

BEFORE THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

Federal Implementation Plans:
Interstate Transport of Fine Particulate
Matter and Ozone and Correction of
SIP Approvals
76 Fed. Reg. 48208 (August 8, 2011)

EPA Docket No.
EPA-HQ-OAR-2009-0491

PETITION FOR RECONSIDERATION AND REQUEST TO STAY

Pursuant to 5 U.S.C. §705 and 42 U.S.C. §7607(d)(7)(B), the Wisconsin Paper Council, Inc. (“WPC”), Wisconsin Manufacturers and Commerce (“WMC”), Midwest Food Processors Association (“MWFPA”), Wisconsin Industrial Energy Group (“WIEG”), and Wisconsin Cast Metals Association (“WCMA”) (collectively, “Petitioners”) respectfully request that the U.S. Environmental Protection Agency (“EPA”) grant reconsideration and immediately stay the compliance deadline and effective date of EPA’s Final Rule signed July 6, 2011, titled “Federal Implementation Plans to Reduce Interstate Transport of Fine Particulate Matter and Ozone in 27 States” (“CSAPR”) as it applies to Wisconsin.

BACKGROUND ON PETITIONERS

A. Wisconsin Paper Council, Inc.

WPC, headquartered in Appleton, Wisconsin, is a non profit corporation and operates as a trade association representing the interests of Wisconsin’s pulp and paper manufacturers, and allied industries.

WPC is a membership organization and represents the interests of 20 pulp and paper manufacturers plus allied industries in SIC Code 26. These industries employ approximately 32,000 Wisconsin residents in good paying jobs. WPC represents its members on matters of mutual concern before the Legislature, the Wisconsin Department of Natural Resources and other executive branch agencies, the EPA, and the Courts.

Since the early 1970s, WPC and its members have taken an active role in advocating policies for Wisconsin which protect the environment while allowing Wisconsin’s paper manufacturers to operate efficiently and competitively with their peers in other states.

B. Wisconsin Manufacturers and Commerce

WMC is a business trade association with nearly 4,000 members and is dedicated to making Wisconsin the most competitive state in the nation to do business through public policy that supports a healthy business climate. Its members are Wisconsin businesses that operate throughout the state in the manufacturing, energy, commercial, health care, insurance, banking,

and service industry sectors of the economy. Roughly one-fourth of Wisconsin's workforce is employed by a WMC member company.

C. Midwest Food Processors Association

MWFPA is a non profit trade association representing the food processing industry in the Midwest. Its members operate over 100 facilities in Wisconsin, Illinois, and Minnesota. In 2008, the industry generated nearly \$34 billion in product shipments and employed more than 62,000 people in Wisconsin.

MWFPA advocates regulatory and legislative positions that are of importance to the food processing industry, including the collection, treatment, reclamation and disposal of wastewater. MWFPA and its members have represented the industry on various advisory bodies at the state level, as well as before the Legislature, the Wisconsin Department of Natural Resources and other executive branch agencies, the EPA, and the Courts. MWFPA works with state legislators on a continuing basis to ensure new regulations do not unduly limit the ability of Wisconsin's food processors to continue operating and expanding in Wisconsin.

D. Wisconsin Industrial Energy Group

WIEG is a trade association that represents over 30 large companies with operations in Wisconsin, which together employ approximately 50,000 people. WIEG members represent many of the state's largest energy consumers including paper, malting, automobile, food processing, chemical, metal casting and fabricating companies.

E. Wisconsin Cast Metals Association

WCMA is a trade association dedicated to enhancing the knowledge and competitiveness of metalcasting in the state of Wisconsin through the collective actions of its members. Wisconsin metal casting is a \$3 billion industry consisting of some 130 foundries employing approximately 18,000 people in communities across the state.

Wisconsin metalcasting products support other primary manufacturing located within the state, that in-turn provide jobs and supply product to service a wide variety of industries including mining, construction, transportation, consumer products, energy and military applications.

INTERESTS OF PETITIONERS

Implementation of CSPAR in Wisconsin will cause a significant increase in the cost of electric service of Wisconsin electric utilities, and therefore in the rates Petitioners pay for electricity, which is an injury in fact to a pecuniary interest of Petitioners.

As noted above, Petitioners' membership is made up of industrial energy users throughout Wisconsin, the largest of whom pay upwards of \$1 - 2 million per month in electricity costs, per facility. Wisconsin's largest electric generating utilities expect that implementation of CSAPR in Wisconsin will result in significant increases in the cost of electricity, and in fact have already

filed cases at the Public Service Commission of Wisconsin seeking rate increases specifically because of costs associated with CSPAR. Each and every Petitioner and their members will suffer an unreasonable economic burden and will be directly and adversely impacted by increases in the cost of electricity resulting directly from implementation of CSAPR in Wisconsin.

The injury to Petitioners and their respective memberships is both real and immediate and is concrete in nature. In May 2011 Wisconsin Public Service Corporation ("WPSC"), a major Wisconsin investor owned utility providing energy to industrial facilities in Wisconsin, filed an application with the Public Service Commission of Wisconsin ("PSCW") seeking an increase of \$33.7 million in electric rates based on expected increases in operating costs. After the final CSPAR was published in August 2011, WPSC withdrew its May 2011 application and submitted an amended application to account for an additional \$32.6 million in cost increases, \$24.6 million of which is attributed directly to achieving compliance with CSPAR. *See* Supplemental Direct Testimony of John G. Guntlisbergen for WPSC at D1.65, August 19, 2011 Application of Wisconsin Public Service Corporation for Authority to Adjust Electric and Natural Gas Rates and Schedule 1 (PSCW Docket # 6690-UR-120), attached as Exhibit A; *EPA Cross State Air Pollution Rule*, powerpoint presentation by John G. Guntlisbergen, WPSC Manager of Electric Cost Recovery, attached as Exhibit B. In its own Motion for Partial Stay of CSAPR, WPSC also acknowledges that CSPAR will increase electricity rates and specifically states, "The increase will likely hit WPSC's industrial customers hardest due to the manner in which these types of costs are recovered from electric customers. WPSC's industrial customers include paper mills, foundries and other manufacturing facilities in north central and northeastern Wisconsin." *See* USCA Case #11-1350, Document #1332841 at 22, filed September 30, 2011.

Of WPSC's overall requested rate increase of 3.7%, 2.6% is directly attributable to CSAPR. *Id.* In its current PSCW rate case, WPSC further anticipates that large commercial and industrial ratepayers – Petitioners and their members -- will suffer a 9.1% increase in rates, 3.9% of which is directly attributable to CSAPR. *Id.* For ratepayers with average monthly bills of \$1 million or more, such an increase represents a direct and significant economic burden, and one which is fairly characterized as an injury in fact.

