

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
WISCONSIN ENERGY CORPORATION and)
INTEGRYS ENERGY GROUP, INC., for approval,)
pursuant to MCL 460.6q, for the transfer of control)
of **WISCONSIN PUBLIC SERVICE CORPORATION**)
and **MICHIGAN GAS UTILITIES CORPORATION**;)
and the joint request of **WISCONSIN PUBLIC**)
SERVICE CORPORATION, MICHIGAN GAS)
UTILITIES CORPORATION, and **WISCONSIN**)
ELECTRIC POWER COMPANY for waivers from)
or declarations regarding the applicability of the code)
of conduct and affiliate transaction guidelines and)
related approvals.)
_____)

Case No. U-17682

At the April 23, 2015 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. John D. Quackenbush, Chairman
Hon. Greg R. White, Commissioner
Hon. Sally A. Talberg, Commissioner

ORDER APPROVING AMENDED AND RESTATED SETTLEMENT AGREEMENT

On August 6, 2014, Wisconsin Energy Corporation (WEC) and Integrys Energy Group, Inc. (Integrys), sought approval, pursuant to MCL 460.6q, for the transfer of control of Wisconsin Public Service Corporation (WPS Corp) and Michigan Gas Utilities Corporation (MGUC) from Integrys to WEC. In addition, WPS Corp, MGUC, and Wisconsin Electric Power Company (WEPCo) sought waivers from or declarations regarding the applicability of both the Code of

Conduct established in Case No. U-12134, and the Affiliate Transaction Guidelines approved in Case No. U-13470 as they relate to affiliate interest agreements to be entered into in connection with the transfers of control described above.¹

A prehearing conference was held before Administrative Law Judge Sharon L. Feldman (ALJ) on August 29, 2014. The ALJ granted petitions to intervene filed by Fibrek, Tilden Mining Company, L.C., and Empire Iron Mining Partnership (collectively, the Mines), Citizens Against Rate Excess (CARE), Verso Paper Corporation² (Verso), and the Michigan Department of the Attorney General (Attorney General). The Commission Staff also participated in the proceedings.

On September 15, 2014, Cloverland Electric Cooperative (Cloverland) filed a petition for leave to intervene out of time. On September 22, 2014, the Joint Applicants filed an objection to Cloverland's petition to intervene. On September 23, 2014, the ALJ granted permissive intervention to Cloverland.³

On October 30, 2014, the ALJ granted the Attorney General's motion to modify the schedule in order for the parties to explore settlement discussions. As modified, the schedule requires the Commission to issue a final order by June 15, 2015.

On January 30, 2015, all parties, except for Cloverland, submitted a signed settlement agreement resolving all issues in the proceeding. Also on January 30, 2015, the Attorney General filed a motion requesting a revised schedule in the event that the settlement was contested. On February 12, 2015, Cloverland filed objections to the settlement agreement.

¹ WEC, Integrys, WPS Corp, MGUC, and WEPCo are collectively referred to as the Joint Applicants.

² Effective January 7, 2015, Verso Paper Corporation changed its name to Verso Corporation.

³ A delayed petition to intervene filed by the Environmental Law & Policy Center was denied by the ALJ at a prehearing conference conducted on December 15, 2014. *See*, 4 Tr 80.

On February 12, 2015, the Attorney General filed a motion to terminate Cloverland's permissive intervention. On February 17, 2015, the Joint Applicants filed a response in support of the Attorney General's motion. On February 18, 2015, Cloverland filed a response in opposition to the Attorney General's motion and a reply to the Joint Applicants. On February 19, 2015, the Attorney General filed a reply to Cloverland's response. The ALJ denied the Attorney General's motion at a hearing on February 20, 2015.

On February 23, 2015, the Joint Applicants and the Attorney General filed applications for leave to appeal the ALJ's ruling. On February 25, 2015, Cloverland filed a response opposing the applications for leave to appeal. On February 27, 2015, the Commission issued an order granting the Attorney General's and the Joint Applicants' appeals, but denying the relief requested.

Between February 20, 2015 and March 5, 2015, the parties submitted direct and rebuttal testimony on the issue of whether the Commission should approve the settlement agreement.

At an evidentiary hearing conducted on March 12, 2015, pursuant to a stipulation filed March 10, 2015, the ALJ admitted all pre-filed direct and rebuttal testimony and related exhibits regarding the contested settlement agreement.

On March 13, 2015, Joint Applicants, the Attorney General, the Mines, and the Staff submitted an Amended and Restated Settlement Agreement, which is appended to this order as Attachment 1. Paragraph 9 of the Amended and Restated Settlement Agreement provided that the January 30, 2015 settlement agreement was withdrawn. On March 20, 2015, CARE and Cloverland filed documents affirming their agreement with the Amended and Restated Settlement Agreement. Also on March 20, 2015, Fibrek submitted a statement of non-objection to the

Amended and Restated Settlement Agreement. On March 25, 2015, Verso filed its statement of non-objection to the Amended and Restated Settlement Agreement.⁴

In their application, the Joint Applicants explained the details of the proposed transactions at issue in this docket as follows:

Applicants

WEC is a Milwaukee, Wisconsin-based holding company. Two of its wholly-owned subsidiaries are WEPCo and Wisconsin Gas LLC (WG). WEC serves 1.1 million retail electric customers and 1.1 million retail natural gas customers through these subsidiaries. WEC, through itself and its subsidiaries, owns a 26.24% ownership interest in American Transmission Company LLC and ATC Management, Inc. (collectively, ATC).

WEPCo is the electric public utility subsidiary of WEC that provides retail electric service in Wisconsin and Michigan. WEPCo's Michigan service territory includes parts of the Upper Peninsula counties of Alger, Baraga, Delta, Dickinson, Gogebic, Houghton, Iron, Marquette, Menominee, and Ontonagon. WEPCo is not a participant in the proposed merger transaction, and its existing rates, terms, and conditions of service in Michigan will not be affected by the proposed merger transaction.⁵ WEPCo is the owner and operator of the Presque Isle Power Plant (PIPP) in Marquette, Michigan.

Integrus is a Wisconsin corporation headquartered in Chicago, Illinois. It is a diversified energy holding company having regulated natural gas and electric utility operations in Illinois, Michigan, Minnesota, and Wisconsin. Integrus presently owns and operates six regulated natural gas and electric utilities that serve a total of 2.1 million customers in four states. Integrus currently has two wholly-owned subsidiaries, WPS CORP and MGUC, that operate as public utilities in Michigan. Previously, Integrus owned Upper Peninsula Power Company, an electric utility serving retail customers in the Upper Peninsula, which it sold to Balfour Beatty Infrastructure

⁴ Verso indicated that its statement of non-objection does not mean that Verso has waived any objections it may have in subsequent proceedings to any proposal for, or the terms of, any rates, charges, acquisitions, divestitures, or other transactions requiring approval of the Commission or the Federal Energy Regulatory Commission (FERC) that may affect the rates, charges or terms of service applicable to Verso. Specifically, Verso added that wholesale power sales by the Plant (as such Plant is defined in the Amended and Restated Settlement Agreement) and all sales envisioned under Section 6g of the Amended and Restated Settlement Agreement will require prior rate approval of the FERC and may be subject to review under standards applicable to affiliate transactions.

⁵ The Commission notes that WEPCo filed an application seeking approval of a special contract with the Mines on March 20, 2015. *See*, Case No. U-17862.

Partners, L.P. (Balfour) in 2014.⁶ *See*, Case No. U-17564. Integrys also owns and operates Integrys Energy Services, Inc. (IES),⁷ which provides retail gas and electric marketing to customers in 22 states across the northeast quadrant of the United States, and Trillium CNG, a provider of compressed natural gas fueling services. IES was licensed as an alternative electric supplier (AES) by the Commission's January 8, 2002 order in Case No. U-13245 (under the name WPS Energy Services, Inc.). IES's subsidiary, Integrys Energy Services Natural Gas, LLC, was licensed as an alternative gas supplier (AGS) by the Commission's April 13, 2010 order in Case No. U-16187. Additionally, Integrys has a 34.07% equity ownership interest in ATC.

