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March 31, 2010

Ms. Mary Jo Kunkle
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way, Ste 7
Lansing, MI 48911

Re: Wisconsin Electric Power Company
2009 Energy Optimization Reconciliation
MPSC Case No. U-16368

Dear Ms. Kunkle:

Enclosed for electronic filing please find the application of Wisconsin Electric Power Company for authority to reconcile its Energy Optimization Plan Costs associated with the Plan approved in Case No. U-15812 to fully comply with Public Acts 286 and 295 of 2008 and related approvals. If you have any questions, please advise.

Additionally, a draft notice of hearing will be e-mailed to Gloria Jones at the Michigan Public Service Commission.

Very truly yours,

Miller, Canfield, Paddock and Stone, P.L.C.

By: _____
Ronald W. Bloomberg

RWB/cla
cc: Eric Rogers
Becky Valcq
Rosemarie Jorgensen
Vicki Nugent
Ronan Patterson

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)	
WISCONSIN ELECTRIC POWER COMPANY for Authority to)	Case No. U-16368
Reconcile its Energy Optimization Plan Costs Associated with the)	(e-file)
Plan Approved in Case No. U-15812 to fully comply with Public)	
<u>Acts 286 and 295 of 2008 and related approvals.</u>)	

APPLICATION

WISCONSIN ELECTRIC POWER COMPANY ("Wisconsin Electric" or "Company"), d/b/a We Energies, requests the Michigan Public Service Commission ("Commission") to approve: (i) Wisconsin Electric’s Energy Optimization (“EO”) report and reconciliation of its EO costs and revenues pursuant to 2008 PA 295 ("Act 295") for the period ending December 2009; (ii) the calculation of 2011 EO payments based upon 2009 actual revenues; and (iii) revised EO surcharges. In support thereof, Wisconsin Electric represents to the Commission as follows:

1. Wisconsin Electric is a public service corporation organized under the laws of Wisconsin with its principal offices located in Milwaukee, Wisconsin, and is engaged primarily in public utility operations. Wisconsin Electric is also authorized to do business in Michigan and provides retail electric service to the public in service areas located in the Upper Peninsula, including the Counties of Alger, Baraga, Delta, Dickinson, Gogebic, Houghton, Iron, Marquette, Menominee and Ontonagon.
2. Wisconsin Electric’s retail electric business in Michigan is subject to the Commission’s jurisdiction pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; 1909 PA 300, as amended, MCL 462.2 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; and 1939 PA 3, as amended, MCL 460.1 et seq.

3. As provided by Act 295, Wisconsin Electric filed an Application docketed as Case No. U-15812 requesting, among other things, approval of its EO program and surcharges. By order dated May 26, 2009, the Commission approved a settlement agreement approving the Company EO plan and surcharges.
4. Incorporated in Wisconsin Electric's rate schedules are EO surcharges as authorized by the Commission pursuant to its Opinion and Order, dated May 26, 2009, in Case No. U-15812.
5. By Order dated March 2, 2010, the Commission provided that the Company shall file its EO reconciliation/annual report in this docket for the period ending December 31, 2009.
6. Wisconsin Electric represents that the reconciliation of the EO payments and revenues for 2009 and interest, results in a net under-recovery (including interest through December 31, 2009) of \$58,743.
7. Wisconsin Electric represents that based upon actual revenues earned in 2009, its payments to the Administrator are calculated to equal \$562,277 in 2011 and \$1,148,440 over the period 2009 through 2011. Based upon such payments and projection of residential sales and number of meters/customer through 2011, Wisconsin Electric requests that the Commission approve revised EO surcharges from January 1, 2011 through December 31, 2011 (continuing until replacement surcharges are approved) as set forth in the attached exhibits.
8. Wisconsin Electric is concurrently filing the testimony and exhibits of Eric Alan Rogers in support of this Application. Wisconsin Electric represents that its proposals are just and reasonable and in the public interest.

