



Minnesota Energy Resources Corporation

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February 9, 2017

VIA ELECTRONIC FILING

Mr. Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
350 Metro Square Building
121 Seventh Place East
St. Paul, MN 55101

Re: In the Matter of the Petition of Minnesota Energy Resources Corporation
for Modification of the WEC Energy Group Affiliated Interest Agreement
Docket No. G011/AI-16-284

Dear Mr. Wolf:

Enclosed, please find the Petition of Minnesota Energy Resources Corporation ("MERC" or the "Company") for Approval of Modifications to the WEC Energy Group Affiliated Interest Agreement ("WEC Energy AIA").

The WEC Energy AIA was approved by the Minnesota Public Utilities Commission ("Commission") by Order dated November 29, 2016, in the above-referenced docket. The WEC Energy AIA pertains to the WEC affiliates, including WEC Energy Group, Inc. ("WEC Energy"), which is a public utility holding company; WEC Business Services LLC ("WBS"), which is a wholly-owned centralized service company subsidiary of WEC Energy; and all other subsidiaries of WEC Energy, including MERC.

The proposed AIA modifications address two recent additions to the WEC Energy Group: (1) the creation of Upper Michigan Energy Resources Corporation, a natural gas and electric utility serving Michigan's Upper Peninsula;¹ and (2) WEC Energy's

¹ MERC submitted a letter notifying the Commission of the addition of Upper Michigan Energy Resources Corporation to Appendix A on January 20, 2017 and submits this Petition for Modification of the WEC Energy AIA in accordance with Section VIII.8 of the approved WEC Energy AIA, which provides:

Notwithstanding anything to the contrary in this Agreement, Minnesota Energy Resources Corporation will submit to the MPUC for approval any changes in the Parties to the Agreement or changes in the Services covered by the Agreement, as required by Minn. Stat. § 216B.48. As required by the MPUC's September 14, 1998 Order in Docket No. E,G-999/CI-98-651, such changes will be submitted within 30 days.

agreement to acquire Bluewater Natural Gas Holding, LLC and two of its subsidiaries. One subsidiary, Bluewater Gas Storage, LLC, is a company regulated by the Federal Energy Regulatory Commission (“FERC”) and offers interstate storage services.

MERC has served a copy of this petition on the Department of Commerce, Division of Energy Resources and the Office of the Attorney General – Residential Utilities and Antitrust Division. A summary of this filing has been served on all parties on the Company’s attached service list.

Please contact me at (651) 322-8965 if you have any questions regarding the information in this petition. Thank you for your attention to this matter.

Sincerely yours,

/s/ Amber S. Lee
Amber S. Lee
Regulatory and Legislative Affairs Manager
Minnesota Energy Resources Corporation

Enclosures
cc: Service List

**STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION**

Nancy Lange
Dan Lipschultz
Matthew Schuenger
Katie Sieben
John Tuma

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of the Petition of Minnesota
Energy Resources Corporation (MERC)
for Approval of Modifications to the WEC
Energy Group Affiliated Interest
Agreement

Docket No. G011/AI-16-284

**PETITION FOR APPROVAL OF MODIFICATIONS TO WEC ENERGY GROUP
AFFILIATED INTEREST AGREEMENT TO ADD REGULATED PARTIES**

Pursuant to Minn. Stat. § 216B.48, Minn. R. 7825.2200, and consistent with the Minnesota Public Utilities Commission's ("Commission") September 14, 1998, ORDER INITIATING REPEAL OF RULE, GRANTING GENERIC VARIANCE, AND CLARIFYING INTERNAL OPERATING PROCEDURES in Docket No. E,G-999/CI-98-651 ("Affiliate Process"), Minnesota Energy Resources Corporation ("MERC") submits this petition for approval of modifications to the WEC Energy Group, Inc. ("WEC Energy") Affiliated Interest Agreement ("WEC Energy AIA" or "Agreement"). The purpose of the proposed modifications is to add two Regulated Parties to the Agreement: Upper Michigan Energy Resources Corporation, a Michigan natural gas and electric utility, and Bluewater Gas Storage, LLC ("Bluewater"), a FERC-jurisdictional storage service provider.

I. SUMMARY OF FILING

Pursuant to Minn. R. 7829.1300, subp. 1, a one-paragraph summary of the filing is attached.

II. SERVICE

Pursuant to Minn. R. 7829.1300, subp. 2, MERC has served a copy of this petition on the Department of Commerce, Division of Energy Resources and the Office of the Attorney General – Residential Utilities and Antitrust Division. The summary of the filing has been served on all parties on the attached service list.

III. GENERAL FILING INFORMATION

Pursuant to Minn. R. 7829.1300, subp. 3, the following information is provided:

A. Name, Address, and Telephone Number of the Filing Party

Minnesota Energy Resources Corporation
1995 Rahnclyff Court, Suite 200
Eagan, MN 55122
(651) 322-8965

B. Name, Address, Electronic Address, and Telephone Number of Attorney for Filing Party

Kristin M. Stastny
Briggs and Morgan, P.A.
80 South Eighth Street
Minneapolis, MN 55402
kstastny@briggs.com
(612) 977-8656

C. Date of the Filing and Date Proposed Change Will Take Effect

Date of Filing: February 9, 2017

Proposed Effective Date: In accordance with the proposed modifications, the modified WEC Energy AIA would be effective on the first day of the month following approval or waivers from the Illinois, Wisconsin, and Minnesota Commissions.

Wisconsin Electric Power Company, Wisconsin Gas LLC, and Wisconsin Public Service Corporation, have requested a declaratory ruling from the Public Service Commission of Wisconsin finding that it is reasonable and prudent for those utilities to enter into the long term storage service agreements and related interstate gas transportation contracts and have requested that the Wisconsin Commission issue the requested declaration and approval of the corresponding AIA modifications within 90 days of the filing or by May 3, 2017.

D. Statute Controlling Schedule for Processing the Filing

Minn. Stat. § 216B.48 and Minn. R. 7825.2200 govern the substantive criteria for this filing. These provisions do not establish an explicit time deadline for Commission action. Under Minn. R. 7829.1400, initial comments are due within 30 days of filing, with reply comments due 10 days thereafter. Minn. R. 7829.1400, subp. 1, 4.

E. Signature, Electronic Address, and Title of Utility Employee Responsible for the Filing



Amber S. Lee
Regulatory and Legislative Affairs Manager
Minnesota Energy Resources Corporation
1995 Rahncliff Court, Suite 200
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(651) 322-8965

IV. DESCRIPTION AND PURPOSE OF FILING

By Order dated November 29, 2016, the Commission approved the WEC Energy AIA with certain reporting requirements. Following regulatory approvals, the WEC Energy AIA took effect on January 1, 2017.

MERC submits this Petition to seek approval of modifications to the WEC Energy AIA. Specifically, the Agreement has been modified to add two entities as Regulated Parties to the Agreement: Upper Michigan Energy Resources Corporation, a newly-created combined natural gas and electric utility serving the Upper Peninsula of Michigan, and Bluewater Gas Storage, LLC, (“Bluewater”) a company, regulated by the Federal Energy Regulatory Commission (“FERC”), that provides natural gas interstate storage services.

The addition of Upper Michigan Energy Resources Corporation requires amendment to Appendix A (Regulated Parties) in accordance with Section VIII.8 of the WEC Energy AIA, which provides:

Notwithstanding anything to the contrary in this Agreement, Minnesota Energy Resources Corporation will submit to the MPUC for approval any changes in the Parties to the Agreement or changes in the Services covered by the Agreement, as required by Minn. Stat. § 216B.48. As required by the MPUC’s September 14, 1998 Order in Docket No. E,G-999/CI-98-651, such changes will be submitted within 30 days.

Upper Michigan Energy Resources Corporation was created effective January 1, 2017, as a new Michigan-only utility to serve approximately 40,000 gas and electric customers in the Upper Peninsula of Michigan who were previously served by Wisconsin Electric Power Company and Wisconsin Public Service Corporation. As a utility regulated by the State of Michigan, Upper Michigan Energy Resources

Corporation fits within the existing Agreement and its addition requires only a modification of Appendix A to add the utility as a Regulated Party.

The addition of Bluewater requires additional revisions to the WEC Energy AIA because Bluewater provides FERC-jurisdictional gas storage services.² Because Bluewater is regulated by FERC, it is necessary to revise the WEC Energy AIA to clearly define the services that Bluewater may receive from other WEC Energy companies.

WEC Energy entered into an agreement dated January 20, 2017, to acquire the equity interests of Bluewater Natural Gas Holding, LLC, which owns Bluewater Gas Storage, LLC and BGS Kimball Gas Storage, LLC — companies that own and operate gas storage and pipeline facilities in Michigan. Wisconsin Electric Power Company, Wisconsin Gas LLC, and Wisconsin Public Service Corporation (collectively, the “WEC Energy Wisconsin LDCs”) plan to enter into long-term storage service agreements with Bluewater. Towards that end, on February 3, 2017, the WEC Energy Wisconsin LDCs filed an application with the Public Service Commission in Wisconsin in Docket No. 5-DR-112, seeking a declaratory ruling related to their proposed long-term natural gas storage and transportation strategy and approval for amendments to the WEC Energy AIA.

MERC is not a shipper on Bluewater’s system and is not entering into any storage service contracts with Bluewater at this time. However, WEC Energy subsidiaries, including WEC Business Services LLC (“WBS”) and possibly some of the utility subsidiaries, expect to provide services to Bluewater. In general, WBS will likely provide support services to Bluewater (such as accounting, finance, human resources and the like). Peoples Gas and Michigan Gas Utilities Corporation (“MGU”) each owns and operates a storage field, and WBS, Peoples Gas, and MGU personnel have operational expertise that may be relevant to services that Bluewater requires.

The proposed revisions to address the acquisition of Bluewater have three main purposes. First, the WEC Energy AIA defines “Regulated Party” as an entity subject to state rate regulation. Bluewater would not fit this definition, but, as a company that is subject to a comparable type of regulation by the FERC, it is more logical to define “Regulated Party” to include Bluewater, than add Bluewater as a Non-Regulated Party.

Second, while including Bluewater as a Regulated Party makes sense in most cases, some WEC Energy AIA requirements are unique to state-regulated utilities. For example, the WEC Energy AIA has several reports that the state-regulated utilities file with the public utility commissions. In those cases, it is appropriate to exclude Bluewater from those requirements or to include wording that better fits a FERC-

² The Peoples Gas Light and Coke Company (“Peoples Gas”) and Minnesota Energy Resources Corporation are each authorized to provide FERC-jurisdictional services under a Hinshaw blanket certificate, but FERC’s jurisdiction is limited and is substantially different from FERC’s oversight of Bluewater.

regulated company because FERC has its own reporting regime applicable to Bluewater.

Third, Peoples Gas and MGU own and operate natural gas storage fields, and many of the services in the WEC Energy AIA already accommodate support for a storage field. However, some revisions to the descriptions of services that companies may provide and receive are appropriate to more explicitly explain that the parties are supporting a FERC-regulated storage provider.

Finally, the proposed modifications alter the effective date and the modified agreement is proposed to become effective on the first day of the month following the receipt of all required regulatory commission approvals or waivers.

A description of the proposed modifications is provided in Attachment 1 to this filing and clean and redline versions of the WEC Energy AIA are provided as Attachment 2.

This filing includes the following:

- A one-paragraph summary of the filing in accordance with Minn. R. 7829.1300, subp. 1;
- Attachment 1—Filing information required by Minn. R. 7825.2200, subp. B and the Commission's September 14, 1998, Order in Docket No. E,G-999/CI-98-651 for the proposed modifications to the WEC Energy AIA;
- Attachment 2—Redline and Clean versions of the modified WEC Energy AIA against the previously approved WEC Energy AIA;
- Attachment 3—Anticipated organizational chart of WEC Energy system following WEC Energy's acquisition of Bluewater; and
- Attachment 4—Verification of Filing.

The proposed revisions do not affect existing reporting requirements or other regulatory compliance features, such as audit requirements, that this Commission and other state commissions previously approved. Thus, the Commission will continue to receive a complete and detailed record of transactions among the WEC Energy companies, including MERC. The amount of information available to the state utility commissions will continue to be substantial and will assist them in overseeing activity under the agreement. Necessary approvals for the proposed modifications to the WEC Energy AIA related to the Bluewater transaction are also being sought from the Illinois and Wisconsin public service commissions.³ No approvals are required in Michigan,

³ As noted above, the WEC Energy Wisconsin LDCs filed an application with the Public Service Commission of Wisconsin on February 3, 2017 in Docket No. 5-DR-112, for a declaratory ruling and approval of long-term natural gas storage and transportation arrangements and for approval of modifications to the WEC Energy AIA. North Shore Gas Company and The Peoples Gas Light and Coke

Wisconsin, or Illinois for the proposed modification to add Upper Michigan Energy Resources Corporation as a Regulated Party.

V. MISCELLANEOUS INFORMATION

Pursuant to Minnesota Rule 7829.0700, MERC requests that the following persons be placed on the Commission's official service list for this matter:

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Regulatory and Legislative Affairs Manager
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Kristin M. Stastny
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(612) 977-8656

VI. CONCLUSION

Based on the foregoing, MERC respectfully requests that the Commission approve the proposed revisions to the WEC Energy AIA.

If additional information is required, please contact Amber S. Lee at (651) 322-8965.

DATED: February 9, 2017

Respectfully submitted,

BRIGGS AND MORGAN, P.A.

By: /s/ Kristin M. Stastny
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Company will be filing a request with the Illinois Commerce Commission for approval of modifications to the WEC Energy AIA. No approvals are required for the proposed AIA modifications in Michigan.

Attorney for Minnesota Energy
Resources Corporation

**STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION**

Nancy Lange
Dan Lipschultz
Matthew Schuenger
Katie Sieben
John Tuma

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of the Petition of Minnesota
Energy Resources Corporation (MERC)
for Approval of Modifications to the WEC
Energy Group Affiliated Interest
Agreement

Docket No. G011/AI-16-284

SUMMARY OF FILING

Please take notice that on February 9, 2017, Minnesota Energy Resources Corporation (“MERC”) filed with the Minnesota Public Utilities Commission a petition for approval of modifications to the Affiliated Interest Agreement between WEC Energy Group, Inc. (“WEC Energy”), which is a public utility holding company; WEC Business Services LLC (“WBS”), which is a wholly-owned centralized service company subsidiary of WEC Energy; and all other subsidiaries of WEC Energy, including MERC; to add Upper Michigan Energy Resources Corporation and Bluewater Gas Storage, LLC (“Bluewater”), a FERC-jurisdictional storage service provider, to the WEC Energy AIA as Regulated Parties.