WPS Corp, a wholly-owned electric and natural gas subsidiary of Integrys, is a Wisconsin corporation that has its principal office in Green Bay, Wisconsin. WPS Corp is engaged in the generation, purchase, distribution and sale of electric energy, as well as the transportation, distribution and sale of natural gas, in northeastern Wisconsin. WPS Corp also has approximately 14,295 electric and natural gas customers in and around the City of Menominee, Michigan. WPS Corp's retail electric and natural gas rates in Michigan are regulated by the Commission. Before the filing of the Joint Application, WPS Corp's last completed general electric rate case was Case No. U-15352,⁸ and its last completed general natural gas rate case was Case No. U-8694. WPS Corp is a "jurisdictional regulated utility" as defined in § 6q(12)(b).

MGUC, a wholly-owned natural gas subsidiary of Integrys, has its principal office in Monroe, Michigan. MGUC's 166,000 retail customers are located in the southern and western portions of Michigan's Lower Peninsula. MGUC's retail natural gas rates are regulated by the Commission. MGUC's last general rate case was Case No. U-17273. MGUC qualifies as a "jurisdictional regulated utility" as defined in § 6q(12)(b).

The Transactions

On June 22, 2014, WEC and Integrys entered into an Agreement and Plan of Merger (Merger Agreement). The terms and conditions of the Merger Agreement as described in the application are set forth in proposed Exhibit A-2 that was an attachment to the pre-filed direct testimony of

⁶ The Integrys/Balfour transaction closed August 14, 2014.

⁷ On July 30, 2014, Integrys announced that it had entered into a definitive agreement with Exelon Generation Company, LLC (Exelon) to sell, and for Exelon to purchase, IES. This divestiture was expected to close no later than the first quarter of 2015. This transaction does not include the sale of IES's solar generation business.

⁸ On October 17, 2014, WPS Corp filed a general electric rate case in Case No. U-17669. In a separate order issued today in that docket, the Commission approved a settlement agreement that resolves all issues in the case.

Scott J. Lauber.⁹ Under the terms of the Merger Agreement, WEC will acquire 100% of the outstanding common stock of Integrys. In return, Integrys' shareholders will receive 1.128 WEC shares plus \$18.58 in cash for each share of common stock of Integrys. The merger will be financed by WEC issuing new WEC stock and by WEC issuing \$1.5 billion in acquisition debt, likely in the form of intermediate and long-term debt. Upon closing of the Merger Agreement, Integrys' shareholders will own 28% of the combined company. The overall WEC/Integrys transaction value is approximately \$9.1 billion.¹⁰

With regard to the changes to the corporate structure of WEC and Integrys, the Merger Agreement provides for the merger to take place in two stages. In the first stage, Integrys will merge with a newly-formed wholly-owned subsidiary created by WEC, with Integrys being the surviving entity in the initial merger. Immediately thereafter, Integrys will merge into a second newly-formed wholly-owned WEC subsidiary (Second Subsidiary), with the Second Subsidiary being the surviving entity in that merger. After these actions,¹¹ the surviving entity will be a wholly-owned subsidiary of WEC, will stand in the shoes of Integrys, and will have all the current Integrys utility subsidiaries under it. Upon closing, if approved by WEC's shareholders, WEC will be renamed WEC Energy Group, Inc. All of WEC's current subsidiaries will continue to exist. WEC's organizational chart prior to the Merger Agreement and after consummation of the second merger are depicted in proposed Exhibits A-1 and A-4 to the pre-filed direct testimony of Mr. Lauber, which are appended to this order as Attachments 2 and 3, respectively.

⁹ Mr. Lauber is Vice-President and Treasurer of WEC and Vice-President and Treasurer of its wholly-owned utility subsidiaries, WEPCo and WG.

¹⁰ This valuation includes \$5.8 billion for Integrys shares and \$3.3 billion of assumed Integrys debt.

¹¹ The multi-step merger process is required to ensure that Integrys' shareholders maintain federal income tax-free status for the stock portion of the merger transaction.

Upon closing, WPS Corp and MGUC will become wholly-owned subsidiaries of the Second Subsidiary, and second tier subsidiaries of WEC. The currently effective rates, tariffs, and agreements for service of these two public utilities will not be affected by the merger, and they will continue to exist as corporate entities separate from each other and from WEPCo. Additionally, the merger will have no impact on WEPCo's retail rates for electric services, or on WEPCo's provision of safe, reliable and adequate service in Michigan. The merger will not result in the subsidization of any non-regulated activity of WEC or any of its affiliates through the regulated rates paid by WEPCo's customers, WPS Corp's Michigan customers, or MGUC's customers, nor will it impair their ability to raise necessary capital or maintain a reasonable capital structure. It is also represented that the merger will benefit the ratepayers through economies of scale that in the long run may result in volume procurement efficiencies for fuel purchasing. Likewise, the Joint Applicants believe that the merger could improve outage restoration times, energy efficiency, and low-income and conservation programs. Finally, they opine that customers may also benefit from the combined companies' larger, more diversified generation portfolio and purchasing capabilities.

The merger will also result in WEC's acquisition of various other non-jurisdictional subsidiaries and interests in other states. For example, upon closing WEC will own 60.31% of the membership interests in ATC.¹²

¹² In connection therewith, WEC has committed to the FERC that following the completion of the proposed transaction, WEC will independently vote only the 34.07% share of interests currently held by Integrys. The remainder of the interest will be voted in proportion to the way in which owners not affiliated with WEC or Integrys vote their shares. Also under Wis Stat §196.485(3m)(c)2, the Wisconsin law that established ATC, there is a requirement that at least four of directors of the management company have staggered four-year terms and be "independent" in the sense that they are not directors, employees, or independent contractors of a person engaged in the production, sale, marketing, transmission, or distribution of electricity or natural gas or of an affiliate of such a person.

The Joint Applicants explain that consummation of the proposed transaction will require many regulatory approvals. WEC and Integrys were required to make filings with the Public Service Commission of Wisconsin, the Illinois Commerce Commission, the Minnesota Public Service Commission, and the FERC with respect to the change in control of these entities as part of the proposed transaction.¹³ Additionally, the Joint Applicants are seeking approvals from the Federal Trade Commission and the Antitrust Division of the Department of Justice as required by the Hart-Scott-Rodino Antitrust Improvements Act of 1976, 15 USC § 18a. And, Integrys and WEC will need to receive authorization from the Federal Communications Commission to transfer control of private radio and microwave licenses under which they operate wireless telecommunications systems to support daily operations.

Code of Conduct and Affiliate Transaction Concerns

In its October 29, 2001 order in Case No. U-12134, the Commission adopted a Code of Conduct that sets forth standards governing transactions between jurisdictional regulated electric utilities and their unregulated affiliates.¹⁴ The Code of Conduct applies to WEPCo, WPS Corp, and MGUC, all of which file annual Code of Conduct compliance reports with the Commission, and have been granted waivers from various Code of Conduct requirements. Additionally, by virtue of the March 12, 2003 order in Case No. U-13470, MGUC is subject to Affiliate Transactions Guidelines as is more fully set forth in Paragraph G of the settlement agreement approved by the March 12 order in that docket.

¹³ The FERC issued an order approving the merger on April 7, 2015, in Docket No. EC14-126-000. *See*, 151 FERC ¶ 61,015.

¹⁴ The Commission may grant waivers from one or more provisions of the Code of Conduct where the granting of such a waiver will not inhibit the development of, or functioning of, competitive markets.