WHEREFORE, Wisconsin Electric Power Company requests that this Commission:

1. Approve the annual report and reconciliation of the 2009 Energy Optimization payments and revenues as presented by Wisconsin Electric;
2. Approve revised EO payments to the Administrator for 2011 of \$562,277 based upon actual 2009 revenues;
3. Approve revised EO surcharges as set forth in the Exhibits filed herewith to be effective January 1, 2011; and
4. Grant Wisconsin Electric such other and additional relief as shall be lawful and proper.

Respectfully submitted,
WISCONSIN ELECTRIC POWER COMPANY

Dated: March 31, 2010

By: _____
One of its Attorneys
Ronald W. Bloomberg (P30011)
Sherri A. Wellman (P38989)
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ATTORNEYS FOR WISCONSIN ELECTRIC
POWER COMPANY

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
WISCONSIN ELECTRIC POWER COMPANY for Authority to) Case No. U-16368
Reconcile its Energy Optimization Plan Costs Associated with the) (e-file)
Plan Approved in Case No. U-15812 to fully comply with Public)
Acts 286 and 295 of 2008 and related approvals)

DIRECT TESTIMONY OF

ERIC ALAN ROGERS

ON BEHALF OF

WISCONSIN ELECTRIC POWER COMPANY

March 2010

1 WISCONSIN ELECTRIC POWER COMPANY

2 Before the Michigan Public Service Commission

3 Direct Testimony of Eric Alan Rogers

4

5

6 **Q Would you please state your name and your business address?**

7 A My name is Eric Alan Rogers. My business address is 231 W. Michigan Street,
8 Milwaukee, Wisconsin 53201.

9 **Q By whom are you employed?**

10 A I'm employed by Wisconsin Electric Power Company ("Wisconsin Electric" or
11 "Company"), which does business under the name of We Energies. Wisconsin Electric is
12 a wholly-owned subsidiary of Wisconsin Energy Corporation.

13 **Q Would you please describe your educational background?**

14 A I earned a Bachelor of Science degree in Civil and Environmental Engineering from the
15 University of Wisconsin – Madison in 1975 and a Master of Science degree in
16 Environmental Engineering from Stanford University in 1978. I also took course work
17 but did not complete a degree at the University of Washington Graduate School of
18 Business.

19 **Q Are you registered as a Professional Engineer in the State of Wisconsin?**

20 A Yes, I am.

21 **Q Would you briefly describe your professional experience prior to joining Wisconsin
22 Electric?**

23 A I worked for the United States Bureau of Reclamation in Denver, Colorado as a design
24 engineer for two years and for Battelle Pacific Northwest Laboratories in Richland,
25 Washington as a research engineer for three years prior to joining Wisconsin Electric in
26 1982.

1 **Q Would you describe your responsibilities at Wisconsin Electric Power Company?**

2 A I began in 1982 as a forecasting analyst and I developed the residential sales forecast for
3 several rate cases and advance plans. During the mid 1980s and early 1990s I was
4 responsible for analyzing the cost effectiveness of proposed demand-side programs and
5 evaluating the performance of actual demand-side programs. In the early 1990s I became
6 responsible for the load research group and I've since performed numerous analyses of
7 load data. In 2001 I developed the load profiling and settlement methodology which
8 would be used for Michigan customers who select alternate energy suppliers. Around
9 2002 I assumed responsibilities for cost-of-service analysis and rate design. I am
10 currently a team leader in the Regulatory Affairs and Policy Department. My
11 responsibilities include class load analyses, revenue forecasts, cost-of-service studies and
12 rate design and I continue to work closely with the sales forecasting group.

