

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:

<u>Energy Only Rate Schedules</u>			<u>Demand and Energy Rate Schedules</u>
Rg-1	Rc-S1	Cg-S1	Cg-20
Rg-2	Rg-RR	Cg1-RR	Cg-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		

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 2009 customer charge revenues divided by monthly customer charge rates divided by 12 for each rate schedule, as shown in Exhibit 4, from docket 6690-UR-119

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

TY 2009 kWh sales shown in Exhibit 4, from docket 6690-UR-119

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 the cost of fuel as shown on Rate Sheet E3.20

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

Forecasted TY 2009 Demands * Authorized Demand Rate(s) as shown in Exhibit 4, from docket 6690-UR-119

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

For the Energy Only Rate Schedules:

$$\frac{\text{TY 2009 Forecasted Annual kWh Sales} * \text{Margin/kWh}}{\text{Forecasted Number of Customers}}$$

For the Demand and Energy Rate Schedules:

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

II. **Determine the Actual 2009 Margin per Customer**

1. **Actual 2009 number of customers** for each rate schedule =

Actual 2009 customer charge revenues divided by monthly customer charge rates divided by 12 for each rate schedule

2. **Actual Sales for 2009**

Actual 2009 kWh sales (total for all applicable rate classes)

3. **Actual 2009 Margin/kWh** for each rate schedule =

Authorized Energy Rate – MISO 2009 Annual Average Hourly Day Ahead LMP

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

4. **Actual 2009 Demand Revenues** for each applicable rate schedule =

Actual 2009 Demand Units * Demand Rate(s)

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5. **Actual 2009 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.