Paragraphs 21 through 29 of the application explain the types of business arrangements that will be relied upon after closing of the merger for the resulting corporate entity to transact business amongst and between the resulting regulated and unregulated subsidiaries. Some of these business arrangements will continue to use existing waivers of the Code of Conduct, while others will require new waivers. The Joint Applicants urge the Commission to grant WEPCo waivers from Sections IIB, IID, IIE, and IIIC of the Code of Conduct in connection with transactions under an affiliated interest agreement (AIA) with an Integrys subsidiary to be renamed WEC Business Support, LLC (WBS). The Joint Applicants also request a waiver of Sections IVA, IVB, IVC, and IVD of the Code of Conduct in connection with the sharing of customer information with WBS. The Joint Applicants assert that “such information shall not be shared with other non-regulated affiliates, entities or third-parties.” Application, Paragraph 29. Further, the Joint Applicants request waivers of any other provisions of the Code of Conduct determined appropriate by the Commission in a manner that would be consistent with the terms and conditions adopted in the November 8, 2007 order in Case No. U-15325. Finally, because all services to be provided pursuant to the WEC Energy Group AIA will comply with the Code of Conduct, the Affiliate Transaction Guidelines of Case No. U-13470, or existing waivers, WPS Corp, WEPCo and MGUC seek a declaration that the waivers previously granted apply to the WEC Energy Group AIA and that no additional waivers are required; provided, however, that if the Commission determines that any additional waivers are required in connection with the WEC Energy Group AIA, that the Commission also grant those additional waivers.

The Settlement Agreement

The signatories to the Amended and Restated Settlement Agreement have agreed that the Merger Agreement satisfies the requirements under MCL 460.6q(7) and that the relief requested in the Joint Application, including the requested waivers associated with the Code of Conduct and the Affiliate Transaction Guidelines of Case No. U-13470, should be granted. They also specifically represent that the Amended and Restated Settlement Agreement is reasonable, prudent, in the public interest, and will aid in the expeditious conclusion of this case.

The provisions set forth in the Amended and Restated Settlement Agreement establish a number of conditions, terms, and pledges.¹⁵ These conditions, terms, and pledges include:

- a. WEPCo's agreement to not enter into a System Support Resource (SSR) agreement with Midcontinent Independent System Operator, Inc. (MISO) for the operation of PIPP so long as both Mines, if operational, remain full requirements customers of WEPCo until the earlier of: (i) the day the new, clean generation plant located in the Upper Peninsula of Michigan (Plant), discussed further below, commences commercial operations; or (ii) December 31, 2019.
- b. WEPCo's agreement to continue to operate PIPP according to prudent utility practice, and to provide safe, reliable, and adequate electric service to all of WEPCo's Michigan retail customers.
- c. An understanding that the retail rates for Michigan customers will not be increased as a result of the special contracts entered into between WEPCo and the Mines.
- d. The agreement that WEPCo will make necessary capital investments in PIPP to continue operation of PIPP until the earliest of:
 - (i) December 31, 2019;

¹⁵ MCL 460.6q(8) and (9) both allow the Commission to impose reasonable terms and conditions in approving a merger. MCL 460.6q(8) pertains to terms and conditions meant to protect the jurisdictional regulated utility. MCL 460.6q(9) pertains to terms and conditions meant to protect the customers of the jurisdictional regulated utility. A term or condition may be proposed by the Commission or by any party to the proceeding. A jurisdictional regulated utility may reject the terms and conditions imposed by the Commission and elect not to proceed with the transaction.

- (ii) The new generation Plant described in Paragraph a.(i) commences commercial operation; or
- (iii) An earlier retirement date of PIPP agreed to between WEPCo and the Mines.

With respect to WEPCo's planned capital expenditures for the PIPP, the Amended and Restated Settlement Agreement requires WEPCo to disclose them to the Staff. Further, WEPCo is required to limit such capital investments as much as is prudent. Additionally, WEPCo shall advise the Staff at least four weeks in advance if possible, but in urgent situations no later than seven days after the capital expenditure is made, of any capital expenditure or group of capital expenditures for a singular purpose of more than \$5,000,000 not included in the original plan. The Amended and Restated Settlement Agreement also provides that the Michigan allocated revenues collected by WEPCo through the SSR agreements at issue in FERC dockets ER14-1242, ER14-1243, ER14-2860, and ER14-2862 shall be applied first to Michigan full requirements customer refunds, and then to offset capital expenditures, with any remaining SSR funds being put to any other permissible purpose.

e. If, notwithstanding Section 6.a. of the Amended and Restated Settlement Agreement, the Mines that are operational are full requirements customers of WEPCo, and WEPCo enters into a SSR Agreement for PIPP, WEPCo shall refund to all Michigan customers the amount of the new SSR paid by those customers per such SSR agreement within 10 days of WEPCo's receipt of such SSR payments from MISO. The Commission shall have the ability to audit these refunds.

f. If either the Tilden Mine or the Empire Mine, while being operational, chooses to participate in retail access service prior to the earliest of:

- (i) December 31, 2019;
- (ii) The date that the new Upper Peninsula Plant commences commercial operation; or
- (iii) An earlier retirement date of PIPP agreed to between WEPCo and the Mines;

and WEPCo seeks an SSR agreement for PIPP, then the Mines shall reimburse all Michigan customers. The Amended and Restated Settlement Agreement provides that such reimbursement mechanism for Michigan customers of WEPCo shall be the net amount of the fixed PIPP SSR costs paid by those customers per such SSR agreement. WEPCo shall notify the Mines of the amount due to customers on a monthly basis during the life of the SSR agreement. The amount of fixed PIPP SSR costs shall be offset by those customers' allocated share of PIPP SSR revenues WEPCo receives. Such reimbursement shall occur within 10 days of notification by WEPCo of receipt of such payments, with the Mines making full payment to WEPCo. The Commission shall have the ability to audit these refunds.

g. WEC has made a binding commitment to be an investor in the new Upper Peninsula Plant by having WEPCo, or, if formed, its future Michigan-only utility do the following:

- (1) At the option of the Mines, WEC will either: (i) make a minority interest equity investment in the Plant proposed by the Mines with potentially a third-party and agree to off-take an amount of energy equal to the Michigan jurisdictional non-Mine load of WEC's electric utility subsidiaries; or (ii) off-take an amount of energy equal to the Michigan jurisdictional non-Mine load of WEC's electric utility subsidiaries less WEC's current Michigan hydro-facility capacity (not to exceed 8 megawatts (MW)) without making a minority equity investment in the Plant. While such Plant is still in the planning process and the capabilities and terms are generally unknown, such investment will be on the same financial terms as the majority investor. WEC's Michigan subsidiaries will enter into a Power Purchase Agreement (PPA) or PPAs for energy from the Plant at a rate equal to the cost to serve non-Mine customers from the Plant, in full consideration of the reliability benefit of the new Plant, for a term equal to the contract term between the Mines and the potential third party. The agreement for this investment must be executed by July 31, 2016.
- (2) If the agreement for the investment, described in Paragraph 6.g.(i) of the Amended and Restated Settlement Agreement, has not been executed by July 31, 2016, then WEC will either: (i) negotiate an agreement with the Mines to develop such Plant; or (ii) off-take an amount of energy equal to the Michigan jurisdictional non-Mine load of WEC's electric utility subsidiaries less WEC's current Michigan hydro-facility capacity (not to exceed 8 MW) without making a minority equity investment in the Plant. While the Plant is still in the planning process and the capabilities and terms are generally unknown, such investment will be on the same financial terms as the Mines. WEC's Michigan subsidiaries will enter into a PPA or PPAs for energy from the Plant at a rate equal to the cost to serve non-Mine customers from the Plant, in full consideration of the reliability benefit of the new Plant, for a term equal to the contract term between the Mines and the potential third party. The agreement for this investment must be executed by December 31, 2016.
- (3) If the agreement for the investment, described in Paragraph 6.g.(ii) of the Amended and Restated Settlement Agreement, has not been executed by December 31, 2016, and it is reasonable and prudent and in the best interest of Michigan ratepayers, then WEC will construct, own and operate the Plant, if reasonable and prudent to do so and is in the best interest of Michigan ratepayers, as a Michigan only asset subject to the requirement that the Mines have previously signed an agreement to receive all their electric load from the Plant, for a period of 10 years, beginning January 1, 2020. In this event, the Mines agree to enter into such an agreement with WEC (or its

successor). If WEC and the Mines are unable to agree to a rate, or any other term of service in the agreement, the Commission shall have the authority to resolve the dispute under a just and reasonable standard.

