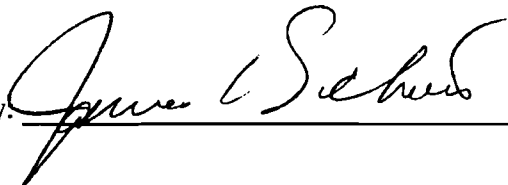
17. The following issues, identified by their number in the Decision Matrix, are withdrawn from the case and no action will be taken on them: 1-4, 7, 9-12, 16, 25m, 26-30, 32a (except as residential and commercial customer charges may be changed if the Commission approves the WPSC-CUB energy efficiency stipulation), 32b, 32c, 32d, 32e, 32g, 32h, 32j, 33-35, 37, 38c, 38f, and 39.

18. The following issues, identified by their number in the Decision Matrix, remain to be decided by the Commission: 5, 17, 20, 31, 32f, 32i, and 36.

19. Neither the fact of this Stipulation nor any of its individual provisions alone or in combination shall have any value as precedent outside the confines of this proceeding.

Dated: December 9, 2008

WISCONSIN PUBLIC SERVICE CORPORATION

By: 

CITIZENS UTILITY BOARD

By: 
by DJK

WISCONSIN INDUSTRIAL ENERGY GROUP

By: _____

WISCONSIN PAPER COUNCIL

By: _____

WAUSAU PAPER CORP.

By: _____

WISCONSIN END-USER GAS AND ELECTRIC ASSOCIATION

By: _____

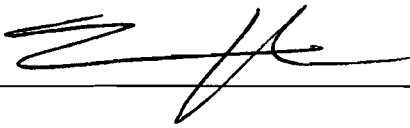
WISCONSIN PUBLIC SERVICE CORPORATION

By: _____

CITIZENS UTILITY BOARD

By: _____

WISCONSIN INDUSTRIAL ENERGY GROUP

By:  _____

WISCONSIN PAPER COUNCIL

By: _____

WAUSAU PAPER CORP.

By: _____

WISCONSIN END-USER GAS AND ELECTRIC ASSOCIATION

By: _____

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WISCONSIN PUBLIC SERVICE CORPORATION

By: _____

CITIZENS UTILITY BOARD

By: _____

WISCONSIN INDUSTRIAL ENERGY GROUP

By: _____

WISCONSIN PAPER COUNCIL

By: Earl Gustafson

WAUSAU PAPER CORP.

By: _____

WISCONSIN END-USER GAS AND ELECTRIC ASSOCIATION

By: _____

WISCONSIN PUBLIC SERVICE CORPORATION

By: _____

CITIZENS UTILITY BOARD

By: _____

WISCONSIN INDUSTRIAL ENERGY GROUP

By: _____

WISCONSIN PAPER COUNCIL

By: _____

WAUSAU PAPER CORP.

By: Niles Berner, attorney for Wausau Paper Corp.

WISCONSIN END-USER GAS AND ELECTRIC ASSOCIATION

By: _____

WISCONSIN PUBLIC SERVICE CORPORATION

By: _____

CITIZENS UTILITY BOARD

By: _____

WISCONSIN INDUSTRIAL ENERGY GROUP

By: _____

WISCONSIN PAPER COUNCIL

By: _____

WAUSAU PAPER CORP.

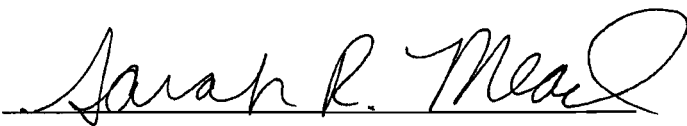
By: _____

WISCONSIN END-USER GAS AND ELECTRIC ASSOCIATION

By: Randy Higgins

Appendix D

INTEGRYS ENERGY SERVICES, INC.

