

104 FERC ¶ 61,189
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
William L. Massey, and Nora Mead Brownell

Wisconsin Public Service Corporation

Docket Nos. ER03-944-000 and
ER03-945-000

WPS Resources Operating Companies

Docket No. ER03-946-000

ORDER ACCEPTING AND SUSPENDING SERVICE AGREEMENTS
AND NOTICES OF CANCELLATION

(Issued August 8, 2003)

1. On June 10, 2003, Wisconsin Public Service Corporation (WPSC) filed unexecuted revised service agreements under WPSC's full requirements service (W-1A) and partial requirements service (W-2A) tariffs.¹ On the same day, the WPS Resources Operating Companies, on behalf of WPSC and Upper Peninsula Power Company (UPPCo), (collectively WPS Resources) filed several unexecuted service agreements under WPS Resources' Joint Ancillary Services and Wholesale Distribution Service (JAST).² WPS Resources also filed Notices of Cancellation to terminate three service agreements under WPS Resources' Open Access Transmission Tariff (OATT Service Agreements).³ WPSC and WPS Resources request waiver of the Commission's sixty-day

¹The W-1A and W-2A Service Agreements are between WPSC and the Village of Stratford Water and Electric Utility, Washington Island Electric Cooperative, Manitowoc Public Utilities and Upper Peninsula Power Company (UPPCo).

²The JAST Service Agreements are between WPS Resources and the Village of Daggett, Alger Delta Cooperative Electric Association, the City of Stephenson, the Village of Stratford Water and Electric Utility, Washington Island Electric Cooperative, Manitowoc Public Utilities, and UPPCo.

³The OATT Service Agreements are between WPS Resources and Manitowoc Public Utilities, the Village of Stratford Water and Electric Utility and Washington Island
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prior notice requirement to allow the agreements and Notices of Cancellation to become effective May 11, 2003. As discussed below, the Commission accepts and suspends the unexecuted W-1A and W-2A Service Agreements, and accepts the JAST Service Agreements and the Notices of Cancellation, to be effective May 11, 2003.

Background

2. WPSC and UPPCo transferred ownership and operational control of their transmission facilities to the for-profit transmission provider American Transmission Company, L.L.C. (ATLLC).⁴ Thereafter, ATLLC transferred operational control of the transmission facilities to the Midwest Independent Transmission System Operator, Inc. (Midwest ISO),⁵ which became fully operational on February 1, 2002. The Midwest ISO currently has operational control of WPSC's and UPPCo's transmission facilities under the Midwest ISO Open Access Transmission Tariff.

Revised W-1A and W-2A Service Agreements

3. The Revised Service Agreements reflect the transfer of operational control of WPSC's transmission facilities and the impact of the JAST and WPSC's rate filing currently pending in Docket No. ER03-606-000,⁶ on the provision of service under the

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Electric Cooperative. These OATT Service Agreements were inadvertently omitted from WPSC's June 27, 2002 filing terminating transmission service agreements between WPS Resources and certain of its customers in Docket No. ER02-184-000 (June 27 Filing). The Director, Central Division, Office of Markets, Tariffs and Rates, pursuant to delegated authority, accepted the June 27 Filing on July 26, 2002 in an unpublished basket letter order.

⁴See Madison Gas & Electric Co., et al., 93 FERC ¶ 61,215 at 61,712 (2000); Upper Peninsula Power Co., 95 FERC ¶ 61,487 at 62,374 (2001).

⁵See American Transmission Company, L.L.C., 97 FERC ¶ 62,182 (2001).

⁶On March 10, 2003, WPSC filed a request under Section 205 of the Federal Power Act, 16 U.S.C. § 824d (2000), to increase its rates for full and partial requirements wholesale customers and to unbundle transmission and wholesale distribution service under the WPSC's W-2A Tariff and Rate Schedule FERC No. 51 with Marshfield. The Commission accepted the rates for filing, as modified, suspended them for a nominal period to become effective May 11, 2003, subject to refund, and set them for hearing and

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W-1A and W-2A Tariffs. The Revised Service Agreements generally provide that the customers must obtain transmission service and related ancillary services under the Midwest ISO OATT and obtain wholesale distribution service under the JAST. These Revised Service Agreements also will provide the customers generation-related ancillary services and capacity and energy for the customers' transmission and wholesale distribution loss requirements.

4. The Revised Service Agreement with Manitowoc also: (1) updates the personnel responsible for executing the Revised Service Agreement, (2) removes references to certain lines and terminals and an Operating Lease Agreement no longer owned by Manitowoc, and (3) updates the demand requirement estimates.

5. The Revised Service Agreement with Washington Island also: (1) updates the personnel responsible for executing the Revised Service Agreement, and (2) deletes Interruptible Load requirement language.