For (1) through (3) above, the investment and PPA are subject to the issuance of a certificate of necessity under all subsections of MCL 460.6s(3) assuring that if granted WEC's investment and/or its Michigan-only utility's investment in and the cost of the Plant and/or PPA will be fully recovered through Michigan retail rates, if just and reasonable. WEC further agrees to the creation of a Michigan-only jurisdictional utility to facilitate its long-term solution, if reasonable and prudent, with timing to be determined with the Commission. All investment and costs associated with the Plant would be allocated to the Michigan jurisdictional utility and would not require approval by the Public Service Commission of Wisconsin.

- h. WEC and WEPCo agreed that they shall advocate within ATC to ensure that studies regarding the necessary configuration of the Plant in order to replace PIPP from a transmission planning point of view proceed fairly and expeditiously.

The Amended and Restated Settlement Agreement is also conditioned on the Commission's approval of the special contracts entered into between WEPCo and the Mines dated March 12, 2015, approval of which is being sought in Case No. U-17862.¹⁶ It is further agreed that the Amended and Restated Settlement Agreement is reasonable, prudent, in the public interest and will aid in the expeditious conclusion of this case.

The parties have provided in the Amended and Restated Settlement Agreement that the Commission may not approve the Merger Agreement unless it approves the Amended and Restated Settlement Agreement without any modifications. The parties have indicated that if the Commission were to reject or modify the Amended and Restated Settlement Agreement or any of its provisions, then "the Amended and Restated Settlement Agreement shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose."

Paragraph 13. The signatories have also indicated that the provisions of the Amended and

¹⁶ In a separate order issued today in Case No. U-17862, the Commission approved the special contract between WEPCo and the Mines.

Restated Settlement Agreement are not severable because each separate provision “is dependent upon all other provisions ... [and] ... [f]ailure to comply with any provision of the Amended and Restated Settlement Agreement constitutes failure to comply with the entire Amended and Restated Settlement Agreement.” Paragraph 13. Finally, the Amended and Restated Settlement Agreement states that the parties agreed that Section 81 of the Administrative Procedures Act of 1969, MCL 24.281, is waived as it applies to this proceeding, if the Commission approves this Amended and Restated Settlement, and that none of them will challenge the Commission’s approval of the Amended and Restated Settlement Agreement.

Discussion

The Legislature authorized the Commission to approve mergers and acquisitions of public utilities through passage of 2008 PA 286 that added MCL 460.6q. Section 6q(1) of Act 286 provides that “ [a] person shall not acquire, control, or merge, directly or indirectly, in whole or in part, with a jurisdictional regulated utility nor shall a jurisdictional regulated utility sell, assign, transfer, or encumber its assets to another person without first applying to and receiving the approval of the commission.” MCL 460.6q(1).

MCL 460.6q(2) obligated the Commission to issue an order stating what constitutes acquisition, transfer of control, merger activities, or encumbrance of assets that are subject to this section. After due notice in Case No. U-15795, the Commission issued an order on January 25, 2010, approving a settlement agreement that fulfilled the requirements of MCL 460.6q(2). The Commission also promulgated administrative rules that created the procedures to be followed by applicants seeking approvals of mergers.¹⁷

¹⁷ See, R 460.301-303.

The standards by which the Commission is to determine whether a merger is to be approved, modified, or rejected are set forth in MCL 460.6q(7), which provides:

The commission shall consider among other factors all of the following in its evaluation of whether or not to approve a proposed acquisition, transfer, merger, or encumbrance:

- (a) Whether the proposed action would have an adverse impact on the rates of the customers affected by the acquisition, transfer, merger, or encumbrance.
- (b) Whether the proposed action would have an adverse impact on the provision of safe, reliable, and adequate energy service in this state.
- (c) Whether the action will result in the subsidization of a nonregulated activity of the new entity through the rates paid by the customers of the jurisdictional regulated utility.
- (d) Whether the action will significantly impair the jurisdictional regulated utility's ability to raise necessary capital or to maintain a reasonable capital structure.
- (e) Whether the action is otherwise inconsistent with public policy and interest.

MCL 460.6q(7).

After reviewing Joint Applicants' Application, proposed testimony, proposed exhibits, and the Amended and Restated Settlement Agreement, the Commission finds as follows:

1. Approval of the Amended and Restated Settlement Agreement is in the public interest, and represents a fair and reasonable resolution of the proceeding.
2. The proposed transaction will not have an adverse impact on the rates of the customers affected by the merger.
3. The proposed transaction will not have an adverse impact on the provision of safe, reliable, and adequate energy service in this state.
4. The proposed transaction will not result in the subsidization of a non-regulated activity of the new entity through the rates paid by the customers of the jurisdictional regulated utility.

5. The proposed transaction will not significantly impair the jurisdictional regulated utilities' ability to raise necessary capital or to maintain a reasonable capital structure.
6. The proposed transaction is consistent with public policy and interest.
7. The proposed transaction satisfies the requirements of MCL 460.6q(7).
8. The requested waivers associated with the Code of Conduct and the Affiliate Transaction Guidelines of Case No. U-13470, are appropriate, and should be granted.
9. All of the parties hereto are either signatories to the Amended and Restated Settlement Agreement, have filed documents expressing agreement to the Amended and Restated Settlement Agreement, or have expressed non-objection to the same.
10. The public interest is adequately represented by the parties who entered into the Amended and Restated Settlement Agreement.

The Commission therefore finds that the Amended and Restated Settlement Agreement should be approved.

THEREFORE, IT IS ORDERED that:

A. The March 13, 2015 Amended and Restated Settlement Agreement, appended as Attachment 1, is approved as set forth in the order without modification.

B. The June 22, 2014 Agreement and Plan of Merger executed by Wisconsin Energy Corporation and Integrys Energy Group, Inc. is approved subject to the terms and agreements enumerated more fully in the Amended and Restated Settlement Agreement.

C. The proposed transfer of ownership and control of Wisconsin Public Service Corporation and Michigan Gas Utilities Corporation from Integrys Energy Group, Inc. to Wisconsin Energy

Corporation is approved subject to the conditions set forth in the Amended and Restated Settlement Agreement.

D. The new requested waivers associated with the Code of Conduct and the Affiliate Transaction Guidelines of Case No. U-13470, which are more fully enumerated in the body of this order, are approved. Moreover, the existing waivers previously granted Wisconsin Electric Power Company, Wisconsin Public Service Corporation, and Michigan Gas Utilities Corporation are deemed to apply to the Wisconsin Energy Corporation Energy Group affiliated interest agreements, and that no such additional waivers are required.

E. Wisconsin Energy Corporation shall notify the Commission via a filing in this docket within 10 days after the date on which the Agreement and Plan of Merger is consummated.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, under MCL 462.26. In compliance with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send the required notices to both the Commission's Executive Secretary at mspcedockets@michigan.gov and to the Commission's legal counsel, Michigan Department of the Attorney General-Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of these notifications may be sent to the Executive Secretary and Attorney General – Public Service Division at 7109 W. Saginaw Hwy, Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

John D. Quackenbush, Chairman

Greg R. White, Commissioner

Sally A. Talberg, Commissioner

By its action of April 23, 2015.

