



Public Service Commission of Wisconsin

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For Immediate Release – February 8, 2007

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PSC Approves WPSR/Peoples Merger With Conditions to Protect Wisconsin Customers

MADISON – Today the Public Service Commission of Wisconsin (PSC) unanimously approved the merger of WPS Resources Corporation (WPSR) with Illinois-based Peoples Energy Corporation (PEC) with conditions designed to protect customers of its Wisconsin utility, Wisconsin Public Service Corporation (WPSC).

“Wisconsin law gives this Commission authority to make sure that mergers will not impact Wisconsin ratepayers or the viability of the utility,” PSC Chairperson Dan Ebert explained. “With the conditions we have set in place today and with continued Commission oversight, Wisconsin customers will be protected.”

PEC, an Illinois energy company with utilities that provide natural gas services to about one million customers in Chicago and northeastern Illinois, will become a subsidiary of WPSR. The new combined holding company will change the WPSR name to Integrys Energy Group. The new company will have total assets of over \$10 billion.

In a verbal decision, the Commission approved the merger. As part of the review process, WPSR agreed to 19 of the 20 conditions recommended by the PSC. Under the conditions approved by the Commission today, the new company cannot recover any transaction costs related to the merger from Wisconsin ratepayers. The Commission will continue to monitor developments of the transaction to assure that Wisconsin ratepayers and the Wisconsin utility are not impacted.

“The Commission’s approval of WPS Resource Corporation’s acquisition of Peoples Energy Corporation reflects the Commission’s careful efforts to balance our statutory obligations to Wisconsin consumers and WPSR’s interest in creating a larger and diversified energy company in today’s ever consolidating energy industry,” Commissioner Bert Garvin said. “Our decision today limits Wisconsin consumers’ exposure to merger related costs and affords WPSR with the opportunity to execute its business plan for the benefit of its shareholders and customers.”

“The PSC conducted a very thorough analysis of the complexities involved in this merger,” according to Commissioner Mark Meyer. “Although there may be challenges ahead for the companies, I’m convinced that with the conditions we have set today, WPSC customers will be protected.”

(MORE)

The PSC initiated its review of the merger in August 2006. A written order, based on the verbal Commission decisions today will be issued later. Documents associated with the PSC review of the merger can be viewed on the PSC's Electronic Regulatory Filing System at <http://psc.wi.gov/>. Type case number 9405-YI-100 in the boxes provided on the PSC homepage or click on Electronic Regulatory Filing System button.

(END)