ATTACHMENT 1

Filing information required by Minn. R. 7825.2200, subp. B and the Commission's September 14, 1998 Order in Docket No. E,G-999/CI-98-651 for the Proposed Modifications to the WEC Energy AIA

Pursuant to Minn. R. 7825.2200, subp. B, and consistent with the September 14, 1998 ORDER INITIATING REPEAL OF RULE, GRANTING GENERIC VARIANCE, AND CLARIFYING INTERNAL OPERATING PROCEDURES IN Docket No. E,G-999/CI-98-651, Minnesota Energy Resources Corporation ("MERC") provides the following required filing information regarding proposed modifications to the WEC Energy Group, Inc. ("WEC") Affiliated Interest Agreement ("WEC Energy AIA").

1. Identity of the WEC Energy Group affiliated parties

The WEC Energy AIA is between WEC, a public utility holding company, the regulated subsidiaries of WEC (MERC, Michigan Gas Utilities Corporation, North Shore Gas Company, The Peoples Gas Light and Coke Company, Wisconsin Electric Power Company, Wisconsin Gas LLC, and Wisconsin Public Service Corporation) and the non-regulated subsidiaries of WEC (including WBS). Attachment 3 includes a current organizational chart for the WEC system.

Section VIII.8 of the WEC Energy AIA provides "Notwithstanding anything to the contrary in this Agreement, Minnesota Energy Resources Corporation will submit to the MPUC for approval any changes in the Parties to the Agreement or changes in the Services covered by the Agreement, as required by Minn. Stat. § 216B.48. As required by the MPUC's September 14, 1998 Order in Docket No. E,G-999/CI-98-651, such changes will be submitted within 30 days."

Through this Petition for Modification, MERC is requesting Commission approval to add Upper Michigan Energy Resources Corporation, a Michigan public utility engaged in the business of providing electric and natural gas service, and Bluewater Gas Storage, LLC ("Bluewater"), a FERC-jurisdictional storage service provider, to the WEC Energy AIA as Regulated Parties.

Upper Michigan Energy Resources Corporation was created effective January 1, 2017, as a new Michigan-only jurisdictional utility to serve approximately 40,000 gas and electric customers in the Upper Peninsula of Michigan who were previously served by Wisconsin Electric Power Company and Wisconsin Public Service Corporation.

WEC Energy, by agreement dated January 20, 2017, entered into an agreement to acquire the equity interests of Bluewater Natural Gas Holding, LLC, which owns Bluewater Gas Storage, LLC and BGS Kimball Gas Storage, LLC — companies that own and operate gas storage and pipeline facilities in Michigan.

2. A general description of the nature and terms of the Agreement, including the effective date of the contract or arrangement and the length of the contract or arrangement

a. Description of the WEC Energy AIA

The WEC Energy AIA establishes the terms, conditions, and procedures that apply to the sharing of services and other transfers of goods, property assets, and rights or things between the Parties under the WEC Energy AIA.

Appendix A sets forth the Regulated Parties to the WEC Energy AIA and Appendix B sets forth the Non-Regulated Parties to the Agreement.

Article II establishes the procedures for the provision of services under the WEC Energy AIA. Additionally, separate appendices are included in the WEC Energy AIA that cover services that WBS may provide to any party, but retain distinctions between regulated and nonregulated companies (Appendix C). Appendix D covers services that any Party (with some exceptions but including MERC) may provide to any other Party (with some exceptions but including MERC), but retaining distinctions between regulated and non-regulated companies. Appendix E covers services for which North Shore Gas Company or The Peoples Gas Light and Coke Company provides or receives services to or from any Party (except WBS is not a service provider under this appendix) and other requirements applicable to these two companies.

Additionally, each Party to the WEC Energy AIA has the right to refuse to provide or furnish any services requested pursuant to the WEC Energy AIA, and the WEC Energy AIA does not create an exclusive right of first refusal associated with the provision or furnishing of services under the WEC Energy AIA.

Services that can be provided by WBS under the WEC Energy AIA are outlined in Appendix C to the WEC Energy AIA. Services that any Party (except WBS, North Shore Gas Company, and The Peoples Gas Light and Coke Company) may provide to any Party (except North Shore Gas Company and The Peoples Gas Light and Coke Company) under the WEC Energy AIA are outlined in Appendix D to the WEC Energy AIA.

Both Appendix C and Appendix D address cost allocations. Under these provisions, Parties may allocate costs to other Parties that receive a benefit as appropriate. This creates a method of cross-invoicing to equitably share in the costs of goods and services for which more than one Party benefits, but the original cost of the good or service is not initially borne (or not initially borne in the proper proportions) by all of the benefiting Parties (for example, third party vendor costs, financing charges, the use of assets owned by one Party). Appendix D also includes transition costs associated with the permanent move of an employee from one Party to another Party, where the employee assists its former employer with transition support for its former tasks until the old position is filled. This category further includes short-term assignments where an

employee remains with his or her employer but temporarily (less than two years) assumes responsibilities with another company in the holding company system.

b. *Description of Modifications to the WEC Energy AIA*

Proposed modifications to the previously approved WEC Energy AIA are as follows:

- **Recitals:** The proposal adds references to FERC and federal energy law in recognition of Bluewater’s states as a FERC-regulated entity.
- **Article I:** The proposal revises the definitions of “Non-Regulated Party” and “Regulated Party” to include Bluewater, which is described as a “service provider subject to regulation by FERC.”
- **Article II:** The proposal adds references to “storage” in subsection (4) because the existing references to “utility” are too narrow to include Bluewater.
- **Article III:** The proposal adds language to subsection (2)(b) in the description of “equipment costs” to address the fact that Bluewater does not have a return determined by a public service commission. Subsection (5) includes an editorial revision to a provision called “FERC Jurisdiction” to reflect that this subsection applies to WBS and not to all FERC-jurisdictional entities.
- **Article IV:** Section IV.2 describes billing requirements that are specifically tied to state-regulated accounting rules. The proposal adds language to qualify that those requirements apply only to Regulated Parties that are regulated by a state public service commission, *i.e.*, they do not apply to Bluewater.
- **Article V:** First, the proposal includes revisions to Sections V.3, V.4 and V.5 that are comparable to the proposed changes to Section IV.2, *i.e.*, clarifying that certain requirements do not apply to Bluewater. Second, Section V.1 addresses Regulated Parties’ accounting requirements and a reference to FERC is added to capture the requirements applicable to Bluewater. Third, a reference to “Commission” in Art. V.3 is replaced with “ICC,” as this provision references the Illinois Commerce Commission’s annual report (Form 21), but the term “Commission” broadly refers to all state commissions regulating the WEC Energy utilities.⁴
- **Article VIII:** In subsection (1), the proposal sets the effective date of the revised WEC Energy AIA to the first day of the month after receiving regulatory approvals. In subsections (6), (7) and (19), the proposal adds language to link certain requirements to state-regulated utilities (*i.e.*, to

⁴ This proposed change is unrelated to the Bluewater acquisition.

exclude Bluewater), and subsection (19) also includes a FERC counterpart to state regulation to address Bluewater's status as a Regulated Party.

- **Appendix A:** To add Upper Michigan Energy Resources Corporation, a Michigan public utility engaged in the business of providing electric and natural gas service and to add Bluewater Gas Storage, LLC, a FERC-jurisdictional gas storage service provider.
- **Appendix C, II.1, II.2, Specific Allocation Factors:** The description of "Operational Support and Development" service, a category of services that WBS may provide Regulated Parties, is modified to include specific references to transmission lines and storage fields. Two allocation factors are also added, namely, "Gas Throughput," an existing allocator, and "Storage Capacity," a proposed new allocator that is defined. The description of the "Wholesale Energy and Fuels" service, a category of service that WBS may provide Regulated Parties, modifies a reference to "utility-owned" storage to refer to "company-owned" storage. The proposed new allocator, "Storage Capacity" is also added.
- **Appendix D:** In Major Services, I.5, "Gas Storage Service Provider" is added to the service called "Operational Support - Gas Utility" so that Bluewater is clearly included.
- **Appendix E:** Appendix E is the version of Appendix D that applies to North Shore Gas Company and The Peoples Gas Light and Coke Company. As in Appendix D, "Gas Storage Service Provider" is added to the Major Services, I.4 service called "Operational Support - Gas Utility" so that Bluewater is clearly included. The detailed service description, which is in Appendix E but not D, includes additional references to storage fields and storage service providers to clarify that it is not limited to state-regulated gas utilities. The Major Services, I.7, "Warehousing" service and Incidental Services, "Fleet," also include references to storage service providers.

All of the modifications will remain in effect until either amended or terminated.

3. Copy of the Agreement

Clean and redlined versions of the WEC Energy AIA with proposed modifications is provided in Attachment 2. A description of the key changes from the currently effective WEC Energy AIA and the proposed WEC Energy AIA are summarized above.

4. A list and the past history of all contracts or agreements outstanding between the utility and the affiliate, the consideration received by the affiliate for such contracts or agreements, and a summary of the relevant cost records pertaining to these ongoing transactions

A. Past History

Since the Commission approved MERC's acquisition of Aquila's Minnesota natural gas operations, the Commission has approved the following affiliated interest agreements:

- Request by MERC for Approval of an Affiliated Interest Agreement between WPS Resources Corporation and Its Public Utility Subsidiaries, Docket No. G007,011/AI-06-1052, approved by Commission Order dated March 18, 2008.
- Request by MERC for Approval of Wisconsin Public Service Corporation's Gas Supply Procedures, Docket No. G007,011/AI-06-1416, approved by Commission Order dated March 5, 2008.
- Request by MERC for Approval of an Affiliated Interest Agreement Related to the Formation and Operation of Integrys Business Support, LLC, Docket No. G007,011/AI-07-779, approved by Commission Order dated March 5, 2008 and clarified by Commission Order dated May 26, 2009.
- Request by MERC for Approval of Tax Allocation Agreements, Docket No. G007,011/AI-07-1241, approved by Commission Order dated July 21, 2008.
- Request by MERC for Approval of 2009 Capital Structure, Docket No. G007,011/S-08-329, approved by Commission Order dated February 6, 2009.⁵
- Request by MERC for Approval of a Modification to the Affiliated Interest Agreement Related to the Formation and Operation of Integrys Business Support, LLC, Docket No. G007,011/AI-08-1376, approved by Commission Order dated May 26, 2009.
- Request by MERC for Approval of a Modification to the Affiliated Interest Agreement Related to the Formation and Operation of Integrys Business Support, LLC, Docket No. G007,011/AI-09-1244, approved by Commission Order dated January 26, 2010.
- Request by MERC for Approval of an Affiliated Interest Agreement Governing Short-Term Borrowing by MERC from Integrys, Docket No. G007,011/SAI-09-1108, approved by Commission order dated April 20, 2010.

⁵ The Commission approved as an affiliated interest agreement MERC's proposal to borrow short-term debt from Integrys.

- Request by MERC for Approval of a Modification to the AIA Related to the Formation and Operation of Integrys Business Support, LLC, Docket No. G007,011/AI-11-168, approved by Commission order on May 17, 2011.
- Request by MERC for Approval of a Tax Allocation Agreement, Docket No. G007,011/AI-11-545, approved by Commission order dated November 23, 2011.
- Request by MERC for Approval of a Modification to the Master Affiliated Interest Agreement between MERC and Integrys Business Support, LLC, Docket No. G007,011/AI-12-910, approved by Commission order dated July 3, 2013.
- Request by MERC for Approval of a Tax Allocation Agreement, Docket G011/AI-13-623, approved by Commission order dated October 15, 2013.
- Request by MERC for Approval of an Affiliated Interest Agreement between Integrys and all of the wholly-owned regulated subsidiaries of Integrys (including MERC), one partially-owned regulated subsidiary of Integrys, and all wholly-owned non-regulated subsidiaries of Integrys, as approved by the Illinois Commerce Commission and the Public Service Commission of Wisconsin, Docket No. G007,011/AI-10-783, approved by Commission order dated December 5, 2013.
- Request by MERC for Approval of a Modification to the Affiliated Interest Agreement Related to the Formation and Operation of Integrys Business Support, LLC, Docket No. G011/AI-13-934, approved by Commission order dated January 9, 2014.
- Request by MERC for Approval of the WEC Energy Group Affiliated Interest Agreement, Docket No. G011/AI-15-704, approved by Commission order dated January 8, 2016.
- Request by MERC for Approval of the Tax Allocation Affiliated Interest Agreement between WEC Energy Group, Inc. and its Regulated and Non-Regulated Subsidiaries, Docket No. G011/AI-15-705, approved by Commission order dated October 6, 2015.
- Request by MERC for Approval of the WEC Energy Group Affiliated Interest Agreement between WEC Energy Group, Inc. and its regulated and non-regulated subsidiaries, Docket No. G011/AI-16-284, approved by Commission order dated November 29, 2016.

B. Consideration Received

The consideration received by the affiliate is summarized in the dockets listed above.

C. Summary of the Relevant Cost Records

The relevant cost records are summarized in the dockets listed above and will again be subject to review in future rate cases.

5. A descriptive summary of the pertinent facts and reasons why such contract or agreement is in the public interest

The proposed modifications to the WEC Energy AIA are in the public interest because they are intended only to modify the Agreement as necessary to add Upper Michigan Energy Resources Corporation, a Michigan public utility engaged in the business of providing electric and natural gas service, and Bluewater Gas Storage, LLC, a FERC-jurisdictional storage service provider, to the WEC Energy AIA as Regulated Parties. Categorizing Bluewater as a “Regulated Party” is appropriate, and this requires minor changes to the definitions, references to FERC and storage services where appropriate, and clarification of the scope of requirements that are properly limited to state-regulated utilities. Changes to some service descriptions are likewise appropriate to define more precisely some services that are equally needed by a storage service provider and ought not to be limited to gas utility distribution systems.

The proposed revisions do not affect existing reporting requirements or other regulatory compliance features, such as audit requirements, that this Commission and other state commissions previously approved. Thus, the Commission will continue to receive a complete and detailed record of transactions among the WEC Energy companies, including MERC. The amount of information available to the state utility commissions will continue to be substantial and will assist them in overseeing activity under the agreement. Necessary approvals or waivers will also be sought from the Illinois and Wisconsin public service commissions.