Mary Jo Kunkle, Executive Secretary

**STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

* * * * *

In the matter of the joint application of)	
WISCONSIN ENERGY CORPORATION and)	
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pursuant to MCL 460.6q, for the transfer of control of)	Case No. U-17682
WISCONSIN PUBLIC SERVICE CORPORATION)	
and MICHIGAN GAS UTILITIES CORPORATION ;)	
and the joint request of WISCONSIN PUBLIC)	
SERVICE CORPORATION, MICHIGAN GAS)	
UTILITIES CORPORATION and WISCONSIN)	
ELECTRIC POWER COMPANY for waivers from, or)	
declarations regarding the applicability of, the code of)	
conduct and affiliate transaction guidelines)	
<u>and related approvals.</u>)	

**AMENDED AND RESTATED
SETTLEMENT AGREEMENT**

Pursuant to MCL 24.278 and Rule 431 of the Rules of Practice and Procedure before the Michigan Public Service Commission ("MPSC" or the "Commission"), R 792.10431, settlement discussions were conducted among Wisconsin Energy Corporation ("WEC"), Integrys Energy Group, Inc. ("Integrys"), Wisconsin Public Service Corporation ("WPS Corp"), Wisconsin Electric Power Company ("Wisconsin Electric"), Michigan Gas Utilities Corporation ("MGUC") (collectively, "Joint Applicants"), the MPSC Staff ("Staff"), Attorney General Bill Schuette ("AG"), Tilden Mining Company, L.C. ("Tilden Mine"), and Empire Iron Mining Partnership ("Empire Mine") (collectively, Tilden Mine and Empire Mine, the "Mines"). As a result of such settlement discussions the signatories to this Amended and Restated Settlement Agreement agree as follows:

1. On August 6, 2014, Joint Applicants filed a Joint Application with the Michigan Public Service Commission ("MPSC") pursuant to Section 6q of 2008 PA 286; MCL 460.6q

requesting, among other things, all required approvals in connection with the transfer of control of WPS Corp and MGUC from Integrys to WEC, pursuant to an Agreement and Plan of Merger, as fully described in the Joint Application ("Proposed Transaction"), pursuant to which WEC will acquire the outstanding shares of Integrys.

2. Pursuant to due notice, a prehearing conference was held August 29, 2014, before Administrative Law Judge ("ALJ") Sharon L. Feldman. At the prehearing conference, the AG's Notice of Intervention was granted. The ALJ also granted Petitions for Leave to Intervene filed by CARE, the Mines, Verso, Fibrek, and Cloverland. The Staff also participated in the proceedings.

3. On October 30, 2014, the ALJ granted the AG's motion to modify the schedule in order to pursue settlement discussions.

4. On January 30, 2015, the Attorney General filed a settlement agreement that was signed by all the parties in this case except Cloverland ("January 30, 2015 Settlement Agreement"). Thereafter, a revised case schedule was set for contested settlement proceedings pursuant to Rule 431 of the Commission's Rules of Practice and Procedure, R 792.10431.

5. Subsequent to the filing of the January 30, 2015 Settlement Agreement, and while contested settlement proceedings on the January 30, 2015 Settlement Agreement were pending, the signatories to this agreement negotiated this Amended and Restated Settlement Agreement.

6. The signatories to the Amended and Restated Settlement Agreement agree that the Proposed Transaction satisfies the requirements under MCL 460.6q(7) and that the relief requested in the Joint Application, including the requested waivers associated with the Code of Conduct and the Affiliate Transaction Guidelines of Case No. U-13470, should be granted, and:

- a. Wisconsin Electric will not enter into a System Support Resource (“SSR”) agreement with Midcontinent Independent System Operator, Inc. (“MISO”) for the operation of the Presque Isle Power Plant (“PIPP”) so long as both Mines, if operational, remain full requirements customers of Wisconsin Electric until the earlier of: (i) the day the new, clean generation plant located in the Upper Peninsula of Michigan (“Plant”), discussed further below, commences commercial operations; or (ii) December 31, 2019.
- b. Wisconsin Electric will operate PIPP according to prudent utility practice, and provide safe, reliable, and adequate electric service to all of Wisconsin Electric’s Michigan retail customers.
- c. No other Michigan customers’ retail rates will be increased as a result of the special contracts entered into between Wisconsin Electric and the Mines.
- d. Wisconsin Electric will make necessary capital investments in PIPP to continue operation of PIPP until the earliest of: (i) December 31, 2019; (ii) the Plant commences commercial operation; or (iii) an earlier retirement date of PIPP agreed to between Wisconsin Electric and the Mines.
 - (i) Wisconsin Electric shall disclose its planned capital expenditures for the life of PIPP to the MPSC Staff. Wisconsin Electric shall limit such capital investments as much as is prudent, and shall advise the MPSC Staff at least 4 weeks in advance if possible, but in urgent situations no later than 7 days after the capital expenditure is made, of any capital expenditure or group of capital expenditures for a singular purpose of more than \$5,000,000 not included in the original plan.

- (ii) Michigan allocated revenues collected by Wisconsin Electric through the SSR Agreements at issue in FERC dockets ER14-1242, ER14-1243, ER14-2860, and ER14-2862 shall be applied first to Michigan full requirements customer refunds, and then to offset capital expenditures. Any remaining SSR funds may be put to any other permissible purpose.
- e. If, notwithstanding Section 6.a. above, the Mines that are operational are full requirements customers of Wisconsin Electric, and Wisconsin Electric enters into a SSR Agreement for PIPP, Wisconsin Electric shall refund to all Michigan customers the amount of the new SSR paid by those customers per such SSR agreement within 10 days of Wisconsin Electric's receipt of such SSR payments from MISO. The MPSC shall have the ability to audit these refunds.
- f. If either the Tilden Mine or the Empire Mine, while being operational, choose to participate in Retail Access Service prior to the earliest of: (i) December 31, 2019; (ii) the Plant commences commercial operation; or (iii) an earlier retirement date of PIPP agreed to between Wisconsin Electric and the Mines, and Wisconsin Electric seeks an SSR agreement for PIPP, the Mines shall reimburse all Michigan customers. The reimbursement mechanism for Michigan customers of Wisconsin Electric shall be the net amount of the fixed PIPP SSR costs paid by those customers per such SSR agreement. Wisconsin Electric shall notify the Mines of the amount due to customers on a monthly basis during the life of the SSR agreement. The amount of fixed PIPP SSR costs shall be offset by those customers' allocated share of PIPP SSR revenues Wisconsin Electric receives. Such reimbursement shall occur within 10 days of notification by Wisconsin Electric of

receipt of such payments, with the Mines making full payment to Wisconsin Electric. The MPSC shall have the ability to audit these refunds.

g. WEC makes a binding commitment to be an investor in the Plant by having Wisconsin Electric, or, if formed, its future Michigan-only utility do the following:

(i) At the option of the Mines, WEC will either: (i) make a minority interest equity investment in the Plant proposed by the Mines with potentially a third-party and agree to off-take an amount of energy equal to the Michigan jurisdictional non-Mine load of WEC's electric utility subsidiaries; or (ii) off-take an amount of energy equal to the Michigan jurisdictional non-Mine load of WEC's electric utility subsidiaries less WEC's current Michigan hydro-facility capacity (not to exceed 8 MW) without making a minority equity investment in the Plant. While such Plant is still in the planning process and the capabilities and terms are generally unknown, such investment will be on the same financial terms as the majority investor. WEC's Michigan subsidiaries will enter into a PPA or PPAs for energy from the Plant at a rate equal to the cost to serve non-Mine customers from the Plant, in full consideration of the reliability benefit of the new Plant, for a term equal to the contract term between the Mines and the potential third party. The agreement for this investment must be executed by July 31, 2016.

(ii) If the agreement for the investment described in Paragraph 6.g.(i), above, has not been executed by July 31, 2016, then WEC will either: (i) negotiate an agreement with the Mines to develop such Plant; or (ii) off-take an amount of energy equal to the Michigan jurisdictional non-Mine load of WEC's electric utility subsidiaries less WEC's current Michigan hydro-facility capacity (not to exceed 8

MW) without making a minority equity investment in the Plant. While the Plant is still in the planning process and the capabilities and terms are generally unknown, such investment will be on the same financial terms as the Mines. WEC's Michigan subsidiaries will enter into a PPA or PPAs for energy from the Plant at a rate equal to the cost to serve non-Mine customers from the Plant, in full consideration of the reliability benefit of the new Plant, for a term equal to the contract term between the Mines and the potential third party. The agreement for this investment must be executed by December 31, 2016.

(iii) If the agreement for the investment described in Paragraph 6.g.(ii), above, has not been executed by December 31, 2016, and it is reasonable and prudent and in the best interests of Michigan ratepayers, then WEC will construct, own and operate the Plant, if reasonable and prudent to do so and is in the best interests of Michigan ratepayers, as a Michigan only asset subject to the requirement that the Mines have previously signed an agreement to receive all their electric load from the Plant, for a period of ten (10) years, beginning January 1, 2020. In this event, the Mines agree to enter into such an agreement with WEC (or its successor). If WEC and the Mines are unable to agree to a rate, or any other term of service in the agreement, the MPSC shall have the authority to resolve the dispute under a just and reasonable standard.