ISSUES FOR RECONSIDERATION

EPA finalized CSAPR without providing adequate opportunity for public review and comment on Wisconsin's emissions budgets. For all of the reasons detailed in the WPSC Amended Petition for Reconsideration and Request to Stay the Final Rule, submitted to EPA on September 30, 2011, Wisconsin's emission budgets, and the resulting regulatory climate is of central relevance to the outcome of this rule. As such, pursuant to 42 U.S.C. §7607(d)(7)(B), EPA is required to convene a proceeding to reconsider those portions of CSAPR that apply to Wisconsin. Petitioners hereby incorporate by reference all of the legal and technical arguments articulated in the WPSC Petition for Reconsideration and Request to Stay the Final Rule.

Moreover, in an effort to best understand how CSAPR was developed, the Utility Air Regulatory Group ("UARG") prepared a report entitled, Initial Identification of Unit Errors in Integrated Planning Model (IPM) Runs, by James Marchetti and J. Edward Cichanowicz. The report

provides detailed evaluation and analysis of the data used and input by EPA into the Integrated Planning Model, which EPA used to develop CSAPR. Section H of the UARG report identifies significant errors concerning the installation and operation of controls and fuel use at various Wisconsin facilities. This information demonstrates the need for EPA to reconsider CSAPR and immediately stay the compliance deadline and effective date as it applies to Wisconsin. The report will be submitted to EPA with UARG's petition for reconsideration.

RELIEF REQUESTED

For the reasons explained above, Petitioners respectfully request that EPA convene a proceeding for reconsideration of CSPAR. Petitioners further requests an immediate stay of CSPAR's effectiveness and compliance deadlines, as related to Wisconsin, for the longer of EPA's reconsideration proceeding or any subsequent action for judicial review.

Respectfully submitted this 6th day of October, 2011.

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BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of Wisconsin Public Service Corporation for)
Authority to Adjust Electric and Natural Gas Rates) 6690-UR-120

Supplemental Direct Testimony
of
John G. Guntlisbergen
for
Wisconsin Public Service Corporation

August 19, 2011

1 Q. Please state your name.

2 A. My name is John G. Guntlisbergen.

3

4 Q. Are you the same John G. Guntlisbergen that provided direct testimony in this
5 docket?

6 A. Yes, I am.

7

8 Q. What is the purpose of your supplemental direct testimony in this docket?

9 A. My supplemental direct testimony in this docket addresses the following issues:

- 10 1. Withdrawal of the previously requested gas distribution rate increase for
- 11 2012;
- 12
- 13 2. Update gas and electric amortizations of deferrals that are proposed for 2012;
- 14
- 15 3. Discuss impacts to fuel and purchased power costs due to the Cross-State
- 16 Air Pollution Rule (CSAPR);
- 17
- 18 4. Propose that the fuel cost tolerance band be set at zero percent for 2012; and
- 19
- 20 5. Request escrow treatment of non-monitored fuel related costs impacted by
- 21 the CSAPR rule.
- 22
- 23
- 24

1 **Q. Are you sponsoring any exhibits with your direct testimony?**

2 A. Yes. I am sponsoring Exhibit 1.05 (JGG-3).

3

4 **Q. Was this exhibit prepared by you or under your supervision?**

5 A. Yes, it was.

6

7 **Q. Please describe Exhibit 1.05 (JGG-3).**

8 A. This exhibit is comprised of 7 schedules, as described below:

- 9 1. Schedule 1 is an update to Schedule 2 of Exhibit 1.01 (JGG-1) showing
10 WPSC's limited incremental change in electric revenue requirements from
11 2011 to 2012 inclusive of cost impacts from the CSAPR rule.
12
- 13 2. Schedule 2 shows a comparison of the Wisconsin electric incremental
14 revenue requirements for 2012 under the PSCW Staff audit version and
15 the proposed update for the CSAPR rule.
16
- 17 3. Schedule 3 shows the Wisconsin retail electric incremental revenue
18 requirements from 2011 to 2012 with the cost impacts from the CSAPR
19 rule, allocated to rate schedules based on the functional allocation
20 methodology used in the 6690-UR-120 rate case.
21
- 22 4. Schedule 4 shows the forecast of WPSC's 2012 monitored fuel costs by
23 month, inclusive of the CSAPR rule impacts. Monitored fuel costs and
24 requirement MWHs are shown under the old Wisconsin fuel rules and
25 under the new Wisconsin fuel rules.
26
- 27 5. Schedule 5 calculates the incremental change in WPSC's fuel, purchased
28 power and related costs from the 6690-UR-120 test year 2011 to the
29 current forecast of the 2012 test year, including CSAPR costs. The
30 changes in MWHs for power supply sources and the cost per MWH are
31 also shown.
32
- 33 6. Schedule 6 shows a comparison of WPSC's incremental fuel, purchased
34 power and related costs by source for 2012 under the PSCW Staff audit
35 version and the proposed update for the CSAPR rule.
36
- 37 7. Schedule 7 shows the proposed deferral amortization schedule for both
38 the gas and electric businesses for the 2012 test year.
39

40

41 **Withdrawal of Request for Gas Distribution Rate Increase**

42

43 **Q. Does WPSC propose any changes to its May 2, 2011 request for an increase in**

1 **gas distribution rates for 2012?**

2 A. Yes. As further discussed in the supplemental direct testimony of Michael J. Ansay,
3 WPSC withdraws its May 2, 2011 request for an increase in gas distribution rates for
4 2012, and proposes that the gas distribution rates currently in effect for 2011
5 continue for 2012.

6

7 **Amortizations of deferrals in 2012**

8 **Q. Does WPSC propose any changes to the 2012 gas amortizations identified in**
9 **its May 2, 2011 filing?**

10 A. Yes, we do. WPSC proposes to record an amount equal to the gas amortization
11 expense identified in its May 2, 2011 filing. However, a portion of the gas
12 amortization expense originally proposed to be recorded in 2012 was required to be
13 recorded in July 2011 business, as described below.

14

15 As described earlier in this testimony, and in the supplemental direct testimony of
16 Michael J. Ansay, WPSC is withdrawing its May 2, 2011 proposed gas distribution
17 rate increase for 2012. Therefore, the currently effective 2011 gas distribution rates
18 will remain effective through 2012. Since the 2012 gas distribution rates are not
19 changing, WPSC will theoretically not recover the increased gas amortization
20 expense in 2012. Therefore, under the accounting rules, the proposed 2012 gas
21 amortization expense in excess of the 2011 gas amortization expense was
22 considered to be an impaired regulatory asset. Accordingly, the difference between
23 the proposed 2012 gas amortization expense and the 2011 gas amortization
24 expense was amortized in July 2011 business. Specifically, in July 2011 business,
25 WPSC expensed the difference between the 2012 Revenue Stability Mechanism
26 (“RSM”) amortization and the RSM amortization included in the 2011 gas revenue

1 requirement. Similarly, in July 2011 business, WPSC also amortized the difference
2 between 2012 gas Focus on Energy (“FOE”) amortization and the FOE amortization
3 included in the 2011 gas revenue requirement.