13 **Q Have you previously presented testimony on behalf of the applicant in other cases?**

14 A Yes, I presented testimony on cost-of-service and rate design in our previous rate cases
15 before the Michigan Public Service Commission ("Commission"), Case Nos. U-15071,
16 U-15500 and U-15981. I also presented testimony on energy optimization ("EO")
17 surcharges in Case No. U-15812. I have also presented testimony on cost-of-service and
18 rate design in several cases before the Public Service Commission of Wisconsin,
19 including the 2004 and 2005 carve-out rate cases (Docket 05-UR-101), the environmental
20 trust financing case (Docket 6630-ET-100), and the test-year 2006, 2008 and 2010 rate
21 cases (Dockets 05-UR-102, 05-UR-103 and 05-UR-104). I also submitted testimony to
22 the Federal Energy Regulatory Commission in three cases involving power sales
23 agreements with our Michigan wholesale customers (Dockets ER06-997, ER06-998 and
24 ER06-999) and our FERC general rate case (Docket ER06-1320).

25 **Q What is the purpose of this testimony?**

26 A The purpose of this testimony is to present the Company's first annual EO surcharge
27 report and reconciliation, covering the period from July 2009 through December 2009, as
28 specified in Section 8 f of the Settlement Agreement in Case No. U-15812 approved by
29 the Commission on May 26, 2009 and the March 2, 2010 Order in that proceeding. I will

1 address actual versus forecast collections and actual collections versus actual payments to
2 the Michigan Community Action Agency Association (“Administrator”).

3 **Q Are you sponsoring any exhibits with this testimony?**

4 A Yes. I’m sponsoring the following exhibits:

5 Exhibit A-1 (EAR-1) Comparison of Actual EO Surcharge Revenue Collected
6 and Actual Payments to the Administrator in 2009

7 Exhibit A-2 (EAR-2) Calculation of Total Payments to EO Administrator and
8 Derivation of EO Surcharges (Update of Attachment A to
9 Settlement Agreement in Case U-15812)

10 Exhibit A-3 (EAR-3) Calculation of Proposed Revised EO Surcharges in 2011

11 Exhibit A-4 (EAR-4) Proposed Tariff Sheets

12 **Q Were these Exhibits prepared by you or under your direction and supervision?**

13 A Yes.

14 **Q There are four points made in Section 8 f of the Settlement Agreement in Case No.**
15 **U-15812. The first point is that the EO reconciliation should show for the period**
16 **covered, actual revenue collected through the surcharge with: (a) actual payments**
17 **made to the Administrator, for purposes of determining interest on any over-**
18 **recoveries and under-recoveries; and (b) the levelized revenue requirements, for**
19 **purposes of determining revised EO surcharges. Have you performed these**
20 **comparisons?**

21 A Yes. The actual booked revenue collected by month for each customer class is shown in
22 Exhibit A-1 (EAR-1) rows 10 through 31 and the total payments made to the
23 Administrator are shown in row 34. The levelized revenue requirements are listed in
24 column O, with the heading “Total Expected to be Collected in 2009”.

25 **Q Do the amounts paid to the Administrator in 2009 equal the amounts to be paid as**
26 **set forth in the Settlement Agreement in Case No. U-15812?**

27 A Yes.

28 **Q The second point in Section 8 f of the Settlement Agreement in Case No. U-15812 is**
29 **to calculate the revenue over-recovery or under-recovery in total and by each major**

1 **class and the third point is to include interest at the Company's short-term**
2 **borrowing rate on any over-recoveries and under-recoveries. Have you done these**
3 **calculations?**