For (i) through (iii) above, the investment and PPA is subject to the issuance of a Certificate of Necessity under all subsections of MCL 460.6s(3) assuring that if granted WEC's investment and/or its Michigan-only utility's investment in and the cost of the

Plant and/or PPA will be fully recovered through Michigan retail rates, if just and reasonable.

WEC further agrees to the creation of a Michigan-only jurisdictional utility to facilitate this long-term solution, if reasonable and prudent, with timing to be determined with the MPSC. All investment and costs associated with the Plant would be allocated to the Michigan jurisdictional utility and would not require approval by the Public Service Commission of Wisconsin.

h. WEC and Wisconsin Electric shall advocate within American Transmission Company, LLC to ensure that studies regarding the necessary configuration of the Plant in order to replace PIPP from a transmission planning point of view proceed fairly and expeditiously.

7. This Amended and Restated Settlement Agreement is conditioned on the MPSC's approval of the special contracts entered into between Wisconsin Electric and the Mines dated March 12, 2015.

8. The signatories agree that this Amended and Restated Settlement Agreement is reasonable, prudent, in the public interest and will aid in the expeditious conclusion of this case.

9. The January 30, 2015 Settlement Agreement is withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose.

10. If the Commission approves this Amended and Restated Settlement Agreement without modification, none of the signatories to this settlement will challenge the Commission's Order in Case No. U-17682 approving this settlement, including but not limited to challenging the lawfulness of the Commission's approval being subject to the conditions set forth in this Amended and Restated Settlement Agreement or the adequacy of the record to support the

Commission's Order. This Amended and Restated Settlement Agreement will not prejudice the positions taken by any of the parties in any proceedings regarding the SSR agreements, or the amounts of or allocation of SSR expenses and credits for operations conducted and service provided prior to the termination of the PIPP SSR agreement on February 1, 2015

11. This Amended and Restated Settlement Agreement has been made for the sole express purpose of reaching compromise among the positions of the signatories. All offers of settlement and discussions relating to this Amended and Restated Settlement Agreement shall be considered privileged as provided in MRE 408. If the Commission approves this Amended and Restated Settlement Agreement without modification, neither the signatories to this Amended and Restated Settlement Agreement nor the Commission shall use it as a reason, authority, rationale or example for taking any action or position or making any subsequent decision in any other cases or proceeding; provided, however, such reference or use may be made to enforce the Amended and Restated Settlement Agreement and Order.

12. Provided that all parties to this case are signatories to this Amended and Restated Settlement Agreement or file statements of non-objection or fail to object within the time frame set forth in Rule 431 of the Rules of Practice and Procedure Before the Commission, then it is agreed that Section 81 of the Administrative Procedures Act of 1969, MCL 24.281, is waived as it applies to this proceeding, if the Commission approves this Amended and Restated Settlement Agreement without modification.

13. This Amended and Restated Settlement Agreement is not severable. Each provision of the Amended and Restated Settlement Agreement is dependent upon all other provisions of the Amended and Restated Settlement Agreement. Failure to comply with any provision of the Amended and Restated Settlement Agreement constitutes failure to comply

with the entire Amended and Restated Settlement Agreement. If the Commission rejects or modifies this Amended and Restated Settlement Agreement or any provision of the Amended and Restated Settlement Agreement, the Amended and Restated Settlement Agreement shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose.

WISCONSIN ENERGY CORPORATION,
INTEGRYS ENERGY GROUP, INC., WISCONSIN
ELECTRIC POWER COMPANY, WISCONSIN
PUBLIC SERVICE CORPORATION and
MICHIGAN GAS UTILITY CORPORATION

Michael
C.
Rampe

Digitally signed by: Michael C. Rampe
DN: CN = Michael C. Rampe C = US O
= Miller Canfield
Date: 2015.03.12 20:06:46 -04'00'


Dated: March 12, 2015

By: _____

One of Its Attorneys
Ronald W. Bloomberg (P30011)
Sherri A. Wellman (P38989)
Michael C. Rampe (P58189)
Miller, Canfield, Paddock and Stone, PLC
One Michigan Ave., Ste. 900
Lansing, MI 48933

ATTORNEY GENERAL BILL SCHUETTE

Michael Moody



2015.03.13

11:49:29 -04'00'

Dated: March 12, 2015

By: _____

One of His Attorneys
Michael Moody (P51985)
525 W. Ottawa St. 6th Floor
G. Mennen Williams Bldg.
Lansing, MI 48909

MICHIGAN PUBLIC SERVICE COMMISSION
STAFF

Dated: March 12, 2015

By: **Spencer A. Sattler**
Digitally signed by Spencer A. Sattler
DN: cn=Spencer A. Sattler, o=Michigan
Department of Attorney General, ou=Public
Service Division,
email=sattlers@michigan.gov, c=US
Date: 2015.03.12 22:38:01 -04'00'

One of Its Attorneys
Spencer A. Sattler (P70524)
Bryan A. Brandenburg (P77216)
Assistant Attorneys General
Public Service Division
7109 West Saginaw Highway
3rd Floor
Lansing, MI 48917

TILDEN MINING COMPANY L.C. and EMPIRE
IRON MINING PARTNERSHIP

Dated: March 12, 2015

By: **Jennifer Utter Heston**
Digitally signed by Jennifer
Utter Heston
DN: cn=Jennifer Utter Heston,
o=Fraser Trebilcock, ou,
email=jhstn@fraserlawfirm.c
om, c=US
Date: 2015.03.12 20:52:05
-04'00'
Its Attorney
Jennifer Utter Heston (P65202)
Fraser Trebilcock Davis & Dunlap, PC
124 W. Allegan, Ste. 1000
Lansing, MI 48933

23993001.1\130071-00070

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the joint application of
Wisconsin Energy Corporation and Integrys
Energy Group, Inc., for approval, pursuant to
MCL 460.6q, for the transfer or control of
Wisconsin Public Service Corporation and
Michigan Gas Utilities Corporation; and the
Joint request of Wisconsin Public Service
Corporation, Michigan Gas Utilities Corporation
And Wisconsin Electric Power Applicants for waivers
From, or declarations regarding the applicability
Of, the code of conduct and affiliate transaction
Guidelines and related approvals.

Case No. U-17682

**Citizens Against Rate Excess Agreement to Amended and Restated
Settlement Agreement Pursuant to Commission Rule 792.10431(3)**

On March 13, 2015, the Attorney General filed an Amended and Restated
Settlement Agreement. Pursuant to Michigan Public Service Commission Rule
792.10431(3), Citizens Against Rate Excess (CARE) agrees to the March 13, 2015
Amended and Restated Settlement Agreement.

Respectfully submitted,

Citizens Against Rate Excess

Dated: March 20, 2015

By: _____



Digitally signed by John R
Liskey
Date: 2015.03.20 11:55:29
-04'00'

John R. Liskey (P31580)
John R Liskey Attorney At Law PLLC
921 N. Washington Ave
Lansing, MI 48906

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the joint application of
Wisconsin Energy Corporation and Integrys
Energy Group, Inc., for approval, pursuant to
MCL 460.6q, for the transfer or control of
Wisconsin Public Service Corporation and
Michigan Gas Utilities Corporation; and the
Joint request of Wisconsin Public Service
Corporation, Michigan Gas Utilities Corporation
And Wisconsin Electric Power Applicants for waivers
From, or declarations regarding the applicability
Of, the code of conduct and affiliate transaction
Guidelines and related approvals.

Case No. U-17682

**Cloverland Electric Cooperative Agreement to Amended and Restated
Settlement Agreement Pursuant to Commission Rule 792.10431(3)**

On March 13, 2015, the Attorney General filed an Amended and Restated
Settlement Agreement. Pursuant to Michigan Public Service Commission Rule
792.10431(3), Cloverland Electric Cooperative agrees to the March 13, 2015
Amended and Restated Settlement Agreement.