By: 

Appendix D

Docket 6690-UR-119

Appendix A

Wisconsin Public Service Corporation

Monitored Fuel Costs For 2009

Month	Fuel Costs	kWh	\$ / kWh	Cumulative \$ / kWh
January	\$ 32,911,000	1,386,548,000	\$ 0.02374	\$ 0.02374
February	\$ 30,170,000	1,276,370,000	\$ 0.02364	\$ 0.02369
March	\$ 30,878,000	1,337,761,000	\$ 0.02308	\$ 0.02349
April	\$ 27,789,000	1,239,074,000	\$ 0.02243	\$ 0.02324
May	\$ 27,845,000	1,284,237,000	\$ 0.02168	\$ 0.02293
June	\$ 30,774,000	1,391,376,000	\$ 0.02212	\$ 0.02279
July	\$ 35,036,000	1,485,570,000	\$ 0.02358	\$ 0.02291
August	\$ 34,730,000	1,480,373,000	\$ 0.02346	\$ 0.02299
September	\$ 35,312,000	1,356,293,000	\$ 0.02604	\$ 0.02333
October	\$ 40,532,000	1,329,983,000	\$ 0.03048	\$ 0.02403
November	\$ 27,254,000	1,302,699,000	\$ 0.02092	\$ 0.02375
December	\$ 28,897,000	1,373,974,000	\$ 0.02103	\$ 0.02352
Total	\$ 382,128,000	16,244,258,000	\$ 0.02352	\$ 0.02352

Appendix D

Docket 6690-UR-119

Appendix C

Deferral Amortization Schedule

Deferral:	PSCW		Amortization	Test Year Amount	
	Deferral	Notes		Electric	Gas
	Authorization		Period		
ATC/MISO Day 1 Escrow	05-EI-124	1	2009-2010	(\$1,380,156)	\$0
3rd Party Wheeling Escrow	05-EI-124	4	2009-2010	(1,918,536)	0
MISO Day 2 Deferral	6690-UR-116	4	2009-2010	(203,856)	0
DePere Energy Center Premium	6690-EB-104	4	2009-2023	2,280,420	0
Weston 4 Past Recovered	6690-UR-116	4	2009-2010	(18,584)	0
KNPP 2005 Outage - O&M	05-GF-149	1	2009-2010	1,677,623	0
KNPP 2005 Outage - Purchased Power	05-GF-149	1	2009-2010	7,890,001	0
	05-EI-136,				
KNPP - Loss on Sale (Noncontigent)	6690-UR-117	1	2009-2010	77,260	0
KNPP Spent Fuel Dispute	6690-UR-116	4,5	2009-2010	90,364	0
Conservation Budget & Escrow	6690-UR-118	3	2009-2010	14,188,227	8,952,458
Emission Allowances Sale-SO ₂	6690-UR-118	1	2009-2010	(47,263)	0
Emission Allowances Sale-NO _x	6690-UR-113	1	2009-2010	247,753	0
Manufactured Gas Plant Clean-up	6690-UR-110	2	2009-2012	0	260,688
Weston 3 Lightning- Purchased Power	05-GF-120	1,5	2009	3,000,000	0
DMD and R&E Tax Credits	6690-GF-115	4	2009-2010	135,072	0
Tax Deferrals	Precedent	3	2009-2010	20,117	6,315
WUMS Socialization of MISO Congestion & Loss Costs & Credits	05-GF-165	4	2009-2010	(1,567,337)	0
Totals				24,471,105	9,219,461

(1) Amount applies to Wisconsin Retail customers only.

(2) Amount allocated between Wisconsin and Michigan Retail customers.

(3) Amount allocated between all WPSC jurisdictions. (WI, MI, FERC)

(4) Amount allocated between Wisconsin Retail and FERC Market Based customers.

(5) Remaining Deferral Balance to be addressed in reopener case for 2010.

Appendix D



Wisconsin Public Service Corporation
(a subsidiary of Integrys Energy Group, Inc.)
700 North Adams Street
P.O. Box 19001
Green Bay, WI 54307-9001

December 12, 2008

Ms. Sandra J. Paske
Secretary to the Commission
Public Service Commission of Wisconsin
610 N. Whitney Way
Madison, WI 53705

**APPLICATION OF WISCONSIN PUBLIC SERVICE
CORPORATION FOR AUTHORITY TO ADJUST
ELECTRIC AND NATURAL GAS RATES**

DOCKET 6690-UR-119

Dear Ms. Paske:

On December 9, 2008, Wisconsin Public Service Corporation ("WPSC") filed a Stipulation in this docket.