6. Amount of compensation and, if applicable, a brief description of the cost allocation methodology or market information used to determine price

The modifications do not change the cost allocation methodology used in the WEC Energy AIA. Services provided by a Regulated Party to another Regulated Party will be priced at cost, services provided by a Regulated Party to a Non-Regulated Party will be priced at the greater of cost or fair market value, services provided by a Non-Regulated Party to a Regulated Party will be priced at the lesser of cost or fair market value, and services provided by any Party to WBS or provided by WBS to any Party will be priced at cost. Costs for services provided by a Regulated Party include direct and indirect labor and overheads among other cost loaders. Costs for services provided by a Non-Regulated Party include costs of labor, equipment, materials and supplies, depreciation, and other reasonable overheads and costs as determined in accordance with accounting standards customarily used by businesses such as those in which the Non-Regulated Party is engaged. The fair market value of a service provided under the WEC Energy AIA means the cost determined by making a good faith effort to identify the costs in the relevant market for such or a similar service.

7. If the service or good acquired from an affiliate is competitively available, an explanation of whether competitive bidding was used

Competitive bidding is not available to obtain the unique services that may most efficiently and cost effectively be obtained from WEC Energy, the parent holding company, and its regulated and non-regulated subsidiaries. The Parties have the right to refuse to provide services under the WEC Energy AIA, and the WEC Energy AIA does not create an exclusive right of first refusal associated with the provision of services under the WEC Energy AIA.

8. Whether the affiliate would have access to customer information, such as customer name, address, usage, or demographic information

Services provided by one affiliate to another under the WEC Energy AIA may require access to customer information. Section VIII.12 of the WEC Energy AIA provides that each Party shall treat in confidence all information that it may obtain from or regarding the other Parties and their respective businesses during the term of the WEC Energy AIA. Additionally, each Party agrees to protect the other Parties' information using the same degree of care that it uses to protect its own confidential information, and in no event less than reasonable care. Except to the extent disclosure of such information is required by a governmental authority having jurisdiction, such information shall not be communicated to any person other than the Parties, and shall be shared among the Parties only to the extent certain persons need to know such information in order for the Parties to perform under the WEC Energy AIA. If a Party is required to disclose confidential information to a governmental authority, such Party must take reasonable steps to make such disclosure confidential under the rules of such governmental authority.

Additionally, in accordance with the Commission's November 29, 2016, Order in Docket No. G011/AI-16-284:

- If any Regulated or Non-Regulated affiliate is responsible for the treatment of MERC customer data, MERC must inform that affiliate, in writing, that the information about MERC's customers must be treated according to the requirements of the Minnesota Public Utilities Commission, then in effect.
- MERC must include in its May 1 annual compliance report a listing of the affiliates receiving MERC customer data, a general description of the data shared, the notice provided to the affiliate, and a discussion of unauthorized release of data, if any occurred.

ATTACHMENT 2

**Redline and Clean Versions of the Modified WEC Energy AIA Against the
Previously Approved WEC Energy AIA**

Attachment 2—Redline WEC Energy AIA

WEC ENERGY AFFILIATED INTEREST AGREEMENT

This WEC Energy Affiliated Interest Agreement (“Agreement”) is entered into this ~~31st~~ day of ~~March~~, 201~~7~~6, by and among WEC Energy Group, Inc. and its subsidiaries.

RECITALS

- A. To optimize efficiencies and economies of scale, the Parties desire to plan and operate certain aspects of their businesses with the integration of certain activities by sharing, providing, transferring, and receiving certain services, employees, properties, goods, assets, information systems, rights, and anything else of value.
- B. The Parties intend that this Agreement will establish the terms, conditions, and procedures under which they will achieve the objectives of Recital A, subject to the jurisdiction of the Commissions and FERC and subject to applicable state utility and federal energy law.

NOW, THEREFORE, in consideration of the covenants and agreements set forth in this Agreement, the Parties agree as follows:

Article I **Definitions**

1. “Commissions” means the ICC, MPSC, MPUC, and PSCW; any one of the Commissions is a “Commission” and, as determined by the context in which the term is used, will mean the Commission having jurisdiction over the retail rates of the Regulated Party.
2. “Damages” has the meaning ascribed to it in Section VII.1.

Attachment 2—Redline WEC Energy AIA

3. “FERC” means the Federal Energy Regulatory Commission or any successor to that agency.
4. “ICC” means the Illinois Commerce Commission or any successor to that agency.
5. “Indemnified Party” has the meaning ascribed to it in Section VII.1.
6. “Indemnifying Party” has the meaning ascribed to it in Section VII.1.
7. “MPSC” means the Michigan Public Service Commission or any successor to that agency.
8. “MPUC” means the Minnesota Public Utilities Commission or any successor to that agency.
9. “Non-Regulated Party” means a Party identified on Appendix B and that is not ~~subject to rate regulation by a Commission~~ Regulated Party.
10. “Parties” means two or more of the signatories to this Agreement.
11. “Party” means a signatory to this Agreement.
12. “Providing Party” means a Party providing Services to another Party, and that other Party is a Receiving Party.
13. “PSCW” means the Public Service Commission of Wisconsin or any successor to that agency.
14. “Receiving Party” means a Party receiving Services from another Party, and that other Party is a Providing Party.

Attachment 2—Redline WEC Energy AIA

15. “Regulated Party” means a Party identified on Appendix A and that is either subject to rate regulation by a Commission or that is a service provider subject to regulation by FERC.
16. “Service” and “Services” have the meanings ascribed to them in Article II and Appendix C, Appendix D, and Appendix E.
17. -“WBS” means WEC Business Services LLC and its successors and permitted assigns. WBS is a centralized service company as defined by FERC (18 C.F.R. §367.1(7) or any successor to this rule).
18. “WEC Energy” means WEC Energy Group, Inc. and its successors and permitted assigns.

Article II **Provision of Services**

1. Subject to the limitations set forth in this Article II and applicable state and federal requirements, any Party may request Services from any other Party. The term “Services” includes any service, good, asset, property, employee, right, interest, and anything of value to the Receiving Party, the provision, transfer or sharing of which could be considered a “contract,” “arrangement,” “service” or other transfer or sharing of “property” or “assets” or other similar designations that, absent this Agreement, could require the approval of one or more of the Commissions as an affiliated interest arrangement (each, a “Service”). The term “Services” is further described in certain appendices to this Agreement as follows:
 - (a) Appendix C describes services that WBS may provide;

Attachment 2—Redline WEC Energy AIA

- (b) Appendix D describes services that any Party (except WBS, which provides services under Appendix C, and North Shore Gas Company and The Peoples Gas Light and Coke Company, which provide services under Appendix E) may provide; and
- (c) Appendix E describes services for which North Shore Gas Company or The Peoples Gas Light and Coke Company is a Providing Party to any Party or Receiving Party from any Party except WBS from which it receives services under Appendix C, and other requirements applicable to North Shore Gas Company and The Peoples Gas Light and Coke Company.

The terms “provide,” “providing,” “provision of” and the like in connection with a Service or Services include a transfer or sharing of property, assets or employees.

2. Each Party will have the right, at its sole discretion, to refuse to provide any Services requested under this Agreement. There will be no exclusive right or right of first refusal associated with the provision of Services. Receiving a refusal from another Party to a request under this Agreement will not be a prerequisite for any Party to obtain from an independent third party any Service that is or could be provided under this Agreement. Refusals of requests by any Party under this Agreement will not terminate all or any portion of this Agreement.

Attachment 2—Redline WEC Energy AIA

3. A Providing Party and a Receiving Party may establish and document their expectations and requirements with respect to any particular Service to be rendered under this Agreement.
4. Nothing in this Agreement will require any Regulated Party to take actions that, relative to not acting under this Agreement, it would expect to negatively affect the reliability or quality of utility or storage services available to the Regulated Party's customers, impede the Regulated Party's ability to provide utility or storage services to its customers, or increase the costs to its customers of receiving utility or storage services.
5. If both WBS and another Party may be the Providing Party for a given Service under Appendix C, Appendix D and Appendix E, as applicable, and WBS and the other Party are willing and able to provide the Service, the Receiving Party will determine which Party will be the Providing Party.

Article III **Determining Charges for Services Provided**

1. **Charges for Services.**
 - (a) All Services that any Regulated Party provides to another Regulated Party will be priced at cost, with cost determined pursuant to Section III.2.
 - (b) All Services that any Regulated Party provides to any Non-Regulated Party will be priced at the greater of cost or fair market value, with cost determined pursuant to Section III.2 and with fair market value determined pursuant to Section III.4.

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- (c) All Services that any Non-Regulated Party provides to any Regulated Party will be priced at the lesser of cost or fair market value, with cost determined pursuant to Section III.3 and with fair market value determined pursuant to Section III.4.
- (d) Notwithstanding anything else in this Agreement, all Services that WBS provides will be priced at cost, as determined by 18 C.F.R. Part 367, and all Services that WBS receives will be priced at cost, as determined by Section III.2 or III.3, as applicable.
- (e) Any sale or transfer of an asset will be at the Providing Party's net book value.

2. Determining Cost For Regulated Providing Parties

- (a) Labor Cost.
 - i. Each employee of any Regulated Party will report the time spent providing Services in a time reporting system that WBS maintains or that a Regulated Party maintains in accordance with its established accounting procedures.
 - ii. A standard labor dollar hourly rate will be applied to the time reported pursuant to sub-paragraph (a)(i).
 - iii. All appropriate overheads will follow labor costs.
- (b) Equipment Cost. Costs for equipment used in the provision of Services or otherwise provided or transferred will include all operating expenses, applicable overheads, maintenance, depreciation, return on investment

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and sales taxes. Transportation and vehicle costs used in providing Services will be determined based on relative total hours or miles of use or on a vehicle loading applied to labor costs, and will include repairs, maintenance, fuel, depreciation, return on investment, and rental expense.

In all cases when the Regulated Party is regulated by a Commission(s), return on investment will be calculated using a return on net assets at a rate equal to the prevailing pre-tax weighted cost of capital authorized by the Commission(s) having jurisdiction over the retail rates of the Regulated Party that provided a Service for which a cost is being determined. In all cases when the Regulated Party is regulated by FERC, return on investment will be calculated using a return that such Regulated Party uses in its FERC jurisdictional agreements with other Regulated Parties.

- (c) Materials and Supplies Cost. Costs of materials and supplies commonly used across affiliates will be directly determined and charged. All appropriate overheads will follow the assignment of the direct costs. The costs of material will be based on the average unit price, which includes invoice price, and shipping expenses, net of purchase discounts.
- (d) Other Direct Costs. Other direct costs, which include contract labor, contract services, employee reimbursement for meals and lodging and other costs not included in labor, equipment, materials and supplies, will

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be either accumulated and billed directly based on actual charges or allocated.

(e) **Calculating Total Cost of Service.** The sum of the direct and indirect charges calculated in accordance with sub-paragraphs (a) through (d), will constitute the total cost of Services provided.

(f) **Cost Records.** Each Regulated Party will maintain a cost accounting system to accumulate all costs related to Services it provides on a basis that is adequate to enable the Commissions and FERC to audit and track its actual costs in connection with transactions under this Agreement.

3. **Determining Cost For Non-Regulated Providing Parties.** Costs incurred by a Non-Regulated Party in providing a Service to a Regulated Party under this Agreement will be determined in accordance with accounting standards customarily used by businesses such as those in which the Non-Regulated Party is engaged. Each Non-Regulated Party will maintain a cost accounting system that is adequate to enable the Commissions and FERC to audit and track its actual costs in connection with transactions under this Agreement.

4. **Fair Market Value.** The fair market value of providing a Service under this Agreement will mean the cost the Providing Party determines by making a good faith effort to identify costs in the relevant market for such or a similar Service. If, despite good faith efforts, a Providing Party is not able to determine the fair market value of a Service it provides to a Receiving Party, the fair market value will be deemed to be equal to the Providing Party's cost.

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5. **FERC Jurisdiction - WBS.** With respect to any charges imposed by WBS for Services provided under this Agreement that are subject to FERC's jurisdiction, no Party will elect, or cause any affiliate to elect on its behalf, to have FERC review pursuant to Section 1275 of the Energy Policy Act of 2005 (42 U.S.C. § 16462 or any successor law) the allocation of costs for goods and services provided by WBS until the Commissions with jurisdiction to do so have reviewed and taken required actions regarding the affiliated interest transactions and agreements, or amendments thereto, associated with WBS. If the Commissions have not completed review and approval or taken other appropriate action within a reasonable time, then any Party or its affiliate may seek such FERC review after giving the Commissions who have not so acted at least sixty (60) days' prior written notice.

Article IV **Billing and Payment**

1. All billing and payment under this Agreement may occur through electronic means. References to "bills" means accounting information available to the Parties and "pay" means the transfer of cash on the Parties' books, taking any applicable netting into account.
2. Each Providing Party will, for any month in which it provides a Service under this Agreement, make available sufficient detail to each Receiving Party for charges for Services provided in the preceding month and such detail will be the "bill." This detail will permit each Receiving Party that is regulated by a Commission(s) to identify and, for such a Regulated Party, to classify the charges in terms of the

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system of accounts prescribed by the Commission(s) having jurisdiction over the retail rates of the Regulated Party.

3. Each Receiving Party will pay outstanding balances by the end of the month following the availability of detailed information about charges.
4. If a Receiving Party disputes the calculation of any portion of the amount paid, it will work with the Providing Party to resolve the issues and correct the balance in the following month. The Parties involved in such dispute will involve the other Parties in the resolution of the dispute if appropriate.

Article V

Accounting; Records; Reports

1. Each Regulated Party will keep all its accounts and records in accordance with the relevant requirements promulgated by the Commission(s) or FERC with jurisdiction. Without limiting the foregoing, each Regulated Party will maintain adequate books and records with respect to all of its transactions under this Agreement and will record the costs to be allocated to the other Parties in appropriate accounts in its general ledger system. Each Regulated Party will maintain internal controls to ensure that it allocates and bills the costs associated with all transactions under this Agreement properly and consistently in accordance with this Agreement.
2. WBS will keep all its accounts and records in accordance with the relevant requirements promulgated by FERC, including 18 C.F.R. Parts 367 and 368 of FERC's regulations or any successor regulations. Without limiting the foregoing, WBS will maintain adequate books and records with respect to all of its

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transactions under this Agreement and will record the costs to be allocated to the other Parties in appropriate accounts in its general ledger system. WBS will maintain internal controls to ensure that it allocates and bills the costs associated with all transactions under this Agreement properly and consistently in accordance with this Agreement.