4

5 The remaining amounts of the RSM and FOE amortization will be amortized in 2012
6 business.

7

8 **Q. Does WPSC propose any changes to the electric amortizations identified for**
9 **2012 in its May 2, 2011 filing?**

10 A. No. The Company proposes to follow the electric amortizations identified in its May
11 2, 2011 filing, including the timing of those amortizations.

12

13 **Q. Please provide a schedule of the proposed deferral amortizations for 2012.**

14 A. Schedule 7 of Exhibit 1.05 (JGG-3) shows the proposed electric and gas deferral
15 amortizations for 2012. The 2012 gas amortizations have been adjusted as
16 described above.

17

18 **Cross State Air Pollution Rule (“CSAPR”)**

19 **Q. Please describe the “Cross State Air Pollution Rule” (CSAPR) that the US EPA**
20 **issued on July 11, 2011?**

21 A. The Cross State Air Pollution Rule, or CSAPR, was issued by the EPA to replace the
22 Clean Air Transport Rule (CATR). According to EPA, CSAPR will reduce SO₂
23 emissions from power plants in the states covered by 73% and NO_x emissions by
24 54% compared to 2005 emission levels. These reductions will occur in two steps, in
25 2012 and 2014.

26

1 **Q. How do the reductions under CSAPR impact WPSC compared to the impacts**
2 **under the proposed CATR?**

3 A. WPSC will receive significantly fewer allowances under CSAPR. In January 2011,
4 we estimated an allocation of 19,500 SO₂ allowances under CATR for 2012. Under
5 CSAPR, we anticipate that WPSC's allocation of SO₂ allowances will be reduced by
6 approximately 18% to 16,137 tons in 2012.

7
8 In addition, due to the proposed status of CATR, WPSC did not include any cost
9 impacts associated with the rule in the Company's initial 2012 rate increase request.
10 Therefore, the issuance of the CSAPR as a final rule and the major reduction in the
11 allocation of allowances at the last minute has triggered the need to revise WPSC's
12 estimate of 2012 fuel and purchase power cost.

13
14 **Q. How does CSAPR work?**

15 A. Each utility in the states covered by CSAPR is allocated a budget of SO₂ and NO_x
16 emission allowances based on historical operation and the targeted reductions in
17 SO₂ and NO_x for each of the covered states. At the end of 2012 each utility has to
18 surrender emission allowances that equal the utility's actual emissions in 2012 (one
19 allowance per ton of emissions). If the Company does not have enough allocated
20 allowances to cover its emissions, it is subject to significant penalties. In order to
21 comply, the utility can install emission controls, limit operation of its units to stay at or
22 below its allocation, or purchase allowances from the market.

23
24 **XX**

25 **XX**

1 1.05 (JGG-3). This results in a rate increase of 6.8%. WPSC requests recovery of
2 these costs in 2012.

3

4 **Q. What is the current expected incremental revenue requirement impact**
5 **including the cost impacts from the CSAPR rule relative to the PSCW Staff**
6 **audit version of the incremental revenue requirement for 2012?**

7 A. The current expected incremental revenue requirement impact including the cost
8 impacts from the CSAPR rule relative to the PSCW Staff audit version of the
9 incremental revenue requirements for 2012 is \$32.6 million, as shown on Schedule 2
10 of Exhibit 1.05 (JGG-3).

11

12 The cost increases over the PSCW Staff audit version of the 2012 revenue
13 requirements include higher American Transmission Company LLC charges for
14 network transmission service, higher coal transportation charges for fuel surcharges
15 included in rail contracts, and the cost impacts of the CSAPR.

16

17 **Fuel Cost Tolerance Band**

18 **Q. What does the Company propose as the fuel cost tolerance band under the**
19 **New Fuel Rules for the Company's 2012 fuel cost plan?**

20 A. The Company proposes a zero percent fuel cost tolerance band under the New
21 Fuel Rules for the Company's 2012 fuel cost plan.

22

23 **Q. Does the Commission have the authority to set a fuel cost tolerance band of**
24 **less than two percent?**

25 A. Yes. Section PSC 116.06 (3) of the New Fuel Rule establishes a two percent fuel
26 cost tolerance band "unless the Commission sets a different percentage when

1 approving a fuel cost plan. . . .”

2

3 **Q. Why is the Company proposing a zero percent fuel cost tolerance band for**
4 **2012?**

5 A. As indicated in the preceding testimony regarding increased fuel and purchased
6 power costs resulting from CSAPR, the cost impacts to the Company and its
7 customers are expected to be significant. But because the rule was issued so
8 recently, its impacts remain uncertain and there is considerable potential for the
9 Company’s current estimate of cost impact to be materially higher or lower. **XXXXX**

10 **XX**

11 **XX**

12 **XX**

13 **XX**

14 **XX**

15

16 In any event, the Company has provided the best estimate of cost impacts with what
17 is known at this time, but this estimate is highly uncertain. In order to address the
18 potential for over- or under-recovery of fuel and purchased power costs as a result of
19 this uncertainty, the Company proposes a full deferral of any over or under recovery
20 of fuel and purchased power costs by having a zero percent fuel tolerance band for
21 2012. Under these unique circumstances, a zero percent fuel tolerance band is the
22 most equitable for the Company and its customers.

23

24 **Request escrow treatment of non-monitored fuel related costs**

25 **XX**

26 **XX**

1 XXX

2 XXX

3 XXX

4 XXX

5 XXX

6 XXX

7 XXX

8 XXX

9 XXX

10 XXX

11 XXX

12 XXX

13

Energy Efficiency Payments

14 **Q. Do you have any comments on the forecasted revenue requirement associated**
15 **with increased energy efficiency payments?**

16

17 A. Yes. The electric revenue requirement reflects \$15,623,218 of proposed payments
18 for Focus on Energy incremental to the state mandated levels of 1.2%. For natural
19 gas, the incremental revenue requirement is \$7,193,587. These incremental
20 payments are pursuant to the Energy Efficiency Stipulation between the Company
21 and CUB that was approved by the Commission in Docket 6690-UR-119. The
22 Company has had preliminary discussions to address the territory wide spending and
23 the potential of suspending or reducing these payments. The Company will have
24 further discussions with CUB, Shaw Group and PSCW staff. If as a result of these
25 discussions, the parties agree to reduce or suspend the 2012 payments, the
26 Company will provide an update to the revenue requirement in this proceeding.