4 A Yes. The total over or under-recovery is shown by month for 2009 in Exhibit A-1 (EAR-
5 1) on line 38, which is the month-end regulatory asset (or liability) balance. The EO
6 surcharge revenue received by the Company less payments made by the Company to the
7 Administrator determines the total-company amount of over-recovery or under-recovery
8 for each month. As indicated in Exhibit A-1 (EAR-1), the Company started receiving EO
9 surcharge revenue in July of 2009 but didn't make its initial payment to the Administrator
10 until September, and the resulting over-recovery for those first two months created a
11 regulatory liability. As shown, the Company accrues a carrying cost on the prior month-
12 end regulatory balance at its short-term debt rate as required by the third point in Section
13 8 f of the Settlement Agreement in Case No. U-15812. In September, the Company made
14 its first payment to the Administrator representing 50% of the total amount due for 2009,
15 as directed by an August 28, 2009 letter from the Commission. That payment exceeded
16 the cumulative balance of the surcharge revenue received by the Company, and, therefore,
17 resulted in a net EO regulatory asset in September. Additional monthly revenue net of
18 payments made to the Administrator continued to result in a net under-recovered position
19 (a regulatory asset) through the end of 2009 as shown in Exhibit A-1 (EAR-1). To split
20 the regulatory asset (or liability) by each major customer class would require assumptions
21 about how the Administrator payment was made, *i.e.* which customer's surcharge revenue
22 was used to make each payment. That calculation is not done on an actual basis, and is
23 not required to calculate the revised EO surcharge rates that the Company will propose.
24 However, if required by the Settlement Agreement in Case No. U-15812, the over or
25 under recovered amount by each major customer class could be derived as the total
26 amount multiplied by the ratio of each specific customer class's actual revenue to total
27 revenue shown on Exhibit A-1 (EAR-1). The difference between the total expected to be
28 collected from each class in 2009 and the actual amount collected from each class in 2009
29 is shown in column P of Exhibit A-1 (EAR-1).

1 **Q What interest rate is used to represent the Company's short-term borrowing rate, as**
2 **specified by the third point in Section 8 f of the Settlement Agreement in Case No.**
3 **U-15812?**

4 A To provide transparency and ease of audit/documentation, the Company is using the 30-
5 day AA commercial paper rate published monthly by the FDIC as a reasonable proxy for
6 its own short term interest rate.

7 **Q The fourth point in Section 8 f of the Settlement Agreement in Case No. U-15812 is**
8 **to propose revised EO surcharges, if appropriate. Is it appropriate to propose**
9 **revised EO surcharges at this point?**

10 A Yes. We have determined that it is appropriate to propose revised EO surcharges, which
11 would be effective on January 1, 2011. The first step to develop revised EO surcharges is
12 to update Attachment A to the Settlement Agreement in Case No. U-15812, which
13 showed the calculations for the original EO surcharges. When the EO surcharges were
14 originally developed in April 2009, we did not know what the actual revenue for 2009
15 would be, so an estimate was used. Now we know the actual revenue for 2009. Section
16 91 (1) (c) of 2008 PA 295 specifies that 1.5% of the actual revenues from 2009 shall be
17 paid to the Administrator in 2011. Exhibit A-2 (EAR-2) is an update of Attachment A to
18 the Settlement Agreement in Case No. U-15812. The only difference is the actual
19 revenue for 2009 in cells D34:D63 (and again in cells D130:D158) and the calculations
20 that are derived from these revenue values. The calculations in Exhibit A-2 (EAR-2) only
21 show what the EO surcharge values would have been in 2009 though 2011 if we had
22 known the actual energy sales in 2009 at the time the surcharges were originally
23 determined. The calculations of the proposed revised EO surcharges are then shown in
24 Exhibit A-3 (EAR-3). These calculations take into account both the revised payments to
25 the Administrator in 2011 (based on the actual 2009 revenue) and the actual amounts
26 collected through the EO surcharges in 2009. The amount forecasted to be collected in
27 2010 is the same as that from the original levelized EO surcharges, as the proposed
28 revised EO surcharges would not be implemented until January 1, 2011. Note also that

1 the energy and customer forecast for 2011 is the same as that for 2010. This is consistent
2 with the forecast used for the original calculations of the levelized EO surcharges.

3 **Q Have you prepared tariff sheets with the proposed revised EO surcharges, which**
4 **would be implemented on January 1, 2011?**

5 A Yes. The tariff sheets with the proposed revised EO surcharges, which would be
6 implemented on January 1, 2011 are in Exhibit A-4 (EAR-4).

