

WISCONSIN PUBLIC SERVICE CORPORATION

P.S.C.W. Volume No. 7

2nd Revision
 Replaced: 1st Revision
 Amendment 732

Sheet No. E4.70
 Sheet No. E4.70
 Schedule ERSM

Electric Revenue Stabilization Mechanism

Electric

Effective In All territory served.

Availability

This Electric Revenue Stabilization Mechanism is available on a pilot basis for a four year period ending December 31, 2012, pursuant to the Commission's order in Docket 6690-UR-119.

Applicable Rate Schedules

This mechanism is applicable to the following rate schedules:

Energy Only Rate Schedules

Demand and Energy Rate Schedules

Rg-1			Cg-20
Rg-2	Rg-RR	Cg1-RR	Cg-20 RR
Rg3-OTOU	Cg-1	Cg2-RR	
Rg4-OTOU	Cg-2	Cg5-RR	
Rg5 OTOU	Cg-3 OTOU	Cg-5	
Rg6 OTOU	Cg-4 OTOU	Rg-FR	
Rg-CR			

Acronyms:

LMP = Locational Marginal Price at the WPS.M node
MISO = Midwest Independent System Operator **TY** = Test Year

Operating Procedure

I. Determine the Forecasted Margin per Customer

1. **Forecasted Number of Customers** for each rate schedule =

TY 2011 customer charge revenues divided by monthly customer charge rates divided by 12 for each rate schedule, as shown on Exhibit 8.6, from docket 6690-UR-120 for TY 2011.

2. **Forecasted Annual Sales** for each rate schedule =

TY 2011 kWh sales, as shown on Exhibit 8.6, from docket 6690-UR-120 for TY 2011

3. **Forecasted Margin/kWh** for each rate schedule =

Authorized Energy Rate – MISO Annual Average Hourly Day Ahead LMP

Authorized Energy Rate = The latest authorized energy rates plus any adjustment for 2012 cost of fuel as shown on Rate Sheet E3.20

4. **Forecasted Demand Revenues** for each applicable rate schedule =

Forecasted TY 2011 Demands * Authorized Demand Rate(s), as shown on Exhibit 8.6, from docket 6690-UR-120 for TY 2011

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Issued 12-16-11

Effective for Service Rendered
 On and After 1-1-12

PSCW Authorization By Order 6690-UR-120 Dated 12-9-11

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5. **Forecasted Margin per customer** for each applicable rate schedule =

For the Energy Only Rate Schedules:

$$\frac{\text{TY 2011 Forecasted Annual kWh Sales} * \text{Margin/kWh}}{\text{Forecasted Number of Customers}}$$

For the Demand and Energy Rate Schedules:

$$\frac{(\text{Forecasted Annual kWh Sales} * \text{Forecasted Margin/kWh}) + \text{Forecasted Demand Revenues}}{\text{Forecasted Number of Customers}}$$

R II. **Determine the Actual 2012 Margin per Customer**

R 1. **Actual 2012 number of customers** for each rate schedule =

R Actual 2012 customer charge revenues divided by monthly customer charge rates
divided by 12 for each rate schedule

R 2. **Actual Sales for 2012**

R Actual 2012 kWh sales (total for all applicable rate classes)

R 3. **Actual 2012 Margin/kWh** for each rate schedule =

R Authorized Energy Rate – MISO 2012 Annual Average Hourly Day Ahead LMP

R **Authorized Energy Rate** = The latest authorized energy rates plus any adjustment for
2012 cost of fuel as shown on Rate Sheet E3.20

R 4. **Actual 2012 Demand Revenues** for each applicable rate schedule =

R Actual 2012 Demand Units * Demand Rate(s)

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R

5. **Actual 2012 Margin per customer** for each rate schedule =

For the Energy Only Rate Schedules:

$$\frac{\text{Actual Annual kWh Sales} * \text{Actual Margin/kWh}}{\text{Actual Number of Customers}}$$

For the Demand and Energy Rate Schedules:

$$\frac{(\text{Actual Annual kWh Sales} * \text{Actual Margin/kWh}) + \text{Actual Demand Revenues}}{\text{Actual Number of Customers}}$$

III. **Total Annual Over/Under-Collection**

1. **Over/Under Collection** =

$$\sum_{\text{each rate schedule}} (\text{Actual Margin/Customer} - \text{Forecasted Margin/Customer}) * \text{Actual Number of Customers}$$

Positive number = Over-Collection
 Negative number = Under-Collection

2. **Carrying Costs on Over/Under Collection**

The Over/Under-collection calculated on an annual basis, will be recorded as a Regulatory Liability or Regulatory Asset, as appropriate. The annual amount, recorded to the Regulatory Liability or Regulatory Asset, exclusive of carrying costs, shall not exceed \$14M. Carrying costs at the authorized composite short-term debt rate from the most recent rate order will be accrued on the year-end balance for the period between the year-end and the time that such Over/Under-collections are included in any authorized rate adjustments.