Respectfully submitted,

CLOVERLAND ELECTRIC COOPERATIVE

Richard
J.

Aaron

Digitally signed by: Richard J.
Aaron
DN: CN = Richard J. Aaron email =
raaron@dykema.com C = US O =
Dykema Gossett PLLC
Date: 2015.03.20 11:10:36 -05'00'

Dated: March 20, 2015

By: _____

One of Its Attorneys
Shaun M. Johnson (P69036)
Richard J. Aaron (P35605)
Theodore J. Greeley (P77862)
Dykema Gossett PLLC
Capitol View, 201 Townsend, Ste. 900
Lansing, MI 48933

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the joint application of
Wisconsin Energy Corporation and Integrys
Energy Group, Inc., for approval, pursuant to
MCL 460.6q, for the transfer or control of
Wisconsin Public Service Corporation and
Michigan Gas Utilities Corporation; and the
Joint request of Wisconsin Public Service
Corporation, Michigan Gas Utilities Corporation
And Wisconsin Electric Power Applicants for waivers
From, or declarations regarding the applicability
Of, the code of conduct and affiliate transaction
Guidelines and related approvals.

Case No. U-17682

**FibreK Nonobjection to Amended and Restated Settlement Agreement
Pursuant to Commission Rule 792.10431(3)**

On March 13, 2015, the Attorney General filed an Amended and Restated
Settlement Agreement. Pursuant to Michigan Public Service Commission Rule
792.10431(3), Fibrek nonobjects to the March 13, 2015 Amended and Restated
Settlement Agreement.

Respectfully submitted,

Dated: March 20, 2015

FIBREK

Richard
J.
Aaron

Digitally signed by: Richard J. Aaron
DN: CN = Richard J. Aaron email =
raaron@dykema.com C = US O =
Dykema Gossett PLLC
Date: 2015.03.20 11:10:00 -05'00'

By: _____

One of Its Attorneys
Shaun M. Johnson (P69036)
Richard J. Aaron (P35605)
Theodore J. Greeley (P77862)
Dykema Gossett PLLC
Capitol View, 201 Townsend, Ste. 900
Lansing, MI 48933

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the joint application of)	
WISCONSIN ENERGY CORPORATION and)	
INTEGRYS ENERGY GROUP, INC. , for)	
approval, pursuant to MCL 460.6q, for the)	Case No. U-17682
transfer of control of WISCONSIN PUBLIC SERVICE)	
CORPORATION and MICHIGAN GAS UTILITIES)	
CORPORATION ; and the joint request of)	
WISCONSIN PUBLIC SERVICE CORPORATION,)	
MICHIGAN GAS UTILITIES CORPORATION and)	
WISCONSIN ELECTRIC POWER COMPANY for)	
waivers from, or declarations regarding the applicability)	
of, the code of conduct and affiliate transaction)	
guidelines and related approvals.)	
<hr/>		

STATEMENT OF NON-OBJECTION BY VERSO PAPER CORP.

Verso Corporation ("Verso"),¹ by its attorneys Varnum, LLP, and pursuant to Rule 431(3) of the Michigan Public Service Commission's Rules of Practice and Procedure, states that it has no objection to the amended Settlement Agreement entered into by and between Wisconsin Energy Corporation; Integrys Energy Group, Inc.; Wisconsin Electric Power Company; Wisconsin Public Service Corporation; Michigan Gas Utility Corporation; Attorney General Bill Schuette; Michigan Public Service Commission Staff; Tilden Mining Company L.C.; and Empire Iron Mining Partnership, which has been filed in this docket.

Furthermore, Verso waives further right to present evidence or arguments in opposition to the amended Settlement Agreement pursuant to Rule 531(5)(a), except for noting the following:

- Verso's non-objection to this amended Settlement Agreement should not be understood as waiving any objections it may have in subsequent proceedings to any

¹ Effective January 7, 2015, Verso Paper Corp. changed its name to Verso Corporation.

proposal for, or the terms of, any rates, charges, acquisitions, divestitures, or other transactions requiring approval of the Commission or the Federal Energy Regulatory Commission which may affect the rates, charges or terms of service applicable to Verso.

- Verso wishes to note that wholesale power sales by the Plant (as such Plant is defined in the amended Settlement Agreement and such sales as envisioned under the terms of Section 6. g. of this amended Settlement Agreement) will require prior rate approval of the Federal Energy Regulatory Commission, and may be subject to review under standards applicable to affiliate transactions.

Verso hereby further waives its rights in this matter under Section 81 of the Administrative Procedures Act of 1969, as amended, 1969 PA 306, § 81; MCL 24.281.