7 **Q Please identify the customers implementing self-directed energy optimization plans**
8 **and summarize the result achieved cumulatively under those plans.**

9 A The Company's customers that have filed self-directed EO plans are:

10

11 Cliffs Mines

12 White Pine Copper Refinery

13 Grede

14 Louisiana and Pacific

15 Verso

16

17 The summarized result for 2009 is a planned reduction of 17,242 megawatt hours on a
18 cumulative basis. This is based upon a review of the self-directed plans as filed, as
19 customers with self-directed plans have not provided any further information, or updated
20 reports or plans.

21

22 I would also note that it will be very helpful to obtain in the coming months additional
23 Commission and Staff guidance as to the additional information to be gathered, via more
24 detailed customer plan and reporting information or otherwise, and provided in
25 subsequent annual reports, etc. This will allow us to begin during 2010 the customer plan
26 and project measurement, verification, and evaluation phase for submittal in 2011.

27 **Q Does this conclude your testimony?**

28 A Yes.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1																Case No. U-16368
2																Exhibit A-1 (EAR-1)
3																Page 1 of 1
4																Date: March 2010
5	Comparison of EO Surcharges Collected from Customers and Payments Made to EO Administrator															
6																
7	Actual EO Surcharges Collected from Customers															
8																
9	Customer Class	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Actual Total Collected in 2009	Total Expected to be Collected in 2009	Difference Between Actual & Expected Recovery in 2009
10	Residential							\$10,552.13	\$16,465.77	\$15,838.65	\$16,302.58	\$16,899.33	\$20,470.96	\$96,529.41	\$117,414.65	(\$20,885.24)
11																
12	Cg1							\$5,587.87	\$8,515.53	\$8,684.79	\$8,486.34	\$8,479.08	\$8,755.31	\$48,508.93	\$50,908.89	(\$2,399.96)
13	Cg2							\$136.50	\$210.03	\$211.22	\$204.40	\$216.89	\$221.74	\$1,200.78	\$1,259.52	(\$58.74)
14	Cg3 & Cg3C							\$3,573.04	\$4,470.69	\$4,643.66	\$4,481.99	\$4,510.82	\$5,125.14	\$26,805.34	\$33,090.37	(\$6,285.03)
15	Cg5							\$385.20	\$533.02	\$524.56	\$539.14	\$509.13	\$490.52	\$2,981.56	\$6,193.33	(\$3,211.76)
16	Cp1							\$639.03	\$2,296.30	\$1,424.65	\$1,539.35	\$1,434.20	\$1,367.28	\$8,700.82	\$9,033.70	(\$332.89)
17	Cp2, Cp3 & Cp4							\$64.29	\$148.52	\$728.88	\$168.84	\$101.68	\$153.16	\$1,365.37	\$837.82	\$527.55
18	Schedule A							\$486.16	\$486.16	\$470.47	\$486.16	\$470.47	\$486.16	\$2,885.58	\$2,963.42	(\$77.84)
19	CpLC							\$2,040.92	\$2,040.92	\$1,975.08	\$2,040.92	\$1,975.08	\$2,040.92	\$12,113.84	\$12,440.62	(\$326.78)
20	Special Contract							\$132.35	\$132.35	\$128.08	\$132.35	\$128.08	\$132.35	\$785.56	\$403.38	\$382.18
21	Ms1							\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$6.98	(\$6.98)
22																
23	Total Non-Res Metered							\$13,045.36	\$18,833.52	\$18,791.38	\$18,079.49	\$17,825.43	\$18,772.59	\$105,347.78	\$117,138.03	(\$11,790.25)
24																
25	GI1							\$234.92	\$264.13	\$197.10	\$193.77	\$178.63	\$184.65	\$1,253.20	\$2,404.35	(\$1,151.15)
26	Ms2							\$377.98	\$532.03	\$360.51	\$360.51	\$356.53	\$361.65	\$2,349.21	\$4,917.58	(\$2,568.37)
27	Ms3							\$15.76	\$27.42	\$17.65	\$17.85	\$17.75	\$17.45	\$113.88	\$233.54	(\$119.66)
28																
29	Total Un-Metered							\$628.66	\$823.58	\$575.26	\$572.13	\$552.91	\$563.75	\$3,716.29	\$7,555.47	(\$3,839.18)
30																
31	Total Michigan Retail							\$24,226.16	\$36,122.86	\$35,205.30	\$34,954.20	\$35,277.67	\$39,807.30	\$205,593.48	\$242,108.15	(\$36,514.67)
32																
33																
34	Payments to Administrator									\$176,218.67		\$44,054.67	\$44,054.66	\$264,328.00		
35																
36	Monthly Carrying Cost									(\$3.63)	(\$8.55)	\$9.41	\$4.57	\$6.36	\$8.16	
37																
38	Month-End Regulatory Asset (Liability)							(\$24,226.16)	(\$60,352.65)	\$80,652.17	\$45,707.39	\$54,488.96	\$58,742.68			
39																
40																
41	Note: September 2009 payment to the Administrator includes \$132,164.00 for September's payment plus \$44,054. 67 for October's payment, which was accelerated into September.															
42																
43	Note: Monthly carrying cost is based on monthly FDIC 30-day AA Grade commercial paper rate, which is proxy for the Company's short-term borrowing rate.															
44																
45																
46																