3. Each Regulated Party that is regulated by a Commission(s) will provide the Commissions a copy of WBS' FERC Form No. 60, or such other annual report required by FERC of centralized service companies, contemporaneous with its annual filing of such report with FERC. Each such Regulated Party will also file with the Commissions, contemporaneous with its annual filing of such report with FERC, the following schedules. These schedules will list all costs incurred by WBS and all costs allocated to all entities to which WBS provides or provided services. In Illinois, these schedules will be filed as supplemental schedules to the annual report to the ~~Commission-ICC~~ required by Section 5-109 of the Public Utilities Act (220 ILCS 5/5-109), known as Form 21.

- (a) A schedule summarizing the direct and indirect charges for each functional area in Appendix C. The report will present the dollar amounts and percentages charged to each Party as listed in Appendix C, as well as to all other entities that receive direct or indirect charges from WBS for such functional areas.
- (b) A schedule providing a breakdown by subaccount of Account 923, Outside Services Employed. The schedule will aggregate amounts paid to any

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one payee in each subaccount. If one subaccount is less than \$250,000, only the aggregate number and amount of all such payments included within the subaccount will be shown. The schedule will include subtotals for each type of service.

- (c) A schedule listing each pension and benefit program provided by WBS. Such listing will be limited to amounts over \$250,000.
- (d) A schedule listing the amount included in Account 930.1, General Advertising Expenses, classifying the items according to the nature of the advertising and as defined in the account definition. If a particular class includes an amount in excess of \$250,000 applicable to a single payee, the schedule will show separately the name of the payee and the applicable aggregate amount.
- (e) A schedule listing the amount included in Account 931, Rents, classifying such expenses by major groupings of property, as defined in the account definition of the Uniform System of Accounts in 18 C.F.R. Part 367 of FERC's regulations.
- (f) A schedule providing an analysis of Account 408, Taxes Other Than Income. The report will separate the analysis into two groups: (1) other than U.S. Government taxes, and (2) U.S. Government taxes. The report will specify each of the various kinds of taxes and show the accounts. A subtotal will be provided for each class of tax.

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- (g) A schedule listing the amount included in Account 426.1, Donations, classifying such expense by its purpose. The aggregate number and amount of all items of less than \$250,000 may be shown in lieu of details.
- (h) A schedule listing the amount included in Account 426.5, Other Deductions, classifying such expenses according to their nature.

4. Each year by May 1, each Regulated Party that is regulated by a Commission(s) will submit to the person or department designated by its Commission or its Commission's staff reports showing: (i) its charges, as a Providing Party, to any Receiving Party to which it provided Services during the preceding calendar year; and (ii) its payments, as a Receiving Party, for Services received from Providing Parties during the preceding calendar year.
5. Every year there will be an internal audit of transactions under this Agreement for the purpose of testing compliance with this Agreement. Such audit may be either a discrete audit solely of Services under this Agreement or may be an audit of the Services under this Agreement and other affiliated interest service agreements. The internal audit will include, the following: (i) the accuracy of the derivations of costs billed by the Providing Parties; (ii) the determination that the costs billed to the Regulated Parties are priced at the lesser of cost or fair market value, based on the studies and updates required by Section V.6; (iii) the determination that Services provided by the Regulated Parties to the Non-Regulated Parties, except WBS, are billed at the greater of cost or fair market value, based on the studies and updates required by Section V.6; and (iv) the

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accuracy of charges billed under this Agreement during the year. The Regulated Parties that are regulated by a Commission(s) will submit a copy of the audit report to the person or department designated by the Commissions or the Commissions' staffs no later than July 1 of each year. The first such audit report will pertain to the period ending December 31 of the year in which this Agreement is effective, and will be due on or before July 1 of the following year. Subsequent audit reports will be due July 1 following the calendar year that is the subject of the audit.

6. At least once every three years, the Parties will conduct a new study of the cost of Services provided under this Agreement, for the purpose of testing compliance with the Agreement and to analyze the market price of Services provided. The Parties will update the study annually. The Services subject to the studies and the updates will be those that a Non-Regulated Party provides or receives and for which a reasonable substitute is widely available in the relevant market. The studies and updates will be completed no later than May 1 of the year following the end of the most recently completed fiscal year covered by the new study or update. The Parties will notify the person or department designated by the Commissions or the Commissions' staffs of the availability of the study and annual update and, if requested, make such available for review at the Commission's offices. The first such new study shall pertain to the period ending December 31 of the year after this Agreement becomes effective, and shall be due on or before May 1 of the year following such December 31.

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Article VI

Representations and Warranties of the Parties and Other Obligations of WBS

1. Each Party represents and warrants that:
 - (a) it has the right, power, and authority to enter into and perform its obligations under this Agreement;
 - (b) it has taken all requisite corporate action to approve execution, delivery, and performance of this Agreement, and this Agreement constitutes a legal, valid and binding obligation of each Party enforceable in accordance with its terms; and
 - (c) the fulfillment of obligations under this Agreement will not constitute a material violation of any existing applicable law, rule, regulation, or order of any governmental authority.
2. In its performance of services under this Agreement, WBS: (i) will follow applicable federal and state regulations, including codes and standards of conduct, with respect to the sharing of confidential information it receives from any other Party with another; (ii) will not give one or more other Parties, or any other affiliate within the WEC Energy holding company system, a competitive advantage in relevant markets; and (iii) will not subsidize any other Party and will not cause any other Party to subsidize any of its affiliates.
3. WBS will make readily available to each Commission, FERC and any other governmental or regulatory agency with jurisdiction under applicable law (an “agency”) reasonable access to its books and records (including the basis for its

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computation of cost allocations) as may be necessary for each agency to review WBS's transactions with each other Party within such agency's jurisdiction.

Article VII Liability and Indemnity

1. Each Party (an "Indemnifying Party") will indemnify and save harmless each other Party (an "Indemnified Party") from any and all damages, expenses, claims, costs, attorneys' fees or other injury, including injury to person, life or property, and further including injury resulting in the death of any person or persons ("Damages"), in any manner arising out of or in connection with the willful or negligent acts or omissions of the Indemnifying Party in the performance of this Agreement. If one or more Indemnified Parties is made a party to any suit or litigation on account of any actual or alleged Damages, the appropriate Indemnifying Party or Parties will defend such action on behalf of the Indemnified Party or Parties and, if judgment will be obtained or claim allowed in any of said proceedings against one or more Indemnified Parties, the appropriate Indemnifying Party or Parties will pay and satisfy such judgment or claim in full.
2. EACH PARTY AGREES THAT NO OTHER PARTY WILL BE LIABLE TO IT FOR SPECIAL, PUNITIVE, CONSEQUENTIAL, EXEMPLARY OR INCIDENTAL DAMAGES OR OTHER SUCH LOSSES, DAMAGES, COSTS OR LIABILITIES ARISING FROM ANY CAUSE WHATSOEVER, WHETHER OCCASIONED BY THE NEGLIGENT ACTS OR OMISSIONS OF A PARTY OR ITS EMPLOYEES, AGENTS OR REPRESENTATIVES OR OTHERWISE.

Article VIII Additional Provisions

Attachment 2—Redline WEC Energy AIA

1. This Agreement will become effective on the first day of the ~~fiscal quarter~~first month following approval or waivers of the Commissions. Once effective, this Agreement will continue in full force and effect until and unless modified or terminated as provided in this Agreement.
2. The Parties may amend or modify this Agreement at any time by written agreement of all the Parties and, if required, approval or waivers of the Commissions.
3. The terms “include” and “including” in this Agreement are not words of limitation by enumeration but connote that items identified after these words represent a non-exclusive list.
4. The Parties acknowledge that all or portions of this Agreement may be challenged before regulatory agencies or a court of competent jurisdiction by persons or entities not Parties to this Agreement. In such event, the Parties agree that each will use its reasonable efforts before such agencies and courts to support the pursuit and accomplishment of the Parties’ objectives in entering into this Agreement.
5. This Agreement, and any rights under this Agreement, may not be assigned without the prior written consent of all Parties and, if required, approval or waivers of the Commissions.
6. The addition of a Party to this Agreement or the termination of this Agreement as to a Party will not require the approval or waiver of the Commissions, but the Regulated Parties that are regulated by a Commission(s) will give written notice

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to the Commissions of changes to Appendix A or Appendix B reflecting the current Parties to this Agreement.

7. Any change to Appendix C or Appendix D will not require the prior approval of the Commissions but the Regulated Parties that are regulated by a Commission(s) will give sixty (60) days' prior written notice to the Commissions of changes to Appendix C or Appendix D.
8. Notwithstanding anything to the contrary in this Agreement, Minnesota Energy Resources Corporation will submit to the MPUC for approval any changes in the Parties to the Agreement or changes in the Services covered by the Agreement, as required by Minn. Stat. § 216B.48. As required by the MPUC's September 14, 1998 Order in Docket No. E,G-999/CI-98-651, such changes will be submitted within 30 days.
9. Any change to Appendix E will be subject to the ICC requirements described in that Appendix E and will not require notice to or filing with any other Commission or FERC.
10. A Party leaving the WEC Energy holding company system may continue to receive Services from any other Party for a reasonable transition period following such departure from the WEC Energy holding company system. Once any such departure has occurred or when the Party has ceased receiving Services, an updated Appendix A or Appendix B will be filed with the Commissions.
11. In providing Services, any Providing Party may arrange, where it deems appropriate, for the services of third party experts, consultants, attorneys,

Attachment 2—Redline WEC Energy AIA

advisers, or other contractors or agents with necessary qualifications as may be required for or pertinent to the performance of Services for the Parties.

12. Each Party will treat in confidence all information that it may obtain from or regarding the other Parties and their respective businesses during the term of this Agreement. Each Party agrees to protect the other Parties' information using the same degree of care that it uses to protect its own confidential information, and in no event less than reasonable care. Except to the extent disclosure of such information is required by a governmental authority having jurisdiction, such information will not be communicated to any person other than the Parties, and will be shared among the Parties only to the extent certain persons need to know such information in order for the Parties to perform under this Agreement. If a Party is required to disclose confidential information to a governmental authority, such Party will take reasonable steps to make such disclosure confidential under the rules of such governmental authority. Information provided under this Agreement will remain the sole property of the Party providing such information. The requirements of this Section VIII.12 will not apply with respect to information that is or becomes available (i) to such Party from a source other than the Party providing such information, unless such other source has imposed confidentiality restrictions, or (ii) to the public other than as a result of disclosure by such Party or its agents.
13. The Parties agree and acknowledge that any legal advice or legal services provided, or arranged to be provided, by or on behalf of any Providing Party

Attachment 2—Redline WEC Energy AIA

under this Agreement will be for the direct or indirect benefit or common interest of all of the Receiving Parties. It is the intention of all Parties to maintain all privileges that may apply to any communications related to the provision or receipt of such legal advice or services.

14. The Parties hereby appoint all Providing Parties as their agents to represent them in providing services for or on their behalf under this Agreement. The Parties also authorize all Providing Parties to purchase (*i.e.*, take title to) various commodities, goods and assets in connection with their provision of Services, and to sell (*i.e.*, convey title to) such commodities, goods and assets to the Parties, including to Receiving Parties, in their provision of Service. Any sale of such commodities, goods and assets by Providing Parties to Receiving Parties and any use of such commodities, goods or assets by Providing Parties in the provision of Services will be at the costs incurred by such Providing Parties, to be allocated among the Receiving Parties pursuant to the methodologies prescribed in this Agreement. The Providing Parties will be accountable for all funds advanced or collected on behalf of a Receiving Party in connection with any transaction in respect of which a Providing Party provides Services. A Providing Party's provision of Services will in all cases and notwithstanding anything in this Agreement to the contrary be subject to any limitations contained in authorizations, rules or regulations of those governmental agencies having jurisdiction over a Providing Party or its provision of Services.

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15. If any amendment to this Agreement does not receive any approval or waiver by all Commissions that may be required, then the Parties will promptly negotiate in good faith new provisions to restore such amendment, as nearly as possible, to its original intent and effect, and file for approval or waivers of the Commissions.
16. If any governmental or regulatory agency or court of competent jurisdiction holds that any provision of this Agreement is invalid, or otherwise takes action resulting in the impossibility or impracticability of performance of all or a portion of this Agreement, the remainder of this Agreement will not be affected thereby and will continue in full force and effect. In the event any provision of this Agreement is so held invalid, the Parties will promptly renegotiate in good faith new provisions to restore this Agreement as nearly as possible to its original intent and effect, and file for approval or waivers of the Commissions.
17. No course of dealing or course of performance among the Parties will be construed to alter the terms of this Agreement.
18. The Parties agree that there is no third party beneficiary of this Agreement and that the provisions of this Agreement do not impart enforceable rights to anyone who is not a Party.
19. This Agreement will be governed by and construed in accordance with the laws of the State of Wisconsin, without regard to principles of conflicts of law; provided, however, that no Regulated Party that is regulated by a Commission(s) will be required to comply with this Agreement to the extent such compliance would be a violation of the public utility laws of any state(s) in which such

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Regulated Party conducts its state-regulated utility operations and no Regulated Party that is regulated by FERC will be required to comply with this Agreement to the extent such compliance would be a violation of the Natural Gas Act or other statute or regulation under which FERC regulates it.

20. This Agreement may be executed in any number of counterparts, each of which when executed and delivered will be deemed to be an original and all of which counterparts taken together will constitute one and the same instrument.

Attachment 2—Redline WEC Energy AIA

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed on its behalf as of the day and year first above written.