Respectfully submitted,

Varnum, LLP
Attorneys for Verso Corporation

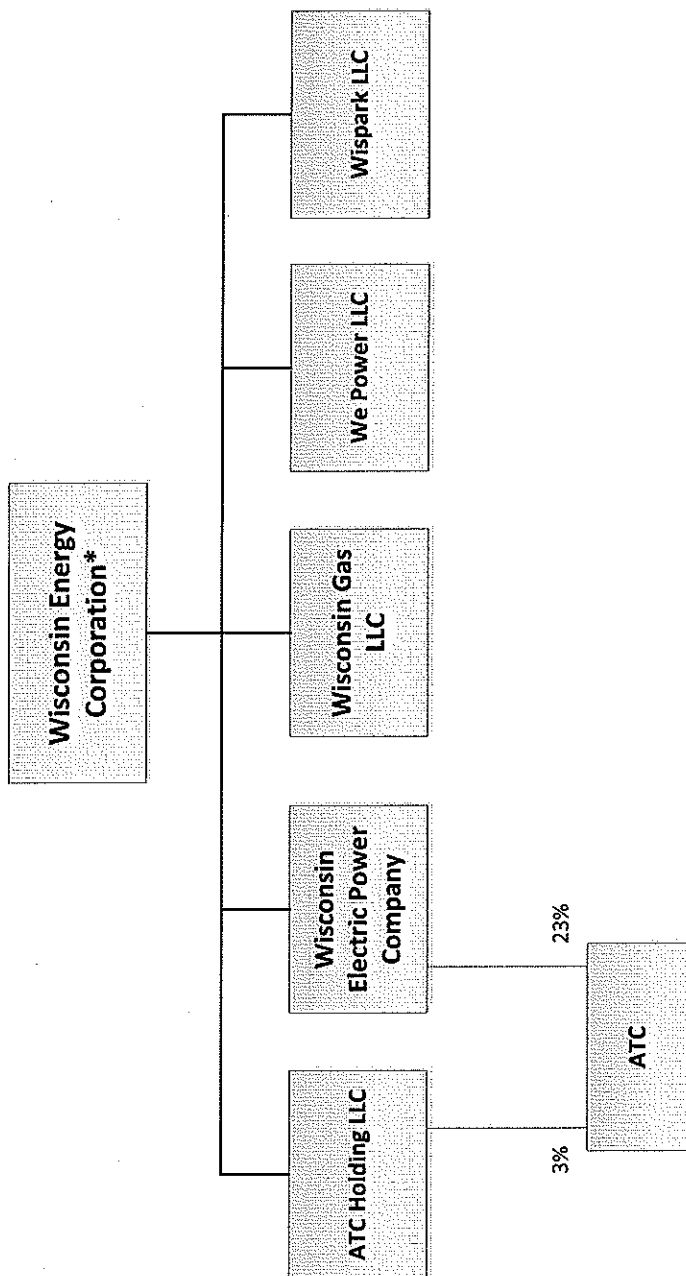
March 25, 2015

Timothy J.
Lundgren

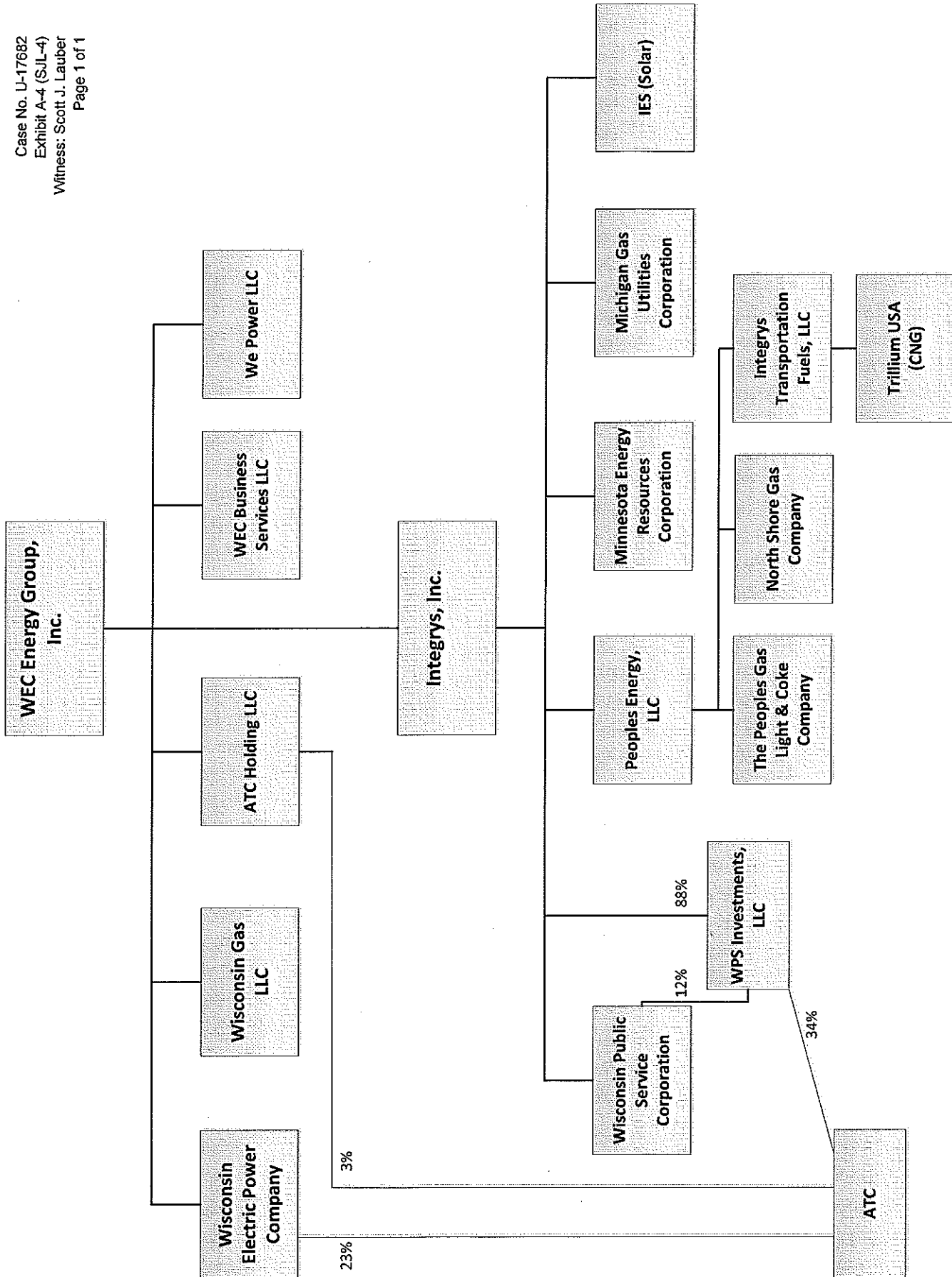
Digitally signed by Timothy J. Lundgren
DN: cn=Timothy J. Lundgren, o, ou,
email=tlundgren@varnumlaw.com,
c=US
Date: 2015.03.25 14:08:44 -04'00'

Tim Lundgren (P62807)
Laura Chappelle (P42052)
The Victor Center, Suite 910
201 N. Washington Square
Lansing, Michigan 48933
517/482-6237

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*Material WEC entities only.



*Material entities only. Assumes completion of UPPCO sale, disposal of IES (retaining solar), and setup of WEC service company

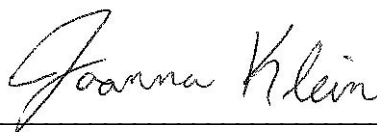
P R O O F O F S E R V I C E

STATE OF MICHIGAN)

Case No. U-17682

County of Ingham)

Joanna Klein being duly sworn, deposes and says that on April 23, 2015 A.D. she served a copy of the attached Commission order by first class mail, postage prepaid, or by inter-departmental mail, to the persons as shown on the attached service list.

A handwritten signature in cursive script that reads "Joanna Klein". The signature is written in dark ink and is positioned above a horizontal line.

Joanna Klein

Subscribed and sworn to before me
This 23rd day of April 2015

Steven J. Cook
Notary Public, Ingham County, Michigan
As acting in Eaton County
My Commission Expires: April 30, 2018

Service List U-17682

Richard J. Aaron
Dykema Gossett PLLC
Capitol View
201 Townsend Street, Suite 900
Lansing MI 48933

Wisconsin Public Service Corporation
Mr. Dennis Derricks
700 N. Adams Street, PO Box 19001
Green Bay WI 54307-9001

Ronald W. Bloomberg
Miller, Canfield, Paddock & Stone, P.L.C.
One Michigan Avenue, Suite 900
Lansing MI 48933

Bryan A. Brandenburg
Michigan Dept. of Attorney General
Public Service Division
7109 W. Saginaw Hwy.
Lansing MI 48917

Jodi J. Caro
Integrys Energy Group, Inc.
200 East Randolph Street, 23rd Floor
Chicago IL 60601

Laura A. Chappelle
Varnum Law
201 N. Washington Square, Suite 810
Lansing MI 48933

Sharon L. Feldman
DLARA/MAHS - MPSC Hearings
7109 W. Saginaw Hwy.
I. D. M A I L
Lansing MI 48917

Jennifer U. Heston
Fraser Trebilcock David & Dunlap PC
124 W. Allegan Street, Suite 1000
Lansing MI 48933

Integrys Energy Group, Inc.
130 East Randolph Street
Chicago IL 60601

Integrys Energy Group, Inc.
700 North Adams Street
P.O. Box 19001
Green Bay WI 54307-9001

Service List U-17682

John A. Janiszewski
Michigan Dept. of Attorney General
G. Mennen Williams Bldg., 6th Floor
525 W. Ottawa Street
Lansing MI 48933

Mr. Shaun M. Johnson
Dykema Gossett PLLC
Capitol View
201 Townsend Street, Suite 900
Lansing MI 48933

John R. Liskey
Attorney at Law, PLLC
921 N. Washington Avenue
Lansing MI 48906

Timothy J. Lundgren
Varnum, Riddering, Schmidt & Howlett LLP
333 Bridge Street, N.W.
Grand Rapids MI 49504

Susan H. Martin
Wisconsin Energy Corporation
Exec VP, General Counsel, Corp Secretary
231 W. Michigan Street, P 444
Milwaukee WI 53203

Michigan Gas Utilities Corporation
899 South Telegraph Road
Attn: Dave Tyler, Reg. Mgr.
Monroe MI 48161-4005

Michael E. Moody
Michigan Dept. of Attorney General
Tobacco & Special Litigation Division
P.O. Box 30212
Lansing MI 48909

Michael C. Rampe
Miller Canfield Paddock & Stone PLC
One E. Michigan Avenue, Suite 900
Lansing MI 48933

Spencer A. Sattler
Michigan Dept. of Attorney General
Public Service Division
7109 W. Saginaw Hwy.
Lansing MI 48917

Justin Vickers
36 E. Wacker Drive, Suite 1600
Chicago IL 60601

Service List U-17682

Thomas J. Waters
Fraser Trebilcock Davis & Dunlap PC
124 W. Allegan Street
Suite 1000
Lansing MI 48933

Sherri A. Wellman
Miller Canfield Paddock & Stone
One Michigan Avenue, Suite 900
Lansing MI 48933

Wisconsin Electric Power Company a/k/a
Wisconsin Energy Corporation
Mr. Gale Klappa
231 W. Michigan Street, P440
Milwaukee WI 53203

Wisconsin Energy Corporation
231 W. Michigan Street
Milwaukee WI 53203