1

2 **Q. Does this complete your pre-filed supplemental direct testimony?**

3 **A. Yes, it does.**

**Wisconsin Public Service Corporation
Incremental Revenue Requirements from 2011 to 2012 (ELECTRIC)
Jurisdictional Revenue Requirements
With Cross-State Air Pollution Rule (CSAPR) Impacts**

Docket 6690-UR-120
Exhibit 1.05 (JGG-3)
Schedule 1
Page 1 of 1
Witness: J.G. Guntlisbergen
August 19, 2011

	Corp Amount	Wisconsin Juris. %	WI Juris. Amount	Carry Cost	WI Juris. Amnt + CC	Energy Mwh Alloc	RSM Mwh Alloc	Marginal Energy Cost	Production Demand	Transmission Demand
Monitored Fuel Costs Under New Fuel Rules	\$46,494,000	73.8139%	\$34,319,035		\$34,319,035			\$34,319,035		
Coal Handling Costs	(\$1,768,000)	73.8139%	(\$1,305,030)		(\$1,305,030)			(\$1,305,030)		
Ash Disposal Costs	(\$1,081,000)	73.8139%	(\$797,928)		(\$797,928)			(\$797,928)		
Impact of change in Capacity Purchases	\$6,797,000	78.1129%	\$5,309,334		\$5,309,334				\$5,309,334	
ATC Network Charges	\$9,021,000	85.9456%	\$7,753,153		\$7,753,153					\$7,753,153
MISO Network Charges	(\$640,000)	85.9456%	(\$550,052)		(\$550,052)					(\$550,052)
Remove Interruptible Revenue Credit by Jurisdiction	(\$7,811,606)	direct	(\$4,098,671)		(\$4,098,671)				(\$4,098,671)	
Allocate Interruptible Rev Credit Based on Demand	\$7,811,606	78.1129%	\$6,101,872		\$6,101,872				\$6,101,872	
Amort. of remaining deferred allowance costs & credits	(\$757,035)	100.0000%	(\$757,035)		(\$757,035)			(\$757,035)		
Incremental Amortization for 2012 FOE costs	\$3,865,687	100.0000%	\$3,865,687		\$3,865,687					
Remove 2009 RSM Amort in 2011 for 2012	(\$14,436,532)	100.0000%	(\$14,436,532)		(\$14,436,532)					
Amortization of remaining 2009 RSM	\$504,502	100.0000%	\$504,502		\$504,502					
Amortization of 2010 RSM	\$14,000,000	100.0000%	\$14,000,000	\$59,961	\$14,059,961					
Remove Fuel Refund in 2011 for 2012	\$15,239,000	100.0000%	\$15,239,000		\$15,239,000	\$15,239,000	\$14,059,961			
KNPP Non Qualified Decom. Fund - Additional Amort.	(\$38,250)	100.0000%	(\$38,250)		(\$38,250)				(\$38,250)	
KNPP Contingent Loss Amortization	(\$294,603)	100.0000%	(\$294,603)		(\$294,603)				(\$294,603)	
Incremental Electric Revenue Requirements in 2012	\$76,905,770		\$64,814,482	\$59,961	\$64,874,443	\$15,239,000	\$3,993,619	\$31,459,042	\$6,979,682	\$7,203,101

2011 Wisconsin electric retail revenue requirements included in PSCW Case 6690-UR-120
Incremental Electric Revenue Requirements in 2012

\$954,050,911 *
\$64,874,443 *

Rate Increase % for 2012

6.80%

* Tariff Revenues Only (Excluding Other Revenues)

**Wisconsin Public Service Corporation
Incremental Revenue Requirements from 2011 to 2012 (ELECTRIC)
Jurisdictional Revenue Requirements
Comparison of PSCW Staff Audit Version to CSAPR Version**

Docket 6690-UR-120

Exhibit 1.05 (JGG-3)

Schedule 2

Page 1 of 1

Witness: J.G. Guntlisbergen
August 19, 2011

	Audit Corp Amount	CSAPR Corp Amount	Change Corp Amount	Audit WI Juris. Amnt + CC	CSAPR WI Juris. Amnt + CC	Change WI Juris. Amnt + CC
Monitored Fuel Costs Under New Fuel Rules	\$4,984,000	\$46,494,000	\$41,510,000	\$3,678,885	\$34,319,035	\$30,640,150
Coal Handling Costs	(\$308,000)	(\$1,768,000)	(\$1,460,000)	(\$227,347)	(\$1,305,030)	(\$1,077,683)
Ash Disposal Costs	\$1,089,000	(\$1,081,000)	(\$2,170,000)	\$803,833	(\$797,928)	(\$1,601,762)
Impact of change in Capacity Purchases	\$6,797,000	\$6,797,000	\$0	\$5,309,334	\$5,309,334	\$0
ATC Network Charges	\$5,005,000	\$9,021,000	\$4,016,000	\$4,301,577	\$7,753,153	\$3,451,575
MISO Network Charges	(\$349,000)	(\$640,000)	(\$291,000)	(\$299,950)	(\$550,052)	(\$250,102)
Remove Interruptible Revenue Credit by Jurisdiction	(\$3,071,715)	(\$7,811,606)	(\$4,739,891)	(\$1,861,059)	(\$4,098,671)	(\$2,237,612)
Allocate Interruptible Rev Credit Based on Demand	\$3,071,715	\$7,811,606	\$4,739,891	\$2,399,406	\$6,101,872	\$3,702,466
Amort. of remaining deferred allowance costs & credits	(\$757,035)	(\$757,035)	\$0	(\$757,035)	(\$757,035)	\$0
Incremental Amortization for 2012 FOE costs	\$3,865,687	\$3,865,687	\$0	\$3,865,687	\$3,865,687	\$0
Remove 2009 RSM Amort in 2011 for 2012	(\$14,436,532)	(\$14,436,532)	\$0	(\$14,436,532)	(\$14,436,532)	\$0
Amortization of remaining 2009 RSM	\$504,502	\$504,502	\$0	\$504,502	\$504,502	\$0
Amortization of 2010 RSM	\$14,000,000	\$14,000,000	\$0	\$14,059,961	\$14,059,961	\$0
Remove Fuel Refund in 2011 for 2012	\$15,239,000	\$15,239,000	\$0	\$15,239,000	\$15,239,000	\$0
KNPP Non Qualified Decom. Fund - Additional Amort.	(\$38,250)	(\$38,250)	\$0	(\$38,250)	(\$38,250)	\$0
KNPP Contingent Loss Amortization	(\$294,603)	(\$294,603)	\$0	(\$294,603)	(\$294,603)	\$0
Incremental Electric Revenue Requirements in 2012	\$35,300,770	\$76,905,770	\$41,605,000	\$32,247,410	\$64,874,443	\$32,627,033