Based on the Stipulation, WPSC wishes to clarify that no Commission action is required on Issues 25c, 25d, 25e, 25f 25g, 25h, 25i, 25j, 25l and 25m of the Decision Matrix.

Copies of this letter have been sent to the parties on the service list from this docket.

Please direct any questions to me at 920-433-1502 or DJKyto@Integrysgroup.com.

Sincerely,

A handwritten signature in black ink that reads "David J. Kyto".

David J. Kyto, P.E.
Director – Rate Case Process

Cc:
Service List from Docket 6690-UR-119

Appendix E**BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN**

Application of Wisconsin Public Service Corporation for Authority
to Increase Retail Electric and Natural Gas Rates

Docket No. 6690-UR-119

**SECOND REVISED ENERGY EFFICIENCY STIPULATION OF WISCONSIN
PUBLIC SERVICE CORPORATION AND CITIZENS UTILITY BOARD**

Wisconsin Public Service Corporation ("WPSC") and the Citizens Utility Board ("CUB") hereby stipulate that the Public Service Commission ("PSC" or "Commission") may order WPSC to implement the terms of this Stipulation as set forth below.

1. Term.

Beginning on the effective date of the Final Decision in this proceeding, WPSC shall implement its Rate Stabilization Mechanism ("RSM") and implement certain other initiatives as described herein over a four-year period. For the avoidance of doubt, the years to be covered under this Stipulation are 2009, 2010, 2011 and 2012. The duties of WPSC and CUB under this Stipulation shall expire on December 31, 2012.

2. Details of RSM Mechanism.

WPSC will implement its RSM as described in the pre-filed rebuttal and surrebuttal testimony of Ms. Ilze Rukis, as filed in this proceeding on September 18, 2008 and September 24, 2008, in Delayed Exhibit 92, as filed in this proceeding on October 15, 2008, and as further modified by the terms of this Stipulation. These modifications are as follows:

- a.** The following customer classes will be covered by decoupling:

Electric Tariffs:

Residential/Small Commercial

Rg-1	Standard Urban Residential Rate
Rg-2	Standard Rural Residential Rate
Rg-3 OTOU	Urban Two-tier Optional Time of Use
Rg-4 OTOU	Rural Two-tier Optional Time of Use
Rg-5 OTOU	Urban Three-tier Optional Time of Use
Rg-6 OTOU	Rural Three-tier Optional Time of Use
Rc-S1	Residential Space Cooling and Space Heating – Controlled
Rg-RR	Residential Response Rewards
Cg-1	Standard Urban Commercial Rate < 12,500 kWh
Cg-2	Standard Rural Commercial Rate < 12,500 kWh
Cg-3 OTOU	Urban Commercial Optional Time of Use
Cg-4 OTOU	Rural Commercial Optional Time of Use
Cg-5	Standard Commercial Rate - Consumption between 12,500 kWh and 25,000 kWh
Cg-S1	Commercial Space Cooling and Space Heating -- Controlled
Cg-RR	Commercial Response Rewards - Customers < 12,500 kWh (new in UR-119)
Cg-5 RR	Commercial Response Rewards - Customers with consumption between 12,500 kWh and 25,000 kWh (new in UR-119)

Large Commercial

Cg-20	Small Commercial and Industrial – Customers with total demand > 100 kw and/or consumption > 25,000 kWh
Cg-20 RR	Commercial Response Rewards – Customers with total demand > 100 kW and or consumption > 25,000 kWh

Gas Tariffs

Residential/Small Commercial

Rate Schedule GRg: Residential: Customer Class Rg-3
 Rate Schedule GCg-F Commercial and Industrial Firm:
 Customer Class Cg-FST (standard)

Commercial

Rate Schedule GCg-F Commercial and Industrial Firm: Customer Classes
 Cg-FS & Cg-FM (small & medium, respectively)