JAST Service Agreements

6. The JAST Service Agreements match pro forma agreements in the JAST, except that they are not executed. WPS Resources states that the customers are taking wholesale distribution service, and that Manitowoc and UPPCo are taking ancillary services as well, under these agreements.

7. WPS Resources points out that the distribution loss factors in the JAST Service Agreements with Daggett, Alter Delta, Stephenson, Stratford, and Washington Island will be determined using the following methodology: (1) the historic monthly loss factors for the most recent three calendar years are determined from a distribution feeder load model using actual wholesale customer and other feeder loads; (2) the 36 monthly values for 2000 through 2002 are averaged and the 12 monthly values for 2002 are averaged, (3) the averages are then averaged giving double weight to the most recent year's data, and (4) the calculated value is rounded to the nearest 5 hundredths of a percent.⁷ WPS Resources explains that the methodology used to determine loss factors applicable to generation and

⁶(...continued)
settlement judge procedures. See Wisconsin Public Service Corporation, 103 FERC ¶ 61,116 (2003).

⁷WPS Resources explains that the JAST Service Agreement with Manitowoc does not contain this distribution loss factors methodology because the distribution loss factor for Manitowoc is 0%.

transmission is comparable to the methodology used by the Midwest ISO for determining transmission billing.

Notices of Cancellation

8. WPS Resources states that the notices of cancellation cancel WPS Resources' OATT Service Agreements with Manitowoc, Stratford, and Washington Island. According to WPS Resources, terminating these OATT Service Agreements will allow these customers to take service under the JAST. WPS Resources explains that these notices of cancellation were inadvertently omitted from WPS Resources' June 27 Filing in Docket No. ER02-184-000.⁸

Notice of Filings

9. Notice of WPSC's and WPS Resources' filings was published in the Federal Register, 68 Fed. Reg. 38,709 (2003), with protests and interventions due on or before July 1, 2003. On June 30, 2003, the Algoma Group filed a timely motion to intervene and protests in all three dockets.⁹ The Algoma Group consists of municipally-owned electric utilities and rural electric cooperatives customers that purchase power and energy from WPSC under the rate schedules at issue in these proceedings.

10. The Algoma Group states that while it does not object to the Revised Service Agreements, the Algoma Group wants to preserve its rights with respect to formula rate issues currently pending in the WPSC rate case in Docket No. ER03-606-000, including, among other things, issues relating to: (1) the formula rate itself, (2) the transparency of the formula rate, (3) amortization under the formula rate, (4) a price squeeze that will exist, as long as there are formula rate wholesale customers while the rates for retail customers are set on a test year cost-of-service basis, (5) the costs proposed to be passed on to the customers as provided in the Statement BK in the WPSC rate filing, and (6) the

⁸See supra note 3.

⁹Members of the Algoma Group include the Cities of Manitowoc, Marshfield and Stratford, Wisconsin, the City of Stephenson, Michigan, the Alger Delta Cooperative Electric Association and the Washington Island Electric Cooperative. The Algoma Group indicates that other WPS wholesale customers or potential customers under the tariffs may join the Algoma Group at a later date.

appropriateness of the charges to UPPCo as those charges impact the rates and charges to the Algoma Group.¹⁰

Discussion

Procedural Matters

11. Under Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2003), the timely, unopposed motion to intervene serves to make the Algoma Group a party to these proceedings.

Commission Decision

12. We will accept and suspend the unexecuted W-1A and W-2A Service Agreements. Because the rates under these agreements are under review in Docket No. ER03-606-000, we will suspend these agreements for a nominal period, to be effective May 11, 2003, subject to refund, and make them subject to the outcome of Docket No. ER03-606-000; we note that the Algoma Group does not object to the Revised Service Agreements in and of themselves, but has raised concerns as to the rates under the agreements. We will also accept the JAST Service Agreements and the Notices of Cancellation. In addition, we will grant waiver of the sixty-day prior notice requirement for good cause shown.¹¹

The Commission orders:

(A) WPSC's proposed Revised Service Agreements are hereby accepted for filing and suspended for a nominal period, to be effective May 11, 2003, subject to refund and subject to the outcome of Docket No. ER03-606-000.

(B) WPS Resources' proposed JAST Service Agreements are hereby accepted for filing, to be effective May 11, 2003.

(C) WPS Resources' Notices of Cancellation are hereby accepted.

(D) WPSC's and WPS Resources' requests for waiver of the Commission's sixty-day prior notice requirement are hereby granted.

¹⁰See supra note 6.

¹¹See Prior Notice and Filing Requirements Under Part II of the Federal Power Act, 64 FERC ¶ 61,139 at 61,984, order on reh'g, 65 FERC ¶ 61,081 (1993).

Docket No. ER03-944-000, et al.

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By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.