2011 Wisconsin electric retail revenue requirements included in PSCW Case 6690-UR-120
Incremental Electric Revenue Requirements in 2012

\$954,050,911 \$954,050,911
\$32,247,410 \$64,874,443

Rate Increase % for 2012

3.38% 6.80%

Wisconsin Public Service Corporation
 Incremental Revenue Requirements from 2011 to 2012 (ELECTRIC)
 Revenue Requirements by Rate Schedule
 With Cross-State Air Pollution Rule (CSAPR) Impacts

Docket 6690-UR-120
 Exhibit 1.05 (JGG-3)
 Schedule 3
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 Witness: J.G. Guntlisbergen
 August 19, 2011

	Total	Energy Mwh Alloc	RSM Mwh Alloc	Marginal Energy Cost	Production Demand	Transmission Demand
Wisconsin Revenue Requirements	\$64,874,443	\$15,239,000	\$3,993,619	\$31,459,042	\$6,979,682	\$7,203,101
ALLOCATION METHODOLOGIES:		(1a) Energy (Mwhs)	(1b) Energy (Mwhs)	(2)	(3)	(4)
RG-1		1,667,420	1,667,420	16.2459%	20.8715%	18.8069%
RG-2		901,198	901,198	8.7834%	11.4135%	10.0894%
CG-1		599,679	599,679	5.8917%	7.2549%	6.5707%
CG-2		259,674	259,674	2.5170%	3.1779%	2.6772%
CP-1 - P		1,870,117		17.8835%	12.2189%	14.4165%
CP-1 - S		691,115		6.6606%	4.8732%	5.9213%
CP-1 - Q		703,371		6.7580%	2.9947%	5.9781%
CP-1 - T		461,654		4.3729%	2.4330%	3.2533%
LS-1		44,853		0.3891%	0.4702%	0.4208%
MS-31		159		0.0014%	0.0017%	0.0015%
PG				0.0000%	0.0000%	0.0000%
CG-20 - P		53,220	53,220	0.5204%	0.5751%	0.5219%
CG-20 - S		2,459,034	2,459,034	24.0682%	26.6527%	24.9397%
RG-3 OTOU		68,365	68,365	0.6614%	0.7928%	0.7277%
RG-4 OTOU		95,892	95,892	0.9202%	1.0312%	0.9337%
CG-3 OTOU		49,694	49,694	0.4763%	0.5311%	0.4767%
CG-4 OTOU		37,703	37,703	0.3653%	0.4002%	0.3500%
ATS-1				0.0000%	0.0000%	0.0000%
CG-5		349,879	349,879	3.4471%	4.2885%	3.8976%
RG-5 OTOU		2,048	2,048	0.0200%	0.0108%	0.0098%
RG-6 OTOU		1,817	1,817	0.0176%	0.0081%	0.0073%
NAT-R				0.0000%	0.0000%	0.0000%
NAT-F				0.0000%	0.0000%	0.0000%
NAT-C				0.0000%	0.0000%	0.0000%
		10,316,893	6,545,624	100.0000%	100.0000%	100.0000%

Revenue Requirement by Rate Schedule

RG-1	\$11,402,500	\$2,462,933	\$1,017,327	\$5,110,800	\$1,456,762	\$1,354,677
RG-2	\$6,167,534	\$1,331,153	\$549,840	\$2,763,162	\$796,627	\$726,752
CG-1	\$4,084,789	\$885,781	\$365,876	\$1,853,468	\$506,369	\$473,294
CG-2	\$1,748,477	\$383,563	\$158,432	\$791,837	\$221,807	\$192,839
CP-1 - P	\$10,279,596	\$2,762,335	\$0	\$5,625,987	\$852,838	\$1,038,436
CP-1 - S	\$3,882,852	\$1,020,841	\$0	\$2,095,363	\$340,132	\$426,516
CP-1 - Q	\$3,804,581	\$1,038,943	\$0	\$2,126,009	\$209,022	\$430,607
CP-1 - T	\$2,461,728	\$681,905	\$0	\$1,375,670	\$169,816	\$234,338
LS-1	\$251,790	\$66,252	\$0	\$122,408	\$32,818	\$30,311
MS-31	\$894	\$235	\$0	\$435	\$117	\$108
PG	\$0	\$0	\$0	\$0	\$0	\$0
CG-20 - P	\$352,530	\$78,611	\$32,471	\$163,714	\$40,141	\$37,594
CG-20 - S	\$16,360,858	\$3,632,219	\$1,500,307	\$7,571,629	\$1,860,270	\$1,796,433
RG-3 OTOU	\$458,521	\$100,982	\$41,711	\$208,072	\$55,338	\$52,418
RG-4 OTOU	\$628,859	\$141,641	\$58,505	\$289,485	\$71,974	\$67,253
CG-3 OTOU	\$324,971	\$73,403	\$30,320	\$149,842	\$37,072	\$34,334
CG-4 OTOU	\$246,772	\$55,691	\$23,003	\$114,932	\$27,936	\$25,210
ATS-1	\$0	\$0	\$0	\$0	\$0	\$0
CG-5	\$2,394,769	\$516,803	\$213,468	\$1,084,421	\$299,327	\$280,750
RG-5 OTOU	\$12,013	\$3,025	\$1,250	\$6,282	\$751	\$705
RG-6 OTOU	\$10,409	\$2,683	\$1,108	\$5,525	\$566	\$526
NAT-R	\$0	\$0	\$0	\$0	\$0	\$0
NAT-F	\$0	\$0	\$0	\$0	\$0	\$0
NAT-C	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$64,874,443	\$15,239,000	\$3,993,619	\$31,459,042	\$6,979,682	\$7,203,101

- NOTE:
- (1a) Energy Use in Mwhs for all Wisconsin retail customers
 - (1b) Energy Use in Mwhs for customers paying RSM
 - (2) Marginal Energy Cost used as allocation methodology
 - (3) Production Demand, i.e. Net Design Demand, used as allocation methodology
 - (4) Transmission Demand, i.e. Gross Design Demand, used as allocation methodology

**Wisconsin Public Service Corporation
Monitored Fuel Costs
For the Year 2012
With Cross-State Air Pollution Rule (CSAPR) Impacts**