- b.** For its electric and natural gas operations, WPSC will allocate under- or over-collections separately between the set of residential and the set of commercial customer

classes enumerated above. For its electric operations, all small commercial and industrial customers rate schedules except Cg-20 and Cg-20 RR will be grouped with the residential customer tariffs for the calculation and application of the RSM. For its natural gas operations, the Rg-3 customer class will be grouped with the Cg-FST customer class and the Cg-FS customer class will be grouped with the Cg-FM customer class.

c. WPSC shall true-up under- or over-collections annually and, in the event that a true-up will cause rates to increase, the Commission will provide opportunity for hearing.

d. The calculation of the electric RSM shall use Midwest ISO Locational Marginal Prices (LMP) instead of average fuel costs in determining the margin. The margin will be determined by subtracting the actual average Day Ahead hourly LMP for the WPS.M MISO node from the authorized energy rates.

e. The RSM will be contained in compliance tariff filings made after authorization of the RSM.

3. Commitments Concerning Increased Contributions to Focus on Energy.

WPSC will voluntarily increase its annual contribution to Focus on Energy or its successor (collectively, "Focus on Energy" or "FOE") to the following levels, consistent with the following schedule:

YEAR	R&C ELECTRIC REVENUES (%)	R&C NATURAL GAS REVENUES (%)
2009	2.0	2.0
2010	2.5	2.5
2011	3.0	3.0
2012	3.5	3.0

In the above table, "R" and "C" mean, respectively, the residential and commercial customer classes identified in paragraph 2.

a. WPSC's voluntary contributions to Focus on Energy under this paragraph shall be used exclusively to fund energy efficiency and customer-sited renewable energy programs and services to residential and commercial customers in the customer classes enumerated in paragraph 2.a., in WPSC's service territory, including the community-based pilots set forth in paragraph 5 of this Stipulation. The overall portfolio of programs and services so funded shall in all cases be designed to be cost-effective. If evaluations demonstrate that the overall programs and services funded pursuant to this paragraph are not cost-effective, WPSC's voluntary contributions under this paragraph shall be reduced to a cost-effective level.

b. If during the time period set forth above WPSC is required to make increased contributions as the result of a PSC order pursuant to Wis. Stat. § 196.374(3)(b)3 or due to a statutory change, WPSC's voluntary payments under this paragraph paid after the effective date of such new requirements shall be credited toward WPSC's compliance with such new requirements.

4. Support for Specified Recommendations of the Final Report of the Governor's Global Warming Task Force.

WPSC shall support the adoption and implementation of the following recommendations of Governor Doyle's Global Warming Task Force as set forth in its Final Report, *A Wisconsin Strategy for Reducing Global Warming* (July 2008):

a. Enhanced Conservation Spending And Conservation Programs (Item 1, Page 39). In fulfilling its obligations under this paragraph 4.a., WPSC shall take the following actions: 1) register, submit statements and/or testify as appropriate to the Wisconsin state

legislature and its relevant committees should this issue receive legislative review; 2) support implementation of the recommendations in Docket No. 05-UI-115 or any similar or successor docket opened by the Commission to establish levels of energy efficiency spending in Wisconsin.

b. Residential And Commercial Energy Efficient And Green Building Codes (Item 5, Pages 40-41). In fulfilling its obligations under this paragraph 4.b., WPSC shall take the following actions: 1) should this issue receive legislative review, WPSC shall register, submit statements and/or testify as appropriate to the Wisconsin state legislature and its relevant committees; 2) should this issue receive administrative review, WPSC shall submit statements and/or otherwise support the establishment of the recommended new or improved building codes.

c. State Appliance Efficiency Standards (Item 8, pages 41-42). In fulfilling its obligations under this paragraph 4.c., WPSC shall take the following actions: 1) should this issue receive legislative review, WPSC shall register, submit statements and/or testify as appropriate to the Wisconsin state legislature and its relevant committees; 2) should this issue receive administrative review, WPSC shall submit statements and/or otherwise support the establishment of the recommended new or improved appliance efficiency standards.

d. Nonregulated Fuels Efficiency And Conservation (Item 10, page 42). In fulfilling its obligations under this paragraph 4.d., WPSC shall take the following actions: 1) should this issue receive legislative review, WPSC shall register, submit statements and/or testify as appropriate to the Wisconsin state legislature and its relevant committees; 2) should this issue receive administrative review, WPSC shall submit statements and/or otherwise support the establishment of the recommended non-regulated fuels efficiency and conservation efforts.