	A	B	C	D	E	F	G	H	I	J
1										
2										
3										
4										
5	Wisconsin Electric Power Company									
6	Calculation of Total Payments to EO Administrator									
7	And Percentage of Total Payments Collected from Customers Not Opting Out with Self-Directed Programs									
8	(Update of Attachment A to Settlement Agreement)									
9		2007 Revenue / 2009 Payments	2008 Revenue / 2010 Payments	2009 Revenue / 2011 Payments	Total Over 2009 - 2011 Period					
10	Total Revenue in Base Year	\$143,427,733	\$118,715,781	\$127,221,206	\$389,364,720					
11	Revenue in Base year from Customers Opting Out	\$108,183,936	\$86,532,320	\$89,736,057	\$284,452,313					
12	Revenue in Base Year from Customers Not Opting Out	\$35,243,797	\$32,183,461	\$37,485,149						
13	Payment in Current Year to Administrator	\$264,328	\$321,835	\$562,277	\$1,148,440					
14	Collected in Current Year	\$233,320	\$457,490	\$457,490	\$1,148,300					
15	Low Income Program Payments in Current Year (10% of Total Payments)	\$26,433	\$32,183	\$56,228	\$114,844					
16	Low Income Program Payments from Customers Opting Out	\$19,938	\$23,459	\$39,660	\$83,057					
17	Percent of Total Payment Collected from Customers Not Opting Out				92.77%					