**Docket 6690-UR-120
Exhibit 1.05 (JGG-3)
Schedule 4
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Witness: J.G. Guntlisbergen
August 19, 2011**

Requirement MWHs	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Fuel Monitoring - Old Fuel Rules (MWH)	1,241,656	1,153,483	1,202,073	1,120,739	1,179,961	1,244,088	1,373,210	1,325,523	1,227,668	1,233,366	1,179,909	1,273,252	14,754,927
Less Transmission Losses (MWH)	(26,441)	(24,563)	(25,598)	(23,866)	(25,127)	(26,493)	(29,242)	(28,227)	(26,143)	(26,264)	(25,126)	(27,114)	(314,204)
Less Interdepartmental Sales (MWH)	(324)	(301)	(314)	(292)	(307)	(327)	(360)	(348)	(319)	(321)	(308)	(332)	(3,854)
Less Company Use (MWH)	(2,481)	(2,417)	(2,339)	(2,189)	(2,129)	(2,208)	(2,269)	(2,234)	(2,151)	(2,169)	(2,295)	(2,453)	(27,334)
Fuel Monitoring - New Fuel Rules (MWH)	1,212,410	1,126,202	1,173,822	1,094,391	1,152,397	1,215,060	1,341,338	1,294,714	1,199,054	1,204,611	1,152,180	1,243,353	14,409,534

2011 Costs in \$ 000's	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Fuel Monitoring - Old Fuel Rules	\$25,752	\$25,426	\$31,427	\$23,806	\$25,651	\$27,388	\$31,856	\$30,846	\$27,928	\$27,543	\$26,945	\$29,529	\$334,100
Emission Control Costs	\$827	\$665	\$747	\$672	\$640	\$751	\$795	\$768	\$781	\$813	\$745	\$830	\$9,033
Emission Allowance Costs	\$391	\$352	\$388	\$336	\$339	\$395	\$420	\$434	\$410	\$400	\$403	\$436	\$4,704
Fuel Monitoring - New Fuel Rules	\$26,970	\$26,444	\$32,562	\$24,814	\$26,631	\$28,534	\$33,071	\$32,048	\$29,120	\$28,756	\$28,094	\$30,795	\$347,837
Average Fuel Cost (\$/MWH)	\$22.25	\$23.48	\$27.74	\$22.67	\$23.11	\$23.48	\$24.66	\$24.75	\$24.29	\$23.87	\$24.38	\$24.77	\$24.14
Cumulative Average Fuel Cost (\$/MWH)	\$22.25	\$22.84	\$24.48	\$24.05	\$23.86	\$23.80	\$23.93	\$24.04	\$24.07	\$24.05	\$24.08	\$24.14	

2012 Costs in \$ 000's	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Fuel Monitoring - Old Fuel Rules	\$33,767	\$29,772	\$30,628	\$33,078	\$32,739	\$32,277	\$35,911	\$35,194	\$31,911	\$30,986	\$30,189	\$32,804	\$389,256
Emission Control Costs	\$349	\$284	\$288	\$259	\$143	\$303	\$330	\$297	\$295	\$299	\$276	\$339	\$3,462
Emission Allowance Costs	\$135	\$123	\$116	\$124	\$112	\$140	\$165	\$165	\$131	\$120	\$129	\$153	\$1,613
Fuel Monitoring - New Fuel Rules	\$34,251	\$30,179	\$31,032	\$33,461	\$32,994	\$32,720	\$36,406	\$35,656	\$32,337	\$31,405	\$30,594	\$33,296	\$394,331
Average Fuel Cost (\$/MWH)	\$28.25	\$26.80	\$26.44	\$30.57	\$28.63	\$26.93	\$27.14	\$27.54	\$26.97	\$26.07	\$26.55	\$26.78	\$27.37
Cumulative Average Fuel Cost (\$/MWH)	\$28.25	\$27.55	\$27.18	\$27.99	\$28.11	\$27.91	\$27.78	\$27.75	\$27.66	\$27.50	\$27.42	\$27.37	

Wisconsin Public Service Corporation
 Incremental Fuel, Purchased Power & Related Costs from 2011 to 2012
 With Cross-State Air Pollution Rule (CSAPR) Impacts

Docket 6690-UR-120
 Exhibit 1.05 (JGG-3)
 Schedule 5
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 Witness: J.G. Guntlisbergen
 August 19, 2011

	Corporate 6690-UR-120 2011 MWHs	CSAPR Corporate Re-opener 6690-UR-120 2012 MWHs	Corporate Change MWHs	Corporate 6690-UR-120 2011 \$'s	CSAPR Corporate Re-opener 6690-UR-120 2012 \$'s	Corporate Change \$'s	Wisconsin Juris. %	CSAPR Wisconsin Re-opener 6690-UR-120 Change \$'s	Corporate 6690-UR-120 2011 \$/Mwh	CSAPR Corporate Re-opener 6690-UR-120 2012 \$/Mwh	Corporate Change \$/Mwh
Coal Generation	10,461,368	7,097,888	(3,363,480)	\$258,845,000	\$177,548,000	(\$81,297,000)	73.8139%	(\$60,008,486)	\$24.74	\$25.01	\$0.27
Combustion Turbine Generation	57,017	109,234	52,217	\$5,044,000	\$8,215,000	\$3,171,000	73.8139%	\$2,340,639	\$88.46	\$75.21	(\$13.26)
Hydro Generation	276,982	273,415	(3,567)	\$0	\$0	\$0	73.8139%	\$0	\$0.00	\$0.00	\$0.00
Wind Generation	348,268	348,850	582	\$0	\$0	\$0	73.8139%	\$0	\$0.00	\$0.00	\$0.00
Purchased Power - Energy	4,695,246	7,670,663	2,975,417	\$109,548,000	\$238,113,000	\$128,565,000	73.8139%	\$94,898,841	\$23.33	\$31.04	\$7.71
Less Opportunity Sales	(1,083,954)	(745,123)	338,831	(\$39,337,000)	(\$34,620,000)	\$4,717,000	73.8139%	\$3,481,802	\$36.29	\$46.46	\$10.17
Monitored Fuel Costs Under Old Fuel Rules	14,754,927	14,754,927	(0)	\$334,100,000	\$389,256,000	\$55,156,000	73.8139%	\$40,712,795	\$22.64	\$26.38	\$3.74
Emission Control Costs				\$9,033,000	\$3,462,000	(\$5,571,000)	73.8139%	(\$4,112,172)			
Emission Allowance Costs				\$4,704,000	\$1,613,000	(\$3,091,000)	73.8139%	(\$2,281,588)			
Less Transmission Losses	(314,204)	(314,204)	-								
Less Company Use & Intdept	(31,188)	(31,188)	-								
Monitored Fuel Costs Under New Fuel Rules	14,409,535	14,409,535	(0)	\$347,837,000	\$394,331,000	\$46,494,000	73.8139%	\$34,319,035	\$24.14	\$27.37	\$3.23
Coal Handling Costs				\$3,940,000	\$2,172,000	(\$1,768,000)	73.8139%	(\$1,305,030)			
Ash Disposal Costs				\$6,905,000	\$5,824,000	(\$1,081,000)	73.8139%	(\$797,928)			
Purchased Power - Capacity Costs				\$128,915,000	\$135,712,000	\$6,797,000	78.1129%	\$5,309,334			
ATC Network Charges				\$113,030,000	\$122,051,000	\$9,021,000	85.9456%	\$7,753,153			
MISO Network Charges				\$2,788,000	\$2,148,000	(\$640,000)	85.9456%	(\$550,052)			
Total Fuel, Purchased Power & Related Costs				\$603,415,000	\$662,238,000	\$58,823,000		\$44,728,511			