WEC ENERGY GROUP, INC.
[for itself and on behalf of all Non-Regulated
Parties other than WEC Business Services LLC]

WEC BUSINESS SERVICES LLC

By

By

Name: Allen Leverett

Name: J. Patrick Keyes

Title: CEO and President

Title: ~~Executive Vice~~ President ~~and C.F.O.~~

MICHIGAN GAS UTILITIES
CORPORATION

THE PEOPLES GAS LIGHT AND COKE
COMPANY

By

By

Name: ~~Allen Leverett~~ J. Patrick Keyes

Name: Charles Matthews

Title: President

Title: President and CEO

MINNESOTA ENERGY RESOURCES
CORPORATION

WISCONSIN ELECTRIC POWER
COMPANY

By

By

Name: ~~Allen Leverett~~ J. Patrick Keyes

Name: ~~Allen Leverett~~ J. Kevin Fletcher

Title: President

Title: President

NORTH SHORE GAS COMPANY

WISCONSIN GAS, LLC

By

By

Name: Charles Matthews

Name: ~~Allen Leverett~~ J. Kevin Fletcher

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Title President and CEO

Title: President

WISCONSIN PUBLIC SERVICE
CORPORATION

UPPER MICHIGAN ENERGY RESOURCES
CORPORATION

By

By

Name: ~~Allen Leverett~~ J. Kevin Fletcher

Name: J. Patrick Keyes

Title: ~~Chairman, President and CEO~~

Title: President

BLUEWATER GAS STORAGE, LLC

By

Name:

Title:

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Appendix A Regulated Parties

Bluewater Gas Storage, LLC

a FERC-jurisdictional storage service provider

Michigan Gas Utilities Corporation

a Michigan public utility engaged in the business of providing natural gas service

Minnesota Energy Resources Corporation

a Minnesota public utility engaged in the business of providing natural gas service

North Shore Gas Company

an Illinois public utility engaged in the business of providing natural gas service

The Peoples Gas Light and Coke Company

an Illinois public utility engaged in the business of providing natural gas service

Upper Michigan Energy Resources Corporation

a Michigan public utility engaged in the business of providing electric and natural gas service

Wisconsin Electric Power Company

a Wisconsin and Michigan public utility engaged in the business of providing electric and natural gas service

Wisconsin Gas Company LLC

a Wisconsin public utility engaged in the business of providing natural gas service

Wisconsin Public Service Corporation

a Wisconsin ~~and Michigan~~ public utility engaged in the business of providing electric and natural gas service

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**Appendix B
Non-Regulated Parties**

WEC Energy Group, Inc. and its subsidiaries not listed on Appendix A or on this Appendix B

WEC Business Services LLC

Appendix C

I. Services that WBS May Provide to Any Party

Subject to the limitations set forth in Section II.1 and applicable state and federal requirements, WBS may provide to any Party the Services described in this Appendix C, Section I.

1. Administrative

“Administrative” means facility management services for owned and leased facilities and grounds. This includes operations and maintenance of structures, capital improvements, interior space planning, printing services, security and janitorial, and acquisition and management of real estate and land rights, including easements and right-of-ways.

Allocation Factors: (1) Square Footage; (2) Number of Employees; (3) Dollars Associated with Number of Imprints; (4) Composite Allocator; (5) Number of Customers.

2. Communications

“Communications” means the preparation and dissemination of information to employees, customers, government officials, the public and the media.

Allocation Factors: (1) Number of Employees; (2) General/Corporate; (3) Number of Customers.

3. Customer

“Customer” means the provision of services and systems dedicated to customer service, including meter reading and billing, credit, collections, customer relations, call center operations, revenue assurance, account management, market research, customer strategy, and claims management. It also includes customer relations planning and compliance, customer contact services (including customer assistance), and managing customer relations subcontractors.

Allocation Factors: (1) Number of Customers; (2) Number of Meters; (3) Call Volume; (4) General/Corporate.

4. Environmental

“Environmental” means the performance of assessments, investigations, remediation and other activities required to ensure compliance with applicable environmental laws and regulations, permitting, licensing, due diligence, waste management, and emergency response.

Allocation Factors: (1) FTE Work Estimate; (2) General/Corporate; (3) MW.

5. Executive Management

“Executive Management” means the executive management and oversight activities

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performed by officers and other senior executives of a Party. Such activities include the formulation of general business plans and policies, selection of key management personnel, and allocation of financial resources.

Allocation Factors: (1) General/Corporate.

6. External Affairs

“External Affairs” means administering the Parties’ activities in the areas of governmental relations, community support and economic development, as well as the analysis and formulation of regulatory policy, rate case preparation and rate administration.

Allocation Factors: (1) Total Property, Plant and Equipment; (2) Number of Employees; (3) General/Corporate; (4) Number of Customers.

7. Finance

“Finance” means accounting, finance, treasury, tax, internal audit, risk management, insurance and related financial services. Examples of activities performed within these various financial disciplines includes the following: maintain corporate books and records, prepare financial and statistical reports, process payments to vendors, ensure compliance with tax laws and regulations, manage debt and maintain banking relationships, invest pension assets, establish and monitor internal controls, perform financial and risk analysis, prepare budgets and forecasts, maintain shareholder records, communicate with the investment community, and procure and manage insurance.

Allocation Factors: (1) Number of Transactions; (2) Total Property, Plant and Equipment; (3) Number of Employees; (4) FTE Work Estimate; (5) General/Corporate.

8. Human Resources

“Human Resources” means the establishment and administration of policies and assuring compliance with legal requirements in the areas of employment, compensation, benefits and employee health, safety, and wellness. It also involves providing payroll and employee benefit and workers’ compensation administration, employee training and development, recruiting and staffing services, employee communications and labor relations management. It further includes “Compliance,” which means, to the extent not covered by other Services, establishment and administration of policies to support compliance with laws, ethics, and corporate code of conduct and other corporate policies.

Allocation Factors: (1) Number of Employees; (2) General/Corporate.

9. Information Technology

“Information Technology” means telecommunications and electronic data processing services such as computer operations, software development and maintenance, network support, end-user support, database administration and information

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systems security. It also includes infrastructure and application architecture services, website and hosting services, and disaster recovery services.

Allocation Factors: (1) General/Corporate; (2) Number of Employees; (3) Application Allocator; (4) CPU and Disk Storage; (5) Number of Devices; (6) Number of Meters; (7) Number of Customers.

10. Legal and Governance

“Legal and Governance” means the provision of all types of legal advice and related services involving legal services related to corporate and commercial activities, contracts, litigation, regulatory matters, securities (including compliance with securities law requirements), real estate, legislative, employment and benefits, tax, and intellectual property matters. It includes oversight of maintenance of corporate records (policies, procedures and management). It includes services required of a publicly held corporation, including shareholder, board of director and related committee meetings, consents, resolutions, minutes, and records.

Allocation Factors: (1) General/Corporate.

11. Supply Chain

“Supply Chain” means the acquisition and provision of goods and services other than fuel, energy commodities or energy transmission. It includes supplier diversity. Specific activities include material inventory management, contract administration services, warehousing and logistics services and the establishment of inventory standards. It further includes the purchase, oversight, and maintenance of vehicles and related equipment.

Allocation Factors: (1) Total Non-Labor Spend without Fuel and Supply; (2) Number of Fleet Assets; (3) Number of Transactions; (4) Composite Allocator.

II. Services that WBS May Provide to Any Regulated Party

Subject to the limitations set forth in Section II.1 and applicable state and federal requirements, WBS may provide to any Regulated Party the Services described in this Appendix C, Section II.

1. Operational Support and Development

“Operational Support and Development” means support to utility distribution operations and interstate storage operations. Such support includes designing and monitoring the construction and maintenance of distribution and transmission lines and storage fields, and ensuring that construction activity is consistent with plans. It includes coordinating the planning and operation of distribution, transmission and storage systems, performing operational reviews of completed construction, maintenance work of distribution and transmission lines, operating storage fields, and operating meter shops. It includes geospatial services, locate system support, damage prevention, and contract administration to all regulated gas and electric

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affiliates. It includes providing services and training to operate and support gas and electric utility and natural gas storage operations, such as construction, design, operation and maintenance; and field services. It further includes developing and implementing initiatives to enhance efficiencies and operational compliance, technical training, and project management.

Allocation Factors: (1) Feet of Installed/Replaced Pipeline; (2) Number of Meters Repaired; (3) FTE Work Estimate; (4) Number of Employees; (5) Project Specific Allocator; (6) MW; (7) Gas Throughput; (8) Storage Capacity.

2. Wholesale Energy and Fuels

“Wholesale Energy and Fuels” means administrative functions related to purchasing, marketing and selling natural gas and other energy commodities (including hedging and other risk management tools); scheduling, dispatching, interrupting, and curtailing deliveries; acquiring, selling, releasing and managing capacity; control operations (including compliance with applicable state and federal operating requirements); and operating utility company-owned underground natural gas storage fields. This function excludes all functions that are not ministerial in nature and excludes contract ownership, as each Party will continue to hold supply and capacity contracts in its own name.

Allocation Factors: (1) Gas Throughput; (2) Peak Day Capacity; (3) MW; (4) FTE Work Estimate; (5) Storage Capacity.

Allocation Factors for Services that WBS May Provide

WBS will allocate costs through a tiered approach. This allocation methodology reflects operational aspects of the charge and applies costs in a meaningful and impartial manner.

First, costs will be directly charged whenever appropriate and practicable. Direct charging is essentially a 100% allocation of costs related to a particular Service to the Party receiving that Service.

Second, where direct charging is not appropriate and practicable, costs will be allocated using cost causation principles that link costs related to a particular Service to the Party receiving that Service.

All other cost allocations will be broad-based with a generalized cost basis proxy.

Specific Allocation Factors

Application Allocator – Based on the allocation of the specific application being worked on. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the Service allocated per this factor, if not all Parties are receiving the Service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

Call Volume – Based on average call volume during the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is

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prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the Service allocated per this factor, if not all Parties are receiving the Service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

Composite Allocator Based on Total Historical Billings for a WBS functional service as defined in Appendix C - Based on the total O&M billings for the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is prepared or total O&M billings for the previous calendar year. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the Service allocated per this factor, if not all Parties are receiving the Service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

CPU and Disk Storage – Based on the number of CPU cycles used by the application divided by the total number of used CPU cycles and the total bytes of data storage used by the application divided by the total bytes used for data storage for the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the Service allocated per this factor, if not all Parties are receiving the Service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

Dollars Associated with Number of Imprints – Based on the dollars associated with the number of imprints for the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the Service allocated per this factor, if not all Parties are receiving the Service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

Feet of Installed/Replaced Pipeline – Based on average number of feet installed/replaced for the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the Service allocated per this factor, if not all Parties are receiving the Service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

Full Time Equivalent (FTE) Work Estimate – Based on a recurring, predictable level of service. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the Service allocated per this factor, if not all Parties are receiving the Service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

Gas Throughput – Based on gas throughput in dekatherms (sales or transportation or both) for the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is prepared. The numerator of which is for a Party

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and the denominator of which is for all Parties or specific Parties receiving the Service allocated per this factor, if not all Parties are receiving the Service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

General/Corporate – Based on an equal weighting of a 13-month average of assets (excluding hedge assets, goodwill, and non-ordinary assets) for the most recent 13 months at the time the budget is prepared and average annual O&M costs (excluding fuel costs) for the most recent 12 months at the time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the Service allocated per this factor, if not all Parties are receiving the Service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

Megawatts (MW) – Based on the percentage rated generation capacity in megawatts (MW), the numerator of which is for all Parties or specific Parties receiving the Service allocated per this factor, if not all Parties are receiving the Service. This ratio will be revised annually at budget time if there are additions or deletions of generating units, or changes in ownership percentages of existing units. Generating capacity may be inclusive of all generation types or specific such as hydro or coal. The MW allocator may also be used to allow for accounting to the plant level.

Number of Customers – Based on the average number of customers over the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the service allocated per this factor, if not all Parties are receiving the service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances. Customers may be all customers or a relevant subset of customers, including electric, gas, sales or transportation.

Number of Devices – Based on the number of devices or a forecast at the time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the service allocated per this factor, if not all Parties are receiving the service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances. Devices may include counts of personal computers, mobile computing devices, pagers, or radios.

Number of Employees - Based on the average number of employees included in the budget that is being prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the service allocated per this factor, if not all Parties are receiving the service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances. Employees may be all employees or a relevant subset of employees, including employees at a specific location(s), union, or non-union.

Number of Fleet Assets – Based on the average number of fleet assets during the most recent 12 months for which data are available or for a forecast 12-month period at the

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time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the service allocated per this factor, if not all Parties are receiving the service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

Number of Meters – Based on the average number of meters (electric and/or gas) in place during the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the service allocated per this factor, if not all Parties are receiving the service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

Number of Meters Repaired – Based on the average number of meters repaired for the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the service allocated per this factor, if not all Parties are receiving the service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

Number of Transactions – Based on the average number of transactions processed in the system during the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the service allocated per this factor, if not all Parties are receiving the service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances. Transactions may include inventory, invoices processed, or office moves.

Peak Day Capacity (gas) – Based on the highest daily send out in therms (excluding transportation) for the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the service allocated per this factor, if not all Parties are receiving the service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

Square Footage – Based on average square footage occupied for the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the service allocated per this factor, if not all Parties are receiving the service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

Storage Capacity - Based on storage capacity factors during the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the service allocated per this factor, if not all Parties

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are receiving the service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances. Storage capacity factors may include total capacity (working gas and base gas) of a company-owned storage field or field(s), working gas or base gas of a company-owned storage field or field(s), and a Party's storage rights (including annual, season, or daily rights) to use capacity at a company-owned field(s).

Total Non-Labor Spend without Fuel and Supply – Based on the average non-labor spend excluding fuel and supply during the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the service allocated per this factor, if not all Parties are receiving the service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

Total Property, Plant and Equipment – Based on average property, plant and equipment balances during the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the service allocated per this factor, if not all Parties are receiving the service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

Appendix D

Services That Any Party (Except WBS, North Shore Gas Company and The Peoples Gas Light and Coke Company) May Provide to Any Party (Except North Shore Gas Company and The Peoples Gas Light and Coke Company)

Subject to the limitations set forth in Section II.1 and applicable state and federal requirements, a Party may provide to or receive from any other Party the Services described in this Appendix D, provided that, WBS, North Shore Gas Company and The Peoples Gas Light and Coke Company may not be a Providing Party under this Appendix D and North Shore Gas Company and The Peoples Gas Light and Coke Company may not be a Receiving Party under this Appendix D¹.

“Major Services” shall mean Services identified as such in this Appendix D and for which Parties expect that, in the normal course of business and under normal operating conditions, they shall provide on a regular or day-to-day basis. “Incidental Services” shall mean Services identified as such in this Appendix D and for which the Parties expect that, in the normal course of business and under normal operating conditions, they shall provide infrequently or, if provided on a regular or day-to-day basis, shall not be within a fiscal year more than 10% of the dollar amount of the total operating and maintenance expense of either Party from the prior fiscal year.

I. Any Regulated Party may provide to or receive from any other Regulated Party the following Major Services:

1. **Administrative and Maintenance:** Provide administrative and other support that is incidental to an individual employee’s normal job duties such as clerical support, reporting assistance, and regulatory support such as data responses; provide building management and maintenance support at company-owned or leased premises; provide information technology support in a limited capacity (e.g., two-way radio support).
2. **Customer:** Provide customer service; support billing and payment processing; support credit and collections activity; energy conservation support; marketing and sales work; claims management.
3. **Fleet:** Maintain vehicles; transport materials and supplies.
4. **Operational Support - Electric Utility:** Provide services and training to operate and support electric utility operations, such as compliance with independent system operator requirements; engineering, construction, design, operation and maintenance; contract management, including marketing and procurement;

¹ WBS provides Services to all Parties under Appendix C. North Shore Gas Company and The Peoples Gas Light and Coke Company each provides and receives Services from Parties other than WBS under Appendix E.

