

140 FERC ¶ 61,150  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, DC 20426

August 28, 2012

In Reply Refer To:  
Wisconsin Electric Power Company  
Docket Nos. ER12-2184-000 and  
ER12-2185-000  
(not consolidated)

Schiff Hardin LLP  
Attention: Regina Y. Speed-Bost,  
Attorney for Wisconsin Electric Power Company  
1666 K St NW, Suite 300  
Washington, DC 20006

Reference: Revisions to Formula Rate

Dear Ms. Speed-Bost:

1. On July 2, 2012, you filed, on behalf of Wisconsin Electric Power Company (Wisconsin Electric): (1) revisions to the formula rate in Wisconsin Electric's Formula Rate Wholesale Sales Tariff (Formula Rate Tariff)<sup>1</sup> in Docket No. ER12-2184-000; and (2) revisions to the formula rate in the Restated Power Sales Agreement (Power Sales Agreement) between Wisconsin Electric and WPPI Energy in Docket No. ER12-2185-000.<sup>2</sup> As discussed below, we will conditionally accept Wisconsin Electric's proposed tariff revisions, subject to compliance filings, effective September 1, 2012.<sup>3</sup>

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<sup>1</sup> The relevant tariff section of the Formula Rate Tariff is designated as Wisconsin Electric Power Company, FERC Electric Tariff, Federal Regulatory Electronic Database, Formula Rate Wholesale Sales Tariff 1.0.0, [Formulas, Exhibit B, 4.0.0](#).

<sup>2</sup> The Power Sales Agreement is designated as Wisconsin Electric Power Company, FERC Electric Tariff, Federal Regulatory Electronic Database, [WPPI Rate Schedule, Rate Schedule FERC No. 90, 2.0.0](#).

<sup>3</sup> The formulas contained in the Formula Rate Tariff and the Power Sales Agreement, as well as Wisconsin Electric's proposed revisions to those formulas, are identical. In addition, Wisconsin Electric's arguments in support of each proposal are identical.

2. Wisconsin Electric proposes three substantive changes to the Formula Rate Tariff and the Power Sales Agreement. First, Wisconsin Electric proposes to adjust the calculation of its operations and maintenance costs to reflect the exclusion of North American Reliability Corporation (NERC) Assessment Fees booked to FERC Account 556 of the Commission's Uniform System of Accounts. Wisconsin Electric explains that, for the purpose of determining NERC Assessment Fees, wholesale customer load is removed from Wisconsin Electric's load calculation, and, therefore, these fees should not be included in the rates for these customers. Second, Wisconsin Electric proposes to adjust the calculation of its operations and maintenance costs to exclude renewable attribute purchases, which Wisconsin Electric asserts should not be included in the rate calculation. Third, Wisconsin Electric proposes to adjust the calculation of Energy Related Purchased Power and Demand Related Purchased Power to reflect the reversal of a 2010 contingent payment resulting from a dispute settlement. In addition, Wisconsin Electric proposes various ministerial revisions to the Formula Rate Tariff and the Power Sales Agreement to reflect corresponding revisions that have been made to FERC Form No 1. Wisconsin Electric states that its proposed revisions are necessary to accurately reflect Wisconsin Electric's embedded cost of service and to ensure that Wisconsin Electric's operations and maintenance costs are properly calculated.

3. Notice of the filings was published in the *Federal Register*, 77 Fed. Reg. 41,179 (2012), with interventions and protests due on or before July 23, 2012 (for Docket No. ER12-2184-000) and on or before July 24, 2012 (for Docket No. ER12-2185-000). WPPI Energy filed a timely motion to intervene. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2012), WPPI Energy's timely, unopposed motion to intervene serves to make it a party to these proceedings.

4. As Wisconsin Electric contends, the proposed revisions to the Formula Rate Tariff and the Power Sales Agreement will ensure that the formula rates contained therein accurately reflect Wisconsin Electric's embedded cost of service. Consequently, we will conditionally accept Wisconsin Electric's Formula Rate Tariff and Power Sales Agreement for filing, effective September 1, 2012, subject to the following compliance requirements.

5. Several provisions of the formulas in Wisconsin Electric's Formula Rate Tariff and Power Sales Agreement inaccurately cross-reference pages and sections of the FERC Form No. 1 and must be corrected. First, the reference on page 3, line 8a of both formulas, to FERC Form No. 1, page 320, line 77, column b, should refer to FERC Form No. 1, page 321, line 77, column b. Second, the reference on page 3, lines 7 and 16a of both formulas, to FERC Form No. 1, page 326, line 8, column k, should refer to FERC Form No. 1, page 327, line 8, column k. Third, the reference on page 6, line 24 of both formulas, to "274.2.k footnote" should refer to "275.2.k footnote." Fourth, the reference

on page 6, lines 26-38 of both formulas, to “256.1.30.h footnote” should refer to "257.1.30.h footnote." Therefore, we direct Wisconsin Electric to correct these errors in two separate compliance filings to be filed within 30 days of the date of this order.

By direction of the Commission.

Nathaniel J. Davis, Sr.,  
Deputy Secretary.