Determination of Net Interruptible Revenue Credit Impact

Detail of Net Interruptible Credit

Remove Interruptible Revenue Credit by Jurisdiction	\$18,168,033			(\$18,168,033)	direct	(\$9,730,600)
Allocate Interruptible Revenue Credit Based on Demand	(\$18,168,033)			\$18,168,033	78.1129%	\$14,191,577
Remove Interruptible Revenue Credit by Jurisdiction		\$10,356,427		\$10,356,427	direct	\$5,631,929
Allocate Interruptible Revenue Credit Based on Demand		(\$10,356,427)		(\$10,356,427)	78.1129%	(\$8,089,705)
Net Interruptible Revenue Credit Impact to Revenue Requirements	\$0	\$0		\$0		\$2,003,201
Summary of Net Interruptible Credit						
Remove Interruptible Revenue Credit by Jurisdiction	\$18,168,033	\$10,356,427		(\$7,811,606)	direct	(\$4,098,671)
Allocate Interruptible Revenue Credit Based on Demand	(\$18,168,033)	(\$10,356,427)		\$7,811,606	78.1129%	\$6,101,872
Net Interruptible Revenue Credit Impact to Revenue Requirements	\$0	\$0		\$0		\$2,003,201

Wisconsin Public Service Corporation
 Incremental Fuel, Purchased Power & Related Costs from Audit 2012 to CSAPR 2012
 Comparison of PSCW Staff Audit Version to CSAPR Version

Docket 6690-UR-120
 Exhibit 1.05 (JGG-3)
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 Witness: J.G. Guntlisbergen
 August 19, 2011

	Audit Corp. 2012 MWHs	CSAPR Corp. 2012 MWHs	Change Corp. MWHs	Audit Corp. 2012 \$'s	CSAPR Corp. 2012 \$'s	Change Corp. \$'s	Wisc. Juris. %	Audit Wisc. 2012 \$'s	CSAPR Wisc. 2012 \$'s	Change Wisc. \$'s	Audit Corp 2012 \$/Mwh	CSAPR Corp 2012 \$/Mwh	Change Corp \$/Mwh
Coal Generation	9,393,127	7,097,888	(2,295,239)	\$235,621,000	\$177,548,000	(\$58,073,000)	73.8139%	\$173,921,049	\$131,055,103	(\$42,865,946)	\$25.08	\$25.01	(\$0.07)
Combustion Turbine Generation	96,400	109,234	12,834	\$7,536,000	\$8,215,000	\$679,000	73.8139%	\$5,562,616	\$6,063,812	\$501,196	\$78.17	\$75.21	(\$2.97)
Hydro Generation	273,372	273,415	43	\$0	\$0	\$0	73.8139%	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Wind Generation	348,850	348,850	0	\$0	\$0	\$0	73.8139%	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Purchased Power - Energy	5,680,951	7,670,663	1,989,712	\$144,294,000	\$238,113,000	\$93,819,000	73.8139%	\$106,509,029	\$175,760,492	\$69,251,463	\$25.40	\$31.04	\$5.64
Less Opportunity Sales	(1,037,773)	(745,123)	292,650	(\$42,128,000)	(\$34,620,000)	\$7,508,000	73.8139%	(\$31,096,320)	(\$25,554,372)	\$5,541,948	\$40.59	\$46.46	\$5.87
Monitored Fuel Costs - Old Fuel Rules	14,754,927	14,754,927	(0)	\$345,323,000	\$389,256,000	\$43,933,000	73.8139%	\$254,896,374	\$287,325,035	\$32,428,661	\$23.40	\$26.38	\$2.98
Emission Control Costs				\$3,487,000	\$3,462,000	(\$25,000)	73.8139%	\$2,573,891	\$2,555,437	(\$18,453)			
Emission Allowance Costs				\$4,011,000	\$1,613,000	(\$2,398,000)	73.8139%	\$2,960,676	\$1,190,618	(\$1,770,057)			
Less Transmission Losses	(314,204)	(314,204)	-										
Less Company Use & Intdept	(31,188)	(31,188)	-										
Monitored Fuel Costs - New Fuel Rules	14,409,535	14,409,535	(0)	\$352,821,000	\$394,331,000	\$41,510,000	73.8139%	\$260,430,940	\$291,071,090	\$30,640,150	\$24.49	\$27.37	\$2.88
Coal Handling Costs				\$3,632,000	\$2,172,000	(\$1,460,000)	73.8139%	\$2,680,921	\$1,603,238	(\$1,077,683)			
Ash Disposal Costs				\$7,994,000	\$5,824,000	(\$2,170,000)	73.8139%	\$5,900,683	\$4,298,922	(\$1,601,762)			
Purchased Power - Capacity Costs				\$135,712,000	\$135,712,000	\$0	78.1129%	\$106,008,579	\$106,008,579	\$0			
ATC Network Charges				\$118,035,000	\$122,051,000	\$4,016,000	85.9456%	\$101,445,889	\$104,897,464	\$3,451,575			
MISO Network Charges				\$2,439,000	\$2,148,000	(\$291,000)	85.9456%	\$2,096,213	\$1,846,111	(\$250,102)			
Total Fuel, Purchased Power & Related Costs				\$620,633,000	\$662,238,000	\$41,605,000		\$478,563,225	\$509,725,404	\$31,162,179			