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electric capacity, energy and transmission services; FERC, NERC and other regulatory compliance; field services; system planning, analysis and projections.

5. **Operational Support - Gas Utility and Gas Storage Service Provider:** Provide services and training to operate and support gas utility and storage field operations, such as construction, design, operation and maintenance; field services; operational compliance.
5. **Project Assistance (IT):** Provide support for information technology projects, including those that will be capitalized as an asset of WBS.
6. **Union Employees:** Provide services by employees, who are members of a labor union and not employed by WBS, for all or part of any services that WBS would otherwise provide, and the services may include, by way of example and not limitation, IT, Accounting, Finance, Payroll, Supply Chain, and Administrative services.
7. **Warehousing:** Provide materials and supplies, including storage, ordering, and inventory management.

II. Any Non-Regulated Party may provide to or receive from any Regulated Party the following Services:

Major Services

1. **Administrative and Maintenance:** Provide administrative and other support that is incidental to an individual employee's normal job duties such as clerical support, reporting assistance, and regulatory support such as data responses; provide building management and maintenance support at company-owned or leased premises; provide information technology support in a limited capacity (e.g., two-way radio support).
2. **Project Assistance (IT):** Provide support for information technology projects, including those that will be capitalized as an asset of WBS.
3. **Union Employees:** Provide services by employees, who are members of a labor union and not employed by WBS, for all or part of any services that WBS would otherwise provide, and the services may include, by way of example and not limitation, IT, Accounting, Finance, Payroll, Supply Chain, and Administrative services.

Incidental Services

1. **Customer:** Provide customer service; support billing and payment processing; support credit and collections activity; claims management.
2. **Fleet:** Maintain vehicles; transport materials and supplies.
3. **Operational Support:** Provide services and training to operate and support energy operations.

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4. **Warehousing:** Provide materials and supplies, including storage, ordering, and inventory management.
- III. In addition to providing and billing for the Services described in this Appendix D and in Section II.1, any Party may allocate costs to any other Party as follows:
1. **Cost Allocations:** Payment of an invoice or refunds of credits by one or more Parties for goods or services for which another Party or other Parties benefitted; charges for systems owned by one Party and used by one or more other Parties; financing charges, such as those arising from intercompany loans (provided, however, that no Party will charge costs to Wisconsin Public Service Corporation, Wisconsin Electric Power Company or Wisconsin Gas Company LLC for intercompany loans); fees for credit lines available to more than one Party; transfers of renewable energy credits or other items of value; use of any airplane owned by WEC Energy; use of housing owned or rented by WEC Energy; benefit plans; transfer of benefits, such as vacation time when an employee transfers employment; and shared personnel, including management, regulatory, corporate directors and officers and their support personnel. The term “management” includes a Party’s chief executive officer, president or comparable officer, all persons who directly report to that officer, and all persons who report to those direct reports.
 2. **Transition:** When an employee moves from a position with one Party to a position with another Party, provide services, for a transition period, appropriate to assist the person(s) assuming responsibility for tasks formerly performed by the employee in his former position.
 3. **Short Term Assignments:** When an employee assumes responsibilities, on a short-term (less than two years) basis, with another Party (subject to any otherwise applicable restrictions such as affiliated interest requirements) but does not become an employee of the other Party, provide services required by the new position and allocate costs appropriately.
- IV. Any Non-Regulated Party may provide to or receive from any other Non-Regulated Party any Service.

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Appendix E

**RIDER APPLICABLE TO
NORTH SHORE GAS COMPANY AND
THE PEOPLES GAS LIGHT AND COKE COMPANY**

The Affiliated Interest Agreement approved by the Illinois Commerce Commission in Docket No. ~~176~~-_____ shall be subject to the following restrictions.

Subject to the limitations set forth in Section II.1 and applicable state and federal requirements, North Shore Gas Company (“North Shore”) and The Peoples Gas Light and Coke Company (“Peoples Gas”) (collectively, “NSG/PGL”) may only provide to or receive from any other Party the Services as limited in this Rider.

1. “Major Services” shall mean Services identified as such in this Rider and for which Parties expect that, in the normal course of business and under normal operating conditions, they shall provide on a regular or day-to-day basis. “Incidental Services” shall mean Services identified as such in this Rider and for which the Parties expect that, in the normal course of business and under normal operating conditions, they shall provide infrequently or, if provided on a regular or day-to-day basis, shall not be within a fiscal year more than 10% of the dollar amount of the total operating and maintenance expense of either Party from the prior fiscal year.
2. “Non-Utility Affiliate” means the entities listed in Section E.V.
3. If NSG/PGL wish to revise Section E.I to add or delete services, NSG/PGL will file a Notice in Docket Nos. 12-0273/13-0612 (cons.) and also simultaneously provide a copy of the Notice to the Commission Staff’s Manager of Accounting and Manager of the Policy Program.

If no objections or recommendations concerning the change to the list of authorized services is filed, the addition or deletion of the service will take effect 35 days after the filing date.

If an objection or recommendation is filed, the Commission shall initiate a proceeding under Section 7-101 of the Public Utilities Act (“Act”) and the change in services shall not automatically become effective.

If NSG/PGL wish to revise the previously proposed change to the list of authorized services, a new Notice must be filed.

Nothing in this paragraph 3 prevents NSG/PGL from filing a Petition under Section 7-101 of the Act for review and approval under the process and within the timeframe that normally apply to such filings. Notwithstanding the foregoing, for good cause shown, if

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NSG/PGL determine that either of them has provided to a Regulated Party or received from a Regulated Party a service not defined in Section E.I, NSG/PGL will promptly file a Notice in Docket Nos. 12-0273/13-0612 (cons.) and also simultaneously provide a copy of the Notice to the Commission Staff's Manager of Accounting and Manager of the Policy Program; such a filing after the service is provided or received will not be deemed a violation of the Act.

I. The Parties may provide to or receive from any Regulated Party the Services set forth below which are limited to the specific terms delineated below.

Major Services

1. **Administrative and Maintenance:** Provide administrative and other support that is incidental to an individual employee's normal job duties such as clerical support, reporting assistance, and regulatory support such as data responses; provide building management and maintenance support at company-owned or leased premises; and provide information technology support in a limited capacity (e.g., two-way radio support).
 - "Provide administrative and other support that is incidental to an individual employee's normal job duties" means that the person providing this service is assisting the person(s) primarily responsible for the task.
 - "clerical support" means typing; word processing; creating spreadsheets; working with various computer programs (e.g., Microsoft applications like PowerPoint, Visio, Excel); duplicating, including basic maintenance of duplication equipment (e.g., ordering and replacing paper and toner); mailing in whatever form (electronic mail, overnight courier, registered mail, arranging for personal delivery, electronic filing, etc.); and scheduling meetings or travel.
 - "reporting assistance" means helping prepare reports such as required regulatory submissions to governmental bodies like the SEC, FERC, NERC, EPA, IRS, public service commissions; and helping prepare reports to meet corporate requirements, such as Board of Director or senior management reports.
 - "regulatory support such as data responses" means helping respond to data requests or other information requests from governmental bodies or third parties in regulatory matters; helping prepare testimony; and helping prepare filings in regulatory proceedings.
 - "provide building management and maintenance support at company-owned or leased premises" means receptionist services; scheduling visitors and providing access, including applicable security requirements (e.g., maintenance of a log or identification requirements); and arranging for, scheduling or providing maintenance such as cleaning or repair at a company-owned or leased premises.

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- “provide information technology support in a limited capacity (e.g., two-way radio support)” means assisting with a function that Information Technology would typically support and two-way radio support.
2. **Customer:** Provide customer service; support billing and payment processing; support credit and collections activity; energy conservation support; marketing and sales work; claims management.
- “Provide customer service” means services associated with handling all functions directly related to a customer being on the utility system, but not field services, such as handling and processing applications for service; handling credit-related requirements; initiating service upon completion of the application process, reconnecting service and disconnecting service (inputting the appropriate information in customer information systems and sending notices, not the field service of physically initiating, reconnecting or disconnecting service); answering customer inquiries; answering customer calls related to emergencies; handling payment arrangements; handling matters related to payment assistance programs; and responding to third party inquiries related to customer matters (e.g., public service commission complaints).
 - “support billing and payment processing” means services needed to prepare and issue bills; receive and process payments, including inputting data in customer information systems, and depositing payments in financial institutions.
 - “support credit and collections activity” means services needed to implement credit requirements (such as credit reviews to determine if a deposit is required to initiate service or restore service); credit reporting requirements; returning deposits; and collection of past due amounts, including sending notices to customers and inputting the appropriate information in customer information systems to support credit and collection activity and service discontinuance.
 - “energy conservation support” means supporting (directly or indirectly through support to contractors) the implementation of utility energy efficiency, demand response, energy conservation and similar programs; review and process applications; process incentive delivery; answer customer inquiries; answer third party inquires (e.g., vendors, public service commissions); develop programs; maintain data about program implementation; and analyze programs.
 - “marketing and sales work” means communicating with current and prospective customers about available services; assisting customers apply for services; assisting customers with questions or concerns related to services the customer is taking; and assisting customers to discontinue services.

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- “claims management” means handling matters related to customers or third parties bringing a claim against a Party or claims by a Party against customers or third parties, including investigations, litigation support, and settlements.
3. **Operational Support - Electric Utility:** Provide services and training to operate and support electric utility operations, such as compliance with independent system operator requirements; engineering, construction, design, operation and maintenance; contract management, including marketing and procurement; electric capacity, energy and transmission services; FERC, NERC and other regulatory compliance; field services; system planning, analysis and projections.
- “Provide services and training to operate and support electric utility operations” means services that an electric utility needs and training that employees need to operate and the list following this phrase identifies the categories of such services covered by this Agreement. Electric utility operations include coal-fired and gas fired facilities, hydroelectric plants, and intermittent resources such as wind and solar generation as well as the transmission and distribution systems to transmit the energy.
 - “compliance with independent system operator requirements” means the actions an electric utility must take to comply with requirements imposed by the independent system operator (ISO) in which it is a member. The ISO requirements are imposed by the ISO’s tariffs; by the ISO’s contract(s) with the electric utility; by the ISO’s business practice manuals; by the Federal Energy Regulatory Commission; by the national reliability organization; by the regional reliability organization. These actions are any step to meet an ISO requirement; reviewing requirements imposed by the foregoing; developing processes for compliance with the foregoing; participating in meetings about the foregoing; participating in meetings, hearings, conferences and the like with regulatory bodies and reliability organizations; preparing for and participating in internal and external audits associated with ISO requirements; preparing and maintaining documentation for internal recordkeeping; preparing and maintaining documentation for submission to or filing with a regulatory body or reliability organization; developing computer systems to comply with ISO requirements; developing and maintaining data retention policies to meet ISO requirements.
 - “engineering, construction, design, operation and maintenance” means services needed to develop, maintain and operate electric utility infrastructure. These services include any service that an engineer would perform associated with the operation of an electric utility’s capital assets such as generation, transmission and distribution facilities. It includes building (constructing) the assets; engineering oversight of building (construction). It includes designing the assets (engineering sketches, drafts, blue prints, specifications, selecting manufacturers and parts to acquire to construct the asset, selecting and contracting with contractors). It includes operating the assets, *i.e.*, the day-to-day tasks

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associated with generating electricity (acquiring fuel, meeting regulatory and ISO requirements to schedule the use of the assets, running the generation facility); day-to-day tasks associated with running the distribution system and delivering energy to retail and wholesale customers consistent with applicable legal and physical requirements. It includes maintaining the assets (scheduled maintenance activities such as those recommended by the manufacturers of parts, those required by prudent utility practice or prudent industry practice, those required by regulatory authorities or reliability organizations; unscheduled maintenance such as activities required by damage to the assets by third parties, force majeure events or other persons or forces; repairs to the assets).

- “contract management, including marketing and procurement” means services associated with contracts (purchase and sale) related to operating an electric utility. Such services include requesting proposals, negotiating and entering into contracts to support the other functions identified for this service (e.g., contracts associated with compliance such as hiring consultants or contractors); services associated with the engineering, construction, design, operation and maintenance of the utility system; purchasing fuel (coal or gas) to generate energy; selling the output of the generation facilities, including sales and marketing activities such as responding to requests for proposal, meeting with current and prospective customers; implementing contract provisions such as giving required notices, complying with any credit requirements, complying with any insurance requirements, etc. (this list does not purport to list every contract management function as functions are dependent on the terms and conditions of the contract); retaining the contract for the applicable retention period; filing the agreement or any reports, if required, with regulatory bodies.
- “electric capacity, energy and transmission services” means running the electric utility system as it pertains to managing the particular services associated with capacity, energy and transmission. This means meeting ISO requirements and for WEC Energy’s electric utilities, requirements imposed by the American Transmission Company, LLC (ATC) or any successor, which owns and operates the transmission assets formerly owned by WEC Energy’s electric utilities.
- “FERC, NERC and other regulatory compliance” means meeting all electric utility operating requirements imposed by the Federal Energy Regulatory Commission (FERC); by the national reliability organization (NERC); by the regional reliability organization (e.g., MRO, Reliability First), the Public Service Commission of Wisconsin, the Michigan Public Service Commission, state and federal environmental agencies, and any other regulatory agency with jurisdiction over the electric utility operations of WEC Energy’s state-regulated electric utilities.
- “field services” means day-to-day operation of the electric utility system by personnel operating in the field, such as maintaining, operating, replacing and repairing lines, poles, transformers, and other assets. This service includes disconnecting or restoring energy service, tree trimming, and any other

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mandated activity, performed in the field, to maintain the safe and reliable operation of the electric utility system.

- “system planning, analysis and projections” means planning to meet requirements (*i.e.*, load), including forecasting load, and the effect on generation, transmission and distribution (*e.g.*, is more or less needed and how should this be accomplished such as through the state process or the Midcontinent ISO process or ATC). It includes owned and contracted assets, determining whether to meet load through contracts or existing or new assets, and whether those assets may be owned or built by a WEC Energy entity or another entity. It includes participating in planning by the ISO and ATC and participating in state and federal regulatory proceedings. This service includes forecasting requirements (*i.e.*, load).

4. **Operational Support - Gas Utility and Gas Storage Service Provider:**

Provide services and training to operate and support gas utility and storage field operations, such as construction, design, operation and maintenance; field services; operational compliance.

