

PUBLIC SERVICE COMMISSION OF WISCONSIN

Minutes and Informal Instructions of the Open Meeting of
Thursday, December 15, 2016

The Public Service Commission of Wisconsin (Commission) met as noticed. Present were Chairperson Nowak, Commissioner Montgomery and Commissioner Huebsch.

Minutes

The Commission approved the minutes of the open meeting of Thursday, December 8, 2016.

4660-SB-104 - Application of Pioneer Power and Light Company for Authority to Issue a \$250,000 Line of Credit

The Commission approved the Notice of Investigation and directed it be signed by the Secretary to the Commission on behalf of the Commission.

5820-SB-132 - Application of Superior Water, Light and Power Company for Authority to Issue Short-Term Notes Not to Exceed \$10 Million at Any Time During 2017

The Commission approved the Notice of Investigation and directed it be signed by the Secretary to the Commission on behalf of the Commission.

3520-CW-103 - Application of the City of Medford, as a Water Public Utility, for Authority to Construct Well No. 12 and Water Treatment Plant in the City of Medford, Taylor County, Wisconsin

The Commission approved the Notice of Investigation and directed it be signed by the Secretary to the Commission on behalf of the Commission.

6570-WA-100 - Application of the Windsor Sanitary District Number One, as a Water Public Utility, for Authority to Abandon its Water Utility and to Sell its Assets to the Windsor Water Utility, in the Village of Windsor, Dane County, Wisconsin

The Commission approved the Notice of Proceeding and directed it be signed by the Secretary to the Commission on behalf of the Commission.

3270-UR-121 - Application of Madison Gas and Electric Company for Authority to Change Electric and Natural Gas Rates

The Commission approved the Final Decision and directed it be signed by the Secretary to the Commission on behalf of the Commission.

6630-FR-106 - Application of Wisconsin Electric Power Company for Authorization to Implement New Electric Rates According to its 2017 Fuel Cost Plan

The Commission approved the Final Decision and directed it be signed by the Secretary to the Commission on behalf of the Commission.

6630-TH-100 - Application of Wisconsin Electric Power Company for Approval of an Economic Development Rate for New Steam Customers in Downtown Milwaukee, Wisconsin

The Commission approved the proposed Steam Economic Development Rate (Steam EDR) tariff filed on behalf of Wisconsin Electric Power Company (WEPCO), subject to the following conditions.

1. WEPCO shall submit revised final form tariff sheets for the Steam EDR.
2. WEPCO shall include a provision in the Steam EDR requiring new steam customers to attest, under oath, that “but for” the Steam EDR, they would not add new steam load to WEPCO’s steam system.
3. If WEPCO incurs additional production fixed costs at the Valley Power Plant because of the Steam EDR, WEPCO shall require that new steam customers taking service under the Steam EDR bear any unexpected revenue loss.

The Commission directed the Division of Energy Regulation to draft an order consistent with its discussion.

5-BS-212 - Joint Application of Wisconsin Public Service Corporation and Wisconsin Electric Power Company for Approval of a Transaction by Which Upper Michigan Resources Corporation Would Acquire Certain Assets Located in the Upper Peninsula of Michigan

5-AI-100 - Joint Application of Wisconsin Public Service Corporation and Wisconsin Electric Power Company for Approval of Affiliated Interest Agreements Related to a Transaction by Which Upper Michigan Energy Resources Corporation Would Acquire Certain Assets Located in the Upper Peninsula of Michigan

The Commission denied the request filed on behalf of Titus Energy, Inc., for a hearing in these investigations.

The Commission approved, with conditions, the joint application filed on behalf of Wisconsin Public Service Corporation (WPSC) and WEPCO for approval of the transaction by which

Upper Michigan Resources Corporation (UMERC) would acquire certain assets located in the Upper Peninsula (UP) of Michigan (docket 5-BS-212), and the joint application of WPSC and WEPCO for approval of affiliated interest agreements related to this transaction (docket 5-AI-100). In addition to the standard conditions, the specific additional conditions imposed include the following:

1. Any tax liability resulting from the proposed transfer of assets shall remain at the holding company, WEC Energy Group (WEC), and the applicants shall not seek to recover from Wisconsin retail customers any tax liability resulting from this transaction, consistent with Order Conditions 6 and 11 of the Commission's Final Decision in docket 9400-YO-100.
2. The applicants shall work with UMERC to ensure that any new generation resources or transmission alternatives in the UP are economical for both Michigan and Wisconsin ratepayers.
3. WEPCO shall submit any request to retire the Presque Isle Power Plant (PIPP) concurrently with any UMERC generator interconnection request, such that any facilities studies prepared by the Midcontinent Independent System Operator, Inc. (MISO), shall consider both actions concurrently.
4. WEC shall notify the Commission when it files the Certificate of Need with the Michigan Public Service Commission (MPSC) for any new generation resources located in the UP that are owned, operated, or leased by UMERC.
5. WEPCO shall concurrently file with MISO and the Commission its request to MISO to retire the PIPP.
6. WEC shall concurrently file with MISO and the Commission any generator interconnection request filed with MISO by UMERC.
7. Neither the determination by the MPSC in Case No. U-18061 nor the Commission's determinations contained in this Final Decision shall be construed as a determination on recoverability of any costs related to or resulting from this transaction. The Commission retains jurisdiction to address the recoverability of any such costs in subsequent rate cases.
8. WEPCO and WPSC shall notify the Commission of any proposed changes before the Federal Energy Regulatory Commission (FERC) that will shift costs to WEPCO or WPSC customers that are currently shared between Wisconsin and Michigan and shall cooperate with Commission staff to address such proposed changes.

9. The Commission shall have access to all books and records of UMERC pursuant to Wis. Stat. § 196.795(5)(b).
10. Within 30 days of completion of the transaction, WEC shall file with the Commission copies of the final and fully executed affiliated interest agreements.
11. Within 30 days of completion of the transaction, WEC shall file with the Commission the accounting entries related to the transfer of assets and the in-kind dividend disbursements, and the effects of these on each utility's capital structure.
12. Within 30 days of completion of the transaction, the applicants shall file with the Commission a summary of any costs incurred in connection with the transaction, including any tax liability or other transaction costs.
13. The applicants shall provide documentation annually to the Commission that the FERC-approved formula is being used to calculate the cost of energy and capacity charged to UMERC under the Purchased Power Agreements (PPAs).
14. The PPAs between WEPCO and UMERC and WPSC and UMERC shall be treated by WEPCO and WPSC as fully-allocated sales.
15. WPSC shall reflect any obligations to UMERC under the base contract and gas supply agreement in its annual gas supply plan filing to the Commission. WPSC shall also notify the Commission of any capacity releases to UMERC above those identified in the agreement under the 21-day letter process, and WPSC shall be bound by the natural gas standards of conduct in its transactions with UMERC.

The Commission directed the Division of Energy Regulation to draft an order consistent with its discussion.

The Commission adjourned the meeting at 11:10 a.m.

Sandra J. Paske
Secretary to the Commission