Determination of Net Interruptible Revenue Credit Impact

Detail of Net Interruptible Credit

Remove Interruptible Revenue Credit by Jurisdiction	\$15,096,318	\$0	(\$15,096,318)	direct	\$7,869,541	\$0	(\$7,869,541)
Allocate Interruptible Revenue Credit Based on Demand	(\$15,096,318)	\$0	\$15,096,318	78.1129%	(\$11,792,171)	\$0	\$11,792,171
Remove Interruptible Revenue Credit by Jurisdiction		\$10,356,427	\$10,356,427	direct	\$0	\$5,631,929	\$5,631,929
Allocate Interruptible Revenue Credit Based on Demand		(\$10,356,427)	(\$10,356,427)	78.1129%	\$0	(\$8,089,705)	(\$8,089,705)
Net Interruptible Revenue Credit Impact to Revenue Requirements	\$0	\$0	\$0		(\$3,922,630)	(\$2,457,776)	\$1,464,854

Summary of Net Interruptible Credit

Remove Interruptible Revenue Credit by Jurisdiction	\$15,096,318	\$10,356,427	(\$4,739,891)	direct	\$7,869,541	\$5,631,929	(\$2,237,612)
Allocate Interruptible Revenue Credit Based on Demand	(\$15,096,318)	(\$10,356,427)	\$4,739,891	78.1129%	(\$11,792,171)	(\$8,089,705)	\$3,702,466
Net Interruptible Revenue Credit Impact to Revenue Requirements	\$0	\$0	\$0		(\$3,922,630)	(\$2,457,776)	\$1,464,854

**Wisconsin Public Service Corporation
Deferral Amortization Schedule**

**Docket 6690-UR-120
Exhibit 1.05 (JGG-3)
Schedule 7
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Witness: J.G. Guntlisbergen
August 19, 2011**

Deferral:	PSCW		Amortization Period	Test Year Amount	
	Deferral Authorization	Notes		Electric	Gas
DePere Energy Center Premium	6690-EB-104	4	2012-2023	\$ 2,280,420	\$0
Rail Car Recoveries	6690-UR-118	4	2012	70,520	0
Emission Allowances	6690-UR-119	4	2012	(1,440,916)	0
KNPP NQDT	05-EI-136	1	2012	(60,699)	0
KNPP - Loss on Sale (Contingent)	05-EI-136 6690-UR-117	1	2012	2,069,601	0
Weston 3 Lightning - Purchased Power	5-GF-120 6690-UR-119	1	2012-2014	2,800,000	0
Weston 3 Lightning - Purchased Power	5-GF-120 6690-UR-119	5	2012-2014	825,058	0
WUMS Socialization of MISO Congestion & Loss Costs & Credits	05-GF-165	4	2012	246,492	0
DMD and R&E Tax Credits	6690-GF-115	4	2012	268,987	0
Tax Deferrals	Precedent	3	2012	26,448	7,356
Conservation Escrow (pre-Act 141)	various	3	2012	5,413,354	1,727,057
Conservation Escrow (Act 141)	various	1	2012	12,550,412	5,736,716
Additional FOE payments	6690-UR-119	1,6	2012	15,601,070	7,276,790
2010 RSM Adjustment & 2009 Remaining	6690-UR-119	1,7	2012	14,564,463	7,099,722
Crane Creek Production Tax Credits	6690-UR-119	3	2012	654,958	0
Manufactured Gas Plant Cleanup	6690-UR-110	2	2012	0	(15,000)
Act 141 Deferred Costs from 2009	6690-UR-119	1	2012	(117,492)	(319,975)
High Country Wind Generation Pre- construction	6690-GF-122 6690-UR-120	4	2012	231,500	0
Totals				\$ 55,984,176	\$ 21,512,666

(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) Amount applies to FERC Market Based Rate customers only.

(6) The Gas Filing Amount was \$7,165,547. This amount was increased to \$7,276,790 for 2012. The difference was credited in 2011.

(7) The Gas Filing Amount was \$8,282,372. This amount was reduced to \$7,099,722 for 2012. The difference was expensed in 2011.



Wisconsin Public Service

EPA CROSS-STATE AIR POLLUTION RULE

John Guntlisbergen – Manager Electric Cost Recovery

RATE INCREASE REQUESTED FOR 2012



- Filed for \$33.7 million on 5-02-11
 - 2011 refund ends - \$15.2 million increase
 - Fuel & purchased power increase - \$11 million
 - Transmission cost increase - \$4 million
 - FOE collection increase - \$3.8 million
- Revised to \$64.9 million on 8-19-11
 - CSAPR costs of \$24.6 million
 - Transmission & rail costs \$6.6 million
- Revised to \$35.2 million on 9-27-11
 - Reduced FOE collection
 - Removed RSM recovery

- CSAPR could be stayed
- Emission Allowances could be available
- Market Prices could be higher or lower
- Cost of Natural Gas could be higher or lower
- Other Midwest ISO Market cost impacts?

- Deferral of over & under collections of fuel & purchased power costs for future refund/recovery.
- Deferral is for costs that exceed a variance percentage set by the Commission.
- Current percentage is 2% - For 2011, over or under collections above the 2% variance are deferred.
- Due to CSAPR uncertainties WPSC is proposing a 0% variance for 2012 – All over or under collections would be deferred for future refund/recovery.

RATE IMPACTS BY CUSTOMER CLASS



\$'s in millions	Filed 5-02-11	Filed 8-19-11	Filed 9-27-11	All Retail Customers	Small Customers
Remove 2011 Fuel Refund	\$15.2	\$15.2	\$15.2	\$15.2	
Fuel & Purchased Power	11.0	14.9	14.9	14.9	
Fuel & Purchased Power - CSAPR	-	24.6	24.6	24.6	
ATC & MISO Transmission	4.0	7.2	7.2	7.2	
FOE Collection Change	3.9	3.9	(11.7)		(11.7)
Remove RSM Recovery Due to Offset	-	-	(14.1)		(14.1)
Other	(0.4)	(1.0)	(1.0)	(1.0)	
Total Rate Increase	\$33.7	\$64.9	\$35.2	\$61.0	(\$25.8)
Rate Increase %	3.5%	6.8%	3.7%		
			Rate Increase	Rate Increase %	
Residential			\$6.3	1.8%	
Small C&I			\$8.5	2.3%	
Large C&I			\$20.4	9.1%	
Total Rate Increase			\$35.2	3.7%	

2012 RATE CASE PROCESS



- Commission Staff and Interveners filed testimony on 9-27-11
- Rebuttal testimony due 10-11-11
- Sur-Rebuttal testimony due 10-18-11
- Technical hearings on 10-19-11
- Expect Commission decision by December 2011

- Total Rate Increase Requested is 3.7%
- CSAPR is causing 2.6% of Total Rate Increase
- FOE & RSM offsets for Residential & Small C&I
- Large Commercial & Industrial increase is 9.1%
- CSAPR is causing 3.9% of Large C&I increase