5. Community-Based Pilots.

WPSC and CUB will jointly develop and implement up to three community-based pilot programs in WPSC's service territory that include innovative rate offerings that increase the opportunities for customers to use energy more efficiently. The goals of the pilots will be: 1) to provide customers with information and education about alternative rates, energy efficiency and load management options; 2) to improve the integration of improved rate designs (including demand response) and energy efficiency initiatives; and 3) to obtain customer participation in such rates and options at least cost. The pilots will be funded by a portion of WPSC's increased contributions to Focus on Energy, as provided in paragraph 3. WPSC and CUB will use reasonable efforts to implement at least one pilot in summer 2009, with others to follow as soon as practical thereafter. These efforts will include obtaining municipal cooperation and support for the pilots, and customer participation in them. The implementation of the pilots may include a reasonable period of time to collect baseline data from participating municipalities before implementation of innovative rates and other pilot components. Each pilot will have a term that expires on December 31, 2012. WPSC and CUB will work with the PSC staff on a mutually agreeable schedule of evaluation of the adoption of innovative rates as the default rates.

6. Fixed Customer Charge Reduction.

WPSC shall reduce its fixed customer charges from its current (2008) levels by the amounts set forth in Attachment 1 to this Stipulation for each customer class that is under the RSM for both the Recoverable Fixed Charge Reduction described in paragraph 6.a., and the Non-Recoverable Fixed Charge Reduction described in paragraph 6.b. These fixed customer charges shall remain in effect through December 31, 2012.

a. Recoverable fixed customer charge reduction. WPSC may recover the lost revenues in volumetric or charges from within the customer classes identified in paragraph 2 of this Stipulation, but may not recover the lost revenues from other revenue classes not so covered.

b. Non-recoverable fixed customer charge reduction. In addition to the Recoverable Fixed Charge Reduction, and in lieu of any adjustment of its authorized cost of capital to reflect its implementation of the RSM mechanism. WPSC shall reduce its revenue requirement for the customer classes that are under the RSM by \$2.1 million in each year during the term of this agreement. WPSC shall implement this reduction through fixed customer charge reductions that are in addition to those under Section 6.a. WPSC shall not recover these revenue requirement reductions in volumetric or any other type of charge from the customer classes that are under the RSM or from its other customer classes.

c. In the event that it fails to secure approval for continuation of the RSM for the period beginning effective January 1, 2013, WPSC may reinstate its fixed customer charges to current (2008) levels. CUB shall not oppose a reinstatement of fixed customer charges in the Test Year 2013 to a level that is the lesser of WPSC current 2008 levels or the simple average fixed customer charges for the other major investor owned utilities in Wisconsin (WE, WPL, NSP and MGE) for residential customers that are in effect for 2012. CUB reserves the right to oppose any increases to WPSC's fixed customer charges beyond the lesser of WPSC's current 2009 levels for WPSC rates to be in effect in 2013 or the simple average utility fixed customer charges as determined under this paragraph.

7. Rate Recovery.

WPSC and CUB shall support rate recovery from the rate classes identified in paragraph 2 for the costs WPSC incurs in rate-making orders of the amounts WPSC spends in compliance with this Stipulation.

8. Support and Approval of Stipulation as a Whole.

WPSC and CUB acknowledge and agree that this Stipulation represents a carefully negotiated package of costs, benefits and obligations that required the voluntary compromise of positions and interests of both parties. WPSC and CUB will support the PSC's approval of the Stipulation only as a whole. If the PSC approves the Stipulation with conditions or takes other actions that constitute material changes to a party's costs, benefits or obligations under this Stipulation, including but not limited to adjustments to WPSC's authorized cost of capital to reflect its implementation of the RSM mechanism, that party may in its sole discretion terminate its implementation of the Stipulation. WPSC and CUB further acknowledge that they do not view the Stipulation or any of its individual provisions alone or in combination with others as having any value as precedent outside the confines of this proceeding.

9. Cooperation.

WPSC and CUB shall cooperate in good faith in obtaining Commission approval for this Stipulation and in its implementation. In the event of unforeseen circumstances, or if suggestions are made to the improvement of this Stipulation by Commission staff or other parties to this proceeding and such suggestions are mutually acceptable, WPSC and CUB will agree to modify this Stipulation accordingly.

10. Commission Authority.

Acceptance of this Stipulation is not intended to limit the Commission's authority during the term of this Stipulation to reopen this rate case or require the setting of new rates for WPSC.

11. Next Full Rate Case.

WPSC shall file in 2010 for new rates effective in 2011, but such filing shall not alter the terms of this Stipulation. The parties recognize, however, that the calculation of fixed costs per customer under the RSM will change in accordance with new cost and customer information available to the WPSC at the time of its filing.

Dated: October 15, 2008

WISCONSIN PUBLIC SERVICE CORPORATION

By: /s/_____

Bradley D. Jackson, Attorney for WPSC

CITIZENS UTILITY BOARD

By: /s/_____

Curt F. Pawlisch, Attorney for CUB

REDUCTIONS IN FIXED CUSTOMER CHARGE -- ATTACHMENT 1

Rate Classes		Current Charge	Amount of Reduction Recoverable in Volumetric Charges	"Basis" Reduction Not Recoverable	Stipulated Customer Charge To Be In Effect For 2009-2012
ELECTRIC					
Residential					
Rg-1	Standard Urban Residential Rate Single PH	\$8.40	\$2.52	\$ 0.18	\$5.70
Rg-1	Standard Urban Residential Rate Three PH	\$14.00	\$4.11	\$ 0.19	\$9.70
Rg-2	Standard Rural Residential Rate Single PH	\$10.40	\$3.16	\$ 0.24	\$7.00
Rg-2	Standard Rural Residential Rate Three PH	\$16.00	\$4.76	\$ 0.24	\$11.00
Rg-3 OTOU	Urban Two-tier Optional Time of Use Single PH	\$8.40	\$2.52	\$ 0.18	\$5.70
Rg-3 OTOU	Urban Two-tier Optional Time of Use Three PH	\$14.00	\$4.11	\$ 0.19	\$9.70
Rg-4 OTOU	Rural Two-tier Optional Time of Use Single PH	\$10.40	\$3.16	\$ 0.24	\$7.00
Rg-4 OTOU	Rural Two-tier Optional Time of Use Three PH	\$16.00	\$4.76	\$ 0.24	\$11.00
Rg-5 OTOU	Urban Three-tier Optional Time of Use Single PH	\$8.40	\$2.52	\$ 0.18	\$5.70
Rg-5 OTOU	Urban Three-tier Optional Time of Use Three PH	\$14.00	\$4.11	\$ 0.19	\$9.70
Rg-6 OTOU	Rural Three-tier Optional Time of Use Single PH	\$10.40	\$3.16	\$ 0.24	\$7.00
Rg-6 OTOU	Rural Three-tier Optional Time of Use Three PH	\$16.00	\$4.76	\$ 0.24	\$11.00
Rc-S1	Residential Space Cooling and Space Heating -Controlled	\$9.15	\$2.72	\$ 0.20	\$6.23
Rg-RR	Residential Response Rewards Urban Single PH	\$8.40	\$2.52	\$ 0.18	\$5.70
Rg-RR	Residential Response Rewards Urban Three PH	\$14.00	\$4.11	\$ 0.19	\$9.70
Rg-RR	Residential Response Rewards Rural Single PH	\$10.40	\$3.16	\$ 0.24	\$7.00
Rg-RR	Residential Response Rewards Rural Three PH	\$16.00	\$4.76	\$ 0.24	\$11.00
Commercial					
Cg-1	Standard Urban Commercial Rate < 12,500 kWh Single PH	\$10.50	\$3.02	\$ 0.23	\$7.25
Cg-1	Standard Urban Commercial Rate < 12,500 kWh Three PH	\$15.00	\$4.43	\$ 0.32	\$10.25
Cg-2	Standard Rural Commercial Rate < 12,500 kWh Single PH	\$12.50	\$3.73	\$ 0.27	\$8.50
Cg-2	Standard Rural Commercial Rate < 12,500 kWh Three PH	\$17.00	\$5.14	\$ 0.36	\$11.50
Cg-RR	Commercial Response Rewards - Urban Single PH Customers with <12,500 kWh (new in Ur-119)	\$10.50	\$3.02	\$ 0.23	\$7.25
Cg-RR	Commercial Response Rewards - Urban Three PH Customers with <12,500 kWh (new in Ur-119)	\$15.00	\$4.43	\$ 0.32	\$10.25
Cg-RR	Commercial Response Rewards - Rural Single PH Customers with <12,500 kWh (new in Ur-119)	\$12.50	\$3.73	\$ 0.27	\$8.50
Cg-RR	Commercial Response Rewards - Rural Three PH Customers with <12,500 kWh (new in Ur-119)	\$17.00	\$5.14	\$ 0.36	\$11.50
Cg-3 OTOU	Urban Commercial Optional Time of Use Single PH	\$10.50	\$3.02	\$ 0.23	\$7.25
Cg-3 OTOU	Urban Commercial Optional Time of Use Three PH	\$15.00	\$4.43	\$ 0.32	\$10.25
Cg-4 OTOU	Rural Commercial Optional Time of Use Single PH	\$12.50	\$3.73	\$ 0.27	\$8.50
Cg-4 OTOU	Rural Commercial Optional Time of Use Three PH	\$17.00	\$5.14	\$ 0.36	\$11.50
Cg-5	Standard Commercial Rate - Consumption between 12,500 kWh and 25,000 kWh Single PH	\$31.50	\$10.52	\$ 5.98	\$15.00
Cg-5	Standard Commercial Rate - Consumption between 12,500 kWh and 25,000 kWh Three PH	\$36.50	\$10.57	\$ 6.93	\$19.00
Cg-5 RR	Commercial Response Rewards - Customers with consumption between 12,500 kWh and 25,000 kWh Single PH (new in Ur-119)	\$31.50	\$10.52	\$ 5.98	\$15.00
Cg-5 RR	Commercial Response Rewards - Customers with consumption between 12,500 kWh and 25,000 kWh Three PH (new in Ur-119)	\$36.50	\$10.57	\$ 6.93	\$19.00
Cg-S1	Commercial Space Cooling and Space Heating - Controlled	\$9.15	\$2.71	\$ 1.74	\$4.70
Cg-20	Commercial - Customers > 25,000 kWh or 100 KW <6,000 V	\$59.50	\$17.70	\$ 11.30	\$30.50
Cg-20	Commercial - Customers > 25,000 kWh or 100 KW >6,000 V	\$113.60	\$33.73	\$ 21.57	\$58.30
Cg-20 RR	Commercial Response Rewards - Customers > 25,000 kWh or 100 KW <6,000 V (renamed in UR-119, was Cg-RR)	\$59.50	\$17.70	\$ 11.30	\$30.50
Cg-20 RR	Commercial Response Rewards - Customers > 25,000 kWh or 100 KW >6,000 V (renamed in UR-119, was Cg-RR)	\$113.60	\$33.73	\$ 21.57	\$58.30

Page 2 of 2

Rate Classes		Current Charge	Amount of Reduction Recoverable In Volumetric Charges	"Basis" Reduction Not Recoverable	Stipulated Customer Charge To Be In Effect For 2009-2012
GAS					
GRg	Residential				
Rg-3		\$10.25	\$3.15	\$ 0.10	\$7.00
Rg-3	Seasonal	\$20.50	\$6.30	\$ 0.20	\$14.00
GCg-F	Commercial & Industrial Firm				
Cg-FST	Standard	\$10.25	\$3.15	\$ 0.10	\$7.00
Cg-FST	Seasonal	\$20.50	\$6.30	\$ 0.20	\$14.00
Cg-FS	Small	\$30.00	\$8.70	\$ 0.30	\$21.00
Cg-FS	Seasonal	\$60.00	\$17.40	\$ 0.60	\$42.00
Cg-FM	Medium	\$135.00	\$38.65	\$ 1.35	\$95.00
Cg-FM	Seasonal	\$270.00	\$77.30	\$ 2.70	\$190.00