Calculation of Proposed Revised Energy Optimization Surcharges for 2011

Customer Class	Actual Collections Booked in 2009 (from Exhibit A-? (EAR-3))	Forecast Collections Booked in 2010 (Derived from Attachment A to Settlement Agreement)	Total to be Collected July 2009 through December 2011 (from Exhibit A-? (EAR-4))	Amount to be Collected in 2011	TY2010 Forecast Booked Sales (kWh)	Proposed Surcharge in 2011 for Customers Not Opting Out (\$/kWh)	Proposed Surcharge in 2011 for Customers Opting Out (\$/kWh)
Residential	\$96,529	\$230,225	\$564,529	\$237,775	177,096,000	\$0.00134	\$0.00004
						Proposed Surcharge in 2011 for Customers Not Opting Out (\$/Meter/Day)	Proposed Surcharge in 2011 for Customers Opting Out (\$/Meter/Day)
					TY2010 Forecast Customers		
Cg1	\$48,509	\$98,335	\$252,930	\$106,086	2,664	\$0.10910	\$0.00302
Cg2	\$1,201	\$2,433	\$6,258	\$2,625	36	\$0.19975	\$0.00553
Cg3 & Cg3C	\$26,805	\$63,917	\$154,177	\$63,455	79	\$2.20061	\$0.06096
Cg5	\$2,982	\$11,963	\$25,154	\$10,209	178	\$0.15714	\$0.00435
Cp1	\$8,701	\$17,449	\$43,422	\$17,272	5	\$9.46426	\$0.26216
Cp2, Cp3 & Cp4	\$1,365	\$1,618	\$3,482	\$499	2	\$24.66437	\$0.68320
Schedule A	\$2,886	\$5,724	\$13,646	\$5,036	1	\$498.09494	\$13.79723
CpLC	\$12,114	\$24,030	\$64,953	\$28,809	2	\$1,424.72267	\$39.46482
Special Contract	\$786	\$779	\$1,649	\$84	1	\$8.30183	\$0.22996
Ms1	\$0	\$13	\$15	\$2	1	\$0.00459	\$0.00013
Total Non-Res Metered	\$105,348	\$226,262	\$565,687	\$234,077			
G11	\$1,253	\$2,418	\$6,008	\$2,337			
Ms2	\$2,349	\$4,419	\$12,412	\$5,644			
Ms3	\$114	\$397	\$594	\$83			
Total Un-Metered	\$3,716	\$7,234	\$19,014	\$8,064			
Total Michigan Retail	\$205,593	\$463,720	\$1,149,229	\$479,915			

**Calculation of Proposed Revised Energy Optimization Surcharges for 2011
 UnMetered Lighting**

<=====Customers Not Opting Out===== > <=====Customers Opting Out===== >

Unmetered Lamp Size (Watts)	2011 Monthly Surcharge - G11 (\$/Lamp)	2011 Monthly Surcharge - Ms2 (\$/Lamp)	2011 Monthly Surcharge - Ms3 (\$/Lamp)	2011 Monthly Surcharge - G11 (\$/Lamp)	2011 Monthly Surcharge - Ms2 (\$/Lamp)	2011 Monthly Surcharge - Ms3 (\$/Lamp)
50	NA	\$0.06	\$0.06	NA	\$0.01	\$0.01
70	\$0.08	\$0.08	\$0.08	\$0.01	\$0.01	\$0.01
100	\$0.11	\$0.11	\$0.11	\$0.01	\$0.01	\$0.01
150	\$0.17	\$0.17	\$0.17	\$0.01	\$0.01	\$0.01
175	\$0.20	\$0.20	\$0.20	\$0.01	\$0.01	\$0.01
200	\$0.23	\$0.23	\$0.23	\$0.01	\$0.01	\$0.01
250	\$0.28	\$0.28	\$0.28	\$0.01	\$0.01	\$0.01
400	\$0.45	\$0.45	\$0.45	\$0.01	\$0.01	\$0.01
1000	NA	NA	\$1.13	NA	NA	\$0.04

Unmetered Lamp Size (Watts)	2011 Total Surcharge Revenue - G11 (\$)	2011 Total Surcharge Revenue - Ms2 (\$)	2011 Total Surcharge Revenue - Ms3 (\$)
50	\$0.00	\$0.00	\$0.00
70	\$101.76	\$0.00	\$0.00
100	\$995.28	\$3,252.48	\$60.72
150	\$2.04	\$36.72	\$0.00
175	\$0.00	\$4.80	\$0.00
200	\$585.12	\$121.44	\$52.44
250	\$0.00	\$1,354.08	\$211.68
400	\$982.80	\$43.20	\$113.40
1000	\$0.00	\$0.00	\$0.00

Total	\$2,667.00	\$4,812.72	\$438.24	\$7,917.96
Total to Match	\$2,337	\$5,644	\$83	\$8,063.80

Unit Surcharge (\$/kWh) 0.00244492

Mg1 Annual kwh per Horsepower 20.7

	Mg1 Not Opting Out	Mg1 Opting Out
Mg1 Annual surcharge per Horsepower	\$0.05	\$0.01

M.P.S.C. No. 3 – Electric
 Wisconsin Electric Power Company
 (EO Reconciliation)

First Revised Sheet No. D-5.01
 Replaces *Original* Sheet No. D-5.01

ENERGY OPTIMIZATION SURCHARGE

Residential Rate Schedules:

Customers on the Rg1 and Rg2 rate schedules shall receive a Delivery/distribution Energy Optimization Surcharge per kWh, as indicated below:

Customers without a self-directed plan	\$.00134
Customers with a self-directed plan	\$.00004

General Secondary, General Primary, and Lighting Rate Schedules:

Customers on the following rate schedules shall receive a Delivery/distribution Energy Optimization Surcharge per meter*, per day, as indicated below.

RATE SCHEDULE	Customers without a Self-Directed Plan RATE	Customers with a Self-Directed Plan RATE
Cg 1	\$0.10910	\$0.00302
Cg 2	\$0.19975	\$0.00553
Cg 3	\$2.20061	\$0.06096
Cg3C	\$2.20061	\$0.06096
Cg 5	\$0.15714	\$0.00435
Cp 1	\$9.46426	\$0.26216
Cp 2	\$24.66437	\$0.68320
Cp 3	\$24.66437	\$0.68320
Cp 4	\$24.66437	\$0.68320
A	\$498.09494	\$13.79723
Ms 1	\$0.00459	\$0.00013
Cp LC	\$1,424.72267	\$39.46482

* Company assumes one meter per service point.

Customers on the following rate schedules shall receive a Delivery/distribution Energy Optimization Surcharge per lamp, per month, as indicated below.

Lamp Size (Watts)	Customers without a Self-Directed Plan RATE			Customers with a Self-Directed Plan RATE		
	GL1	Ms2	Ms3	GL1	Ms2	Ms3
50	*	\$0.06	\$0.06	*	\$0.01	\$0.01
70	\$0.08	\$0.08	\$0.08	\$0.01	\$0.01	\$0.01
100	\$0.11	\$0.11	\$0.11	\$0.01	\$0.01	\$0.01
150	\$0.17	\$0.17	\$0.17	\$0.01	\$0.01	\$0.01
175	\$0.20	\$0.20	\$0.20	\$0.01	\$0.01	\$0.01
200	\$0.23	\$0.23	\$0.23	\$0.01	\$0.01	\$0.01
250	\$0.28	\$0.28	\$0.28	\$0.01	\$0.01	\$0.01
400	\$0.45	\$0.45	\$0.45	\$0.01	\$0.01	\$0.01
1000	*	*	\$1.13	*	*	\$0.04

* Not available for this rate.

(Continued on Sheet No. D.5.02)

Issued **December 15, 2010**
 R.A. Draba
 Vice-President,
 Milwaukee, Wisconsin

Effective for service rendered on and
 after **January 1, 2011**

Issued under authority of the
 Michigan Public Service Commission
 dated
 in Case No. **U-16368**

M.P.S.C. No. 3 – Electric
Wisconsin Electric Power Company
(*EO Reconciliation*)

Second Revised Sheet No. D-5.02
Replaces *First Revised* Sheet No. D-5.02

ENERGY OPTIMIZATION SURCHARGE
(Continued From Sheet No. D-5.01)

Municipal Defense Siren Rate Schedule:

The Mg1 rate schedule shall receive an Energy Optimization Surcharge per year or any part of a year for each 2 horsepower or fraction thereof for each siren installed, as shown below.

Customers without a self-directed plan	\$0.05
Customers with a self-directed plan	\$0.01

Other Rate Schedules:

The following rate schedules shall receive an Energy Optimization Surcharge as indicated above consistent with the rate schedule under which the customer is served. The Energy Optimization Surcharge is not prorated based on the level of participation selected under rate schedules ERER1, ERER2 or ERER3.

RATE SCHEDULE

ERER1
ERER2
ERER3
Ds1

CGS Category 1 (only when a net purchaser from the Company)
Customers contracting for Retail Access Service

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