- “Provide services and training to operate and support gas utility and storage field operations” means services that a gas utility or storage service provider needs and training that employees need to operate and the list following this phrase identifies the categories of such services covered by this Agreement.
- “construction, design, operation and maintenance” means services needed to develop, maintain and operate gas utility and storage field infrastructure. These services include any service associated with the operation of a gas utility’s or storage service provider’s capital assets such as storage, LNG, LP, transmission and distribution facilities and appurtenant facilities such as gate stations or interconnection facilities. It includes building (constructing) the assets and engineering oversight of building (construction). It includes designing the assets (engineering sketches, drafts, blue prints, specifications, selecting manufacturers and parts to acquire to construct the asset, selecting and contracting with contractors). It includes operating the assets, *i.e.*, the day-to-day tasks associated with running the transmission and distribution system, storage field, LNG or LP plant and delivering gas to retail and, if applicable, wholesale customers consistent with applicable legal and physical requirements. It includes maintaining the assets (scheduled maintenance activities such as those recommended by the manufacturers of parts, those required by regulatory authorities; unscheduled maintenance such as activities required by damage to the assets by third parties, *force majeure* events or other persons or forces; repairs to the assets).
- “field services” means day-to-day operation of the gas utility or storage service provider’s system by personnel operating in the field, such as maintaining, operating, replacing, and repairing pipes, meters, regulators, valves, fittings, tanks, and other equipment appurtenant to those facilities.

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This service includes disconnecting or restoring service and any other mandated activity performed in the field, to maintain the safe and reliable operation of the gas utility or storage system.

- “operational compliance” means, to the extent not covered by other Services, establishment and administration of policies to support compliance with applicable state and federal requirements applicable to gas facilities.
5. **Project Assistance (IT):** Provide support for information technology projects, including those that will be capitalized as an asset of WBS.
- “Provide support for information technology projects, including those that will be capitalized as an asset of WBS” means assisting with IT projects such as answering questions from IT and other WBS personnel modifying an existing information system or developing a new information system; providing data to such personnel; testing the modified or new system before and after implementation. “Information systems” include development of application and enterprise software, such as customer information systems or work management systems.
6. **Union employees** – Provide services by employees, who are members of a labor union and not employed by WBS, for all or part of any services that WBS would otherwise provide, and the services may include, by way of example and not limitation, IT, Accounting, Finance, Payroll, Supply Chain, and Administrative services.
7. **Warehousing:** Provide materials and supplies, including storage, ordering, and inventory management.
- “Provide materials and supplies” means managing tangible goods (e.g., pipes, meters, poles, regulators, valves, fittings, transformers, office supplies, office equipment, vehicles, parts needed to repair assets) that the utility or storage service provider procures to support its business.
 - “storage” means storing (stocking) tangible goods in an appropriate manner, *i.e.*, in a manner that protects the goods from damage or deterioration, and, if applicable, in accordance with applicable manufacturers’ guidelines or legal requirements.
 - “ordering” means requisitioning and procuring tangible goods associated with the utility’s or storage service provider’s business.
 - “inventory management” means tracking or cataloging tangible goods; determining when to order more of such goods; determining whether and when to dispose of such goods; and preparing such goods for movement or transport to another site.

Incidental Services

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1. **Fleet:** Maintain vehicles; transport materials and supplies.
 - “Maintain vehicles” means keeping vehicles in good repair and working order. “Vehicles” include all vehicles owned or used by the utility or storage service provider, including cars, trucks, vans, backhoes, and such.
 - “transport materials and supplies” means moving tangible goods from one site to another.

II. Services between NSG/PGL and Non-Regulated Parties

A. NSG/PGL may provide to WEC Business Services LLC and provide to and receive from WEC Energy Group, Inc., the following Incidental Services:

1. **Administrative and Maintenance:** Provide administrative and other support that is incidental to an individual employee’s normal job duties such as clerical support, reporting assistance, and regulatory support such as data responses; provide building management and maintenance support at company-owned or leased premises; provide information technology support in a limited capacity (e.g., two-way radio support).
2. **Customer:** Provide customer service; support billing and payment processing; support credit and collections activity; claims management.
3. **Fleet:** Maintain vehicles; transport materials and supplies.
4. **Operational Support:** Provide services to operate and support energy operations.
5. **Project Assistance (IT):** Provide support for information technology projects, including those that will be capitalized as an asset of WBS.
6. **Union employees** – Provide services by employees, who are members of a labor union and not employed by WBS, for all or part of any services that WBS would otherwise provide, and the services may include, by way of example and not limitation, IT, Accounting, Finance, Payroll, Supply Chain, and Administrative services.
7. **Warehousing:** Provide materials and supplies, including storage, ordering, and inventory management.

B. NSG/PGL may only provide to or receive from any Non-Regulated Party that is not a Non-Utility Affiliate only the following Incidental Services under this Rider.

1. **Administrative:**
 - “Reporting assistance,” which means helping prepare reports such as required regulatory submissions to governmental bodies like the SEC, FERC,

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NERC, EPA, IRS, public service commissions; and helping prepare reports to meet corporate requirements, such as Board of Director or senior management reports.

- “Regulatory support,” which means helping respond to data requests or other information requests from governmental bodies or third parties in regulatory matters; helping prepare testimony; and helping prepare filings in regulatory proceedings.
- “Provide information technology support in a limited capacity,” which means assisting with a function that Information Technology would typically support.

2. Operational Support:

- “Operate and maintain CNG facilities,” which means the day-to-day operation and maintenance of Peoples Gas’ compressed natural gas fueling station located at its Division Street shop.

III.

A. In addition to providing and billing for the Services described above and in Section II.1, any Party may allocate costs to NSG/PGL and NSG/PGL may allocate costs to any other Party, as follows:

1. **Cost Allocations:** Payment of an invoice or refunds of credits by one or more Parties for goods or services for which another Party or other Parties benefitted; charges for systems owned by one Party and used by one or more other Parties; financing charges, such as those arising from intercompany loans (provided, however, that no Party will charge costs to Wisconsin Public Service Corporation, Wisconsin Electric Power Company or Wisconsin Gas Company LLC for intercompany loans); fees for credit lines available to more than one Party; transfers of renewable energy credits or other items of value; use of any airplane owned by WEC Energy; use of housing owned or rented by WEC Energy; benefit plans; transfer of benefits, such as vacation time when an employee transfers employment; and shared personnel, including management, regulatory, corporate directors and officers and their support personnel. The term “management” includes a Party’s chief executive officer, president or comparable officer, all persons who directly report to that officer, and all persons who report to those direct reports.
2. **Transition:** When an employee moves from a position with one Party to a position with another Party, provide services, for a transition period, appropriate to assist the person(s) assuming responsibility for tasks formerly performed by the employee in his former position.
3. **Short Term Assignments:** When an employee assumes responsibilities, on a short-term (less than two years) basis, with another Party (subject to any otherwise applicable restrictions such as affiliated interest requirements) but

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does not become an employee of the other Party, provide services required by the new position and allocate costs appropriately.

B. Asset Transfers by NSG/PGL to WBS: On and after the effect date of this Rider, as ordered in Docket Nos. 12-0273/13-0612 (cons.) but including the asset transfers approved in Docket No. 14-0500, North Shore or Peoples Gas may transfer assets to WBS, provided that, for all land and any individual asset that has an original cost, before depreciation, greater than \$100,000, WBS will track such asset. If WBS decides to dispose of such land or asset, it will transfer the land or asset to the transferring utility (North Shore or Peoples Gas, as applicable) at net book value. Under no circumstances is WBS allowed to transfer such land or assets to a non-regulated affiliate.

IV. Any Non-Regulated Party may provide to or receive from any other Non-Regulated Party any Service.

V. For purposes of this Rider, the term “Non-Utility Affiliates” includes only the following:

- a) WBS
- b) WEC Energy

VI. Audit: The Audit ordered in Section V.5 shall also include the following:

- a) A listing of all transactions and a review of transactions that occurred under Section E.II.A of this Rider to ensure that the interactions were services listed under that section, that they were performed at the appropriate cost as outlined in Article III of this Agreement and they were indeed Incidental Services.
- b) A listing of all transactions and a review of transactions that occurred under Section E.II.B of this Rider to ensure that the interactions were services listed under that section, that they were performed at the appropriate cost as outlined in Article III of this Agreement and they were indeed Incidental Services.
- c) A listing of all transactions and a review of transactions that occurred under Section E.III of this Rider to ensure that the interactions were allowed under that section and were performed at the appropriate cost as outlined in Article III of this Agreement.

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WEC ENERGY AFFILIATED INTEREST AGREEMENT

This WEC Energy Affiliated Interest Agreement (“Agreement”) is entered into this ____ day of _____, 2017, by and among WEC Energy Group, Inc. and its subsidiaries.

RECITALS

- A. To optimize efficiencies and economies of scale, the Parties desire to plan and operate certain aspects of their businesses with the integration of certain activities by sharing, providing, transferring, and receiving certain services, employees, properties, goods, assets, information systems, rights, and anything else of value.
- B. The Parties intend that this Agreement will establish the terms, conditions, and procedures under which they will achieve the objectives of Recital A, subject to the jurisdiction of the Commissions and FERC and subject to applicable state utility and federal energy law.

NOW, THEREFORE, in consideration of the covenants and agreements set forth in this Agreement, the Parties agree as follows:

Article I **Definitions**

1. “Commissions” means the ICC, MPSC, MPUC, and PSCW; any one of the Commissions is a “Commission” and, as determined by the context in which the term is used, will mean the Commission having jurisdiction over the retail rates of the Regulated Party.
2. “Damages” has the meaning ascribed to it in Section VII.1.

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3. “FERC” means the Federal Energy Regulatory Commission or any successor to that agency.
4. “ICC” means the Illinois Commerce Commission or any successor to that agency.
5. “Indemnified Party” has the meaning ascribed to it in Section VII.1.
6. “Indemnifying Party” has the meaning ascribed to it in Section VII.1.
7. “MPSC” means the Michigan Public Service Commission or any successor to that agency.
8. “MPUC” means the Minnesota Public Utilities Commission or any successor to that agency.
9. “Non-Regulated Party” means a Party identified on Appendix B and that is not a Regulated Party.
10. “Parties” means two or more of the signatories to this Agreement.
11. “Party” means a signatory to this Agreement.
12. “Providing Party” means a Party providing Services to another Party, and that other Party is a Receiving Party.
13. “PSCW” means the Public Service Commission of Wisconsin or any successor to that agency.
14. “Receiving Party” means a Party receiving Services from another Party, and that other Party is a Providing Party.

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15. “Regulated Party” means a Party identified on Appendix A and that is either subject to rate regulation by a Commission or that is a service provider subject to regulation by FERC.
16. “Service” and “Services” have the meanings ascribed to them in Article II and Appendix C, Appendix D, and Appendix E.
17. “WBS” means WEC Business Services LLC and its successors and permitted assigns. WBS is a centralized service company as defined by FERC (18 C.F.R. §367.1(7) or any successor to this rule).
18. “WEC Energy” means WEC Energy Group, Inc. and its successors and permitted assigns.

Article II Provision of Services

1. Subject to the limitations set forth in this Article II and applicable state and federal requirements, any Party may request Services from any other Party. The term “Services” includes any service, good, asset, property, employee, right, interest, and anything of value to the Receiving Party, the provision, transfer or sharing of which could be considered a “contract,” “arrangement,” “service” or other transfer or sharing of “property” or “assets” or other similar designations that, absent this Agreement, could require the approval of one or more of the Commissions as an affiliated interest arrangement (each, a “Service”). The term “Services” is further described in certain appendices to this Agreement as follows:
 - (a) Appendix C describes services that WBS may provide;

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- (b) Appendix D describes services that any Party (except WBS, which provides services under Appendix C, and North Shore Gas Company and The Peoples Gas Light and Coke Company, which provide services under Appendix E) may provide; and
- (c) Appendix E describes services for which North Shore Gas Company or The Peoples Gas Light and Coke Company is a Providing Party to any Party or Receiving Party from any Party except WBS from which it receives services under Appendix C, and other requirements applicable to North Shore Gas Company and The Peoples Gas Light and Coke Company.

The terms “provide,” “providing,” “provision of” and the like in connection with a Service or Services include a transfer or sharing of property, assets or employees.

2. Each Party will have the right, at its sole discretion, to refuse to provide any Services requested under this Agreement. There will be no exclusive right or right of first refusal associated with the provision of Services. Receiving a refusal from another Party to a request under this Agreement will not be a prerequisite for any Party to obtain from an independent third party any Service that is or could be provided under this Agreement. Refusals of requests by any Party under this Agreement will not terminate all or any portion of this Agreement.

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3. A Providing Party and a Receiving Party may establish and document their expectations and requirements with respect to any particular Service to be rendered under this Agreement.
4. Nothing in this Agreement will require any Regulated Party to take actions that, relative to not acting under this Agreement, it would expect to negatively affect the reliability or quality of utility or storage services available to the Regulated Party's customers, impede the Regulated Party's ability to provide utility or storage services to its customers, or increase the costs to its customers of receiving utility or storage services.
5. If both WBS and another Party may be the Providing Party for a given Service under Appendix C, Appendix D and Appendix E, as applicable, and WBS and the other Party are willing and able to provide the Service, the Receiving Party will determine which Party will be the Providing Party.

Article III **Determining Charges for Services Provided**

1. **Charges for Services.**
 - (a) All Services that any Regulated Party provides to another Regulated Party will be priced at cost, with cost determined pursuant to Section III.2.
 - (b) All Services that any Regulated Party provides to any Non-Regulated Party will be priced at the greater of cost or fair market value, with cost determined pursuant to Section III.2 and with fair market value determined pursuant to Section III.4.

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- (c) All Services that any Non-Regulated Party provides to any Regulated Party will be priced at the lesser of cost or fair market value, with cost determined pursuant to Section III.3 and with fair market value determined pursuant to Section III.4.
- (d) Notwithstanding anything else in this Agreement, all Services that WBS provides will be priced at cost, as determined by 18 C.F.R. Part 367, and all Services that WBS receives will be priced at cost, as determined by Section III.2 or III.3, as applicable.
- (e) Any sale or transfer of an asset will be at the Providing Party's net book value.

2. Determining Cost For Regulated Providing Parties

- (a) Labor Cost.
 - i. Each employee of any Regulated Party will report the time spent providing Services in a time reporting system that WBS maintains or that a Regulated Party maintains in accordance with its established accounting procedures.
 - ii. A standard labor dollar hourly rate will be applied to the time reported pursuant to sub-paragraph (a)(i).
 - iii. All appropriate overheads will follow labor costs.
- (b) Equipment Cost. Costs for equipment used in the provision of Services or otherwise provided or transferred will include all operating expenses, applicable overheads, maintenance, depreciation, return on investment

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and sales taxes. Transportation and vehicle costs used in providing Services will be determined based on relative total hours or miles of use or on a vehicle loading applied to labor costs, and will include repairs, maintenance, fuel, depreciation, return on investment, and rental expense. In all cases when the Regulated Party is regulated by a Commission(s), return on investment will be calculated using a return on net assets at a rate equal to the prevailing pre-tax weighted cost of capital authorized by the Commission(s) having jurisdiction over the retail rates of the Regulated Party that provided a Service for which a cost is being determined. In all cases when the Regulated Party is regulated by FERC, return on investment will be calculated using a return that such Regulated Party uses in its FERC jurisdictional agreements with other Regulated Parties.

- (c) **Materials and Supplies Cost.** Costs of materials and supplies commonly used across affiliates will be directly determined and charged. All appropriate overheads will follow the assignment of the direct costs. The costs of material will be based on the average unit price, which includes invoice price, and shipping expenses, net of purchase discounts.
- (d) **Other Direct Costs.** Other direct costs, which include contract labor, contract services, employee reimbursement for meals and lodging and other costs not included in labor, equipment, materials and supplies, will

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be either accumulated and billed directly based on actual charges or allocated.

(e) **Calculating Total Cost of Service.** The sum of the direct and indirect charges calculated in accordance with sub-paragraphs (a) through (d), will constitute the total cost of Services provided.

(f) **Cost Records.** Each Regulated Party will maintain a cost accounting system to accumulate all costs related to Services it provides on a basis that is adequate to enable the Commissions and FERC to audit and track its actual costs in connection with transactions under this Agreement.

3. **Determining Cost For Non-Regulated Providing Parties.** Costs incurred by a Non-Regulated Party in providing a Service to a Regulated Party under this Agreement will be determined in accordance with accounting standards customarily used by businesses such as those in which the Non-Regulated Party is engaged. Each Non-Regulated Party will maintain a cost accounting system that is adequate to enable the Commissions and FERC to audit and track its actual costs in connection with transactions under this Agreement.

4. **Fair Market Value.** The fair market value of providing a Service under this Agreement will mean the cost the Providing Party determines by making a good faith effort to identify costs in the relevant market for such or a similar Service. If, despite good faith efforts, a Providing Party is not able to determine the fair market value of a Service it provides to a Receiving Party, the fair market value will be deemed to be equal to the Providing Party's cost.

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5. **FERC Jurisdiction - WBS.** With respect to any charges imposed by WBS for Services provided under this Agreement that are subject to FERC's jurisdiction, no Party will elect, or cause any affiliate to elect on its behalf, to have FERC review pursuant to Section 1275 of the Energy Policy Act of 2005 (42 U.S.C. § 16462 or any successor law) the allocation of costs for goods and services provided by WBS until the Commissions with jurisdiction to do so have reviewed and taken required actions regarding the affiliated interest transactions and agreements, or amendments thereto, associated with WBS. If the Commissions have not completed review and approval or taken other appropriate action within a reasonable time, then any Party or its affiliate may seek such FERC review after giving the Commissions who have not so acted at least sixty (60) days' prior written notice.

Article IV **Billing and Payment**

1. All billing and payment under this Agreement may occur through electronic means. References to "bills" means accounting information available to the Parties and "pay" means the transfer of cash on the Parties' books, taking any applicable netting into account.
2. Each Providing Party will, for any month in which it provides a Service under this Agreement, make available sufficient detail to each Receiving Party for charges for Services provided in the preceding month and such detail will be the "bill." This detail will permit each Receiving Party that is regulated by a Commission(s) to identify and, for such a Regulated Party, to classify the charges in terms of the

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system of accounts prescribed by the Commission(s) having jurisdiction over the retail rates of the Regulated Party.

3. Each Receiving Party will pay outstanding balances by the end of the month following the availability of detailed information about charges.
4. If a Receiving Party disputes the calculation of any portion of the amount paid, it will work with the Providing Party to resolve the issues and correct the balance in the following month. The Parties involved in such dispute will involve the other Parties in the resolution of the dispute if appropriate.

Article V

Accounting; Records; Reports

1. Each Regulated Party will keep all its accounts and records in accordance with the relevant requirements promulgated by the Commission(s) or FERC with jurisdiction. Without limiting the foregoing, each Regulated Party will maintain adequate books and records with respect to all of its transactions under this Agreement and will record the costs to be allocated to the other Parties in appropriate accounts in its general ledger system. Each Regulated Party will maintain internal controls to ensure that it allocates and bills the costs associated with all transactions under this Agreement properly and consistently in accordance with this Agreement.
2. WBS will keep all its accounts and records in accordance with the relevant requirements promulgated by FERC, including 18 C.F.R. Parts 367 and 368 of FERC's regulations or any successor regulations. Without limiting the foregoing, WBS will maintain adequate books and records with respect to all of its

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transactions under this Agreement and will record the costs to be allocated to the other Parties in appropriate accounts in its general ledger system. WBS will maintain internal controls to ensure that it allocates and bills the costs associated with all transactions under this Agreement properly and consistently in accordance with this Agreement.

3. Each Regulated Party that is regulated by a Commission(s) will provide the Commissions a copy of WBS' FERC Form No. 60, or such other annual report required by FERC of centralized service companies, contemporaneous with its annual filing of such report with FERC. Each such Regulated Party will also file with the Commissions, contemporaneous with its annual filing of such report with FERC, the following schedules. These schedules will list all costs incurred by WBS and all costs allocated to all entities to which WBS provides or provided services. In Illinois, these schedules will be filed as supplemental schedules to the annual report to the ICC required by Section 5-109 of the Public Utilities Act (220 ILCS 5/5-109), known as Form 21.
 - (a) A schedule summarizing the direct and indirect charges for each functional area in Appendix C. The report will present the dollar amounts and percentages charged to each Party as listed in Appendix C, as well as to all other entities that receive direct or indirect charges from WBS for such functional areas.
 - (b) A schedule providing a breakdown by subaccount of Account 923, Outside Services Employed. The schedule will aggregate amounts paid to any

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one payee in each subaccount. If one subaccount is less than \$250,000, only the aggregate number and amount of all such payments included within the subaccount will be shown. The schedule will include subtotals for each type of service.

- (c) A schedule listing each pension and benefit program provided by WBS. Such listing will be limited to amounts over \$250,000.
- (d) A schedule listing the amount included in Account 930.1, General Advertising Expenses, classifying the items according to the nature of the advertising and as defined in the account definition. If a particular class includes an amount in excess of \$250,000 applicable to a single payee, the schedule will show separately the name of the payee and the applicable aggregate amount.
- (e) A schedule listing the amount included in Account 931, Rents, classifying such expenses by major groupings of property, as defined in the account definition of the Uniform System of Accounts in 18 C.F.R. Part 367 of FERC's regulations.
- (f) A schedule providing an analysis of Account 408, Taxes Other Than Income. The report will separate the analysis into two groups: (1) other than U.S. Government taxes, and (2) U.S. Government taxes. The report will specify each of the various kinds of taxes and show the accounts. A subtotal will be provided for each class of tax.

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(g) A schedule listing the amount included in Account 426.1, Donations, classifying such expense by its purpose. The aggregate number and amount of all items of less than \$250,000 may be shown in lieu of details.

(h) A schedule listing the amount included in Account 426.5, Other Deductions, classifying such expenses according to their nature.

4. Each year by May 1, each Regulated Party that is regulated by a Commission(s) will submit to the person or department designated by its Commission or its Commission's staff reports showing: (i) its charges, as a Providing Party, to any Receiving Party to which it provided Services during the preceding calendar year; and (ii) its payments, as a Receiving Party, for Services received from Providing Parties during the preceding calendar year.
5. Every year there will be an internal audit of transactions under this Agreement for the purpose of testing compliance with this Agreement. Such audit may be either a discrete audit solely of Services under this Agreement or may be an audit of the Services under this Agreement and other affiliated interest service agreements. The internal audit will include, the following: (i) the accuracy of the derivations of costs billed by the Providing Parties; (ii) the determination that the costs billed to the Regulated Parties are priced at the lesser of cost or fair market value, based on the studies and updates required by Section V.6; (iii) the determination that Services provided by the Regulated Parties to the Non-Regulated Parties, except WBS, are billed at the greater of cost or fair market value, based on the studies and updates required by Section V.6; and (iv) the

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accuracy of charges billed under this Agreement during the year. The Regulated Parties that are regulated by a Commission(s) will submit a copy of the audit report to the person or department designated by the Commissions or the Commissions' staffs no later than July 1 of each year. The first such audit report will pertain to the period ending December 31 of the year in which this Agreement is effective, and will be due on or before July 1 of the following year. Subsequent audit reports will be due July 1 following the calendar year that is the subject of the audit.

6. At least once every three years, the Parties will conduct a new study of the cost of Services provided under this Agreement, for the purpose of testing compliance with the Agreement and to analyze the market price of Services provided. The Parties will update the study annually. The Services subject to the studies and the updates will be those that a Non-Regulated Party provides or receives and for which a reasonable substitute is widely available in the relevant market. The studies and updates will be completed no later than May 1 of the year following the end of the most recently completed fiscal year covered by the new study or update. The Parties will notify the person or department designated by the Commissions or the Commissions' staffs of the availability of the study and annual update and, if requested, make such available for review at the Commission's offices. The first such new study shall pertain to the period ending December 31 of the year after this Agreement becomes effective, and shall be due on or before May 1 of the year following such December 31.

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Article VI

Representations and Warranties of the Parties and Other Obligations of WBS

1. Each Party represents and warrants that:
 - (a) it has the right, power, and authority to enter into and perform its obligations under this Agreement;
 - (b) it has taken all requisite corporate action to approve execution, delivery, and performance of this Agreement, and this Agreement constitutes a legal, valid and binding obligation of each Party enforceable in accordance with its terms; and
 - (c) the fulfillment of obligations under this Agreement will not constitute a material violation of any existing applicable law, rule, regulation, or order of any governmental authority.
2. In its performance of services under this Agreement, WBS: (i) will follow applicable federal and state regulations, including codes and standards of conduct, with respect to the sharing of confidential information it receives from any other Party with another; (ii) will not give one or more other Parties, or any other affiliate within the WEC Energy holding company system, a competitive advantage in relevant markets; and (iii) will not subsidize any other Party and will not cause any other Party to subsidize any of its affiliates.
3. WBS will make readily available to each Commission, FERC and any other governmental or regulatory agency with jurisdiction under applicable law (an “agency”) reasonable access to its books and records (including the basis for its

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computation of cost allocations) as may be necessary for each agency to review WBS's transactions with each other Party within such agency's jurisdiction.

Article VII Liability and Indemnity

1. Each Party (an "Indemnifying Party") will indemnify and save harmless each other Party (an "Indemnified Party") from any and all damages, expenses, claims, costs, attorneys' fees or other injury, including injury to person, life or property, and further including injury resulting in the death of any person or persons ("Damages"), in any manner arising out of or in connection with the willful or negligent acts or omissions of the Indemnifying Party in the performance of this Agreement. If one or more Indemnified Parties is made a party to any suit or litigation on account of any actual or alleged Damages, the appropriate Indemnifying Party or Parties will defend such action on behalf of the Indemnified Party or Parties and, if judgment will be obtained or claim allowed in any of said proceedings against one or more Indemnified Parties, the appropriate Indemnifying Party or Parties will pay and satisfy such judgment or claim in full.
2. EACH PARTY AGREES THAT NO OTHER PARTY WILL BE LIABLE TO IT FOR SPECIAL, PUNITIVE, CONSEQUENTIAL, EXEMPLARY OR INCIDENTAL DAMAGES OR OTHER SUCH LOSSES, DAMAGES, COSTS OR LIABILITIES ARISING FROM ANY CAUSE WHATSOEVER, WHETHER OCCASIONED BY THE NEGLIGENT ACTS OR OMISSIONS OF A PARTY OR ITS EMPLOYEES, AGENTS OR REPRESENTATIVES OR OTHERWISE.

Article VIII Additional Provisions

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1. This Agreement will become effective on the first day of the first month following approval or waivers of the Commissions. Once effective, this Agreement will continue in full force and effect until and unless modified or terminated as provided in this Agreement.
2. The Parties may amend or modify this Agreement at any time by written agreement of all the Parties and, if required, approval or waivers of the Commissions.
3. The terms “include” and “including” in this Agreement are not words of limitation by enumeration but connote that items identified after these words represent a non-exclusive list.
4. The Parties acknowledge that all or portions of this Agreement may be challenged before regulatory agencies or a court of competent jurisdiction by persons or entities not Parties to this Agreement. In such event, the Parties agree that each will use its reasonable efforts before such agencies and courts to support the pursuit and accomplishment of the Parties’ objectives in entering into this Agreement.
5. This Agreement, and any rights under this Agreement, may not be assigned without the prior written consent of all Parties and, if required, approval or waivers of the Commissions.
6. The addition of a Party to this Agreement or the termination of this Agreement as to a Party will not require the approval or waiver of the Commissions, but the Regulated Parties that are regulated by a Commission(s) will give written notice

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to the Commissions of changes to Appendix A or Appendix B reflecting the current Parties to this Agreement.

7. Any change to Appendix C or Appendix D will not require the prior approval of the Commissions but the Regulated Parties that are regulated by a Commission(s) will give sixty (60) days' prior written notice to the Commissions of changes to Appendix C or Appendix D.
8. Notwithstanding anything to the contrary in this Agreement, Minnesota Energy Resources Corporation will submit to the MPUC for approval any changes in the Parties to the Agreement or changes in the Services covered by the Agreement, as required by Minn. Stat. § 216B.48. As required by the MPUC's September 14, 1998 Order in Docket No. E,G-999/CI-98-651, such changes will be submitted within 30 days.
9. Any change to Appendix E will be subject to the ICC requirements described in that Appendix E and will not require notice to or filing with any other Commission or FERC.
10. A Party leaving the WEC Energy holding company system may continue to receive Services from any other Party for a reasonable transition period following such departure from the WEC Energy holding company system. Once any such departure has occurred or when the Party has ceased receiving Services, an updated Appendix A or Appendix B will be filed with the Commissions.
11. In providing Services, any Providing Party may arrange, where it deems appropriate, for the services of third party experts, consultants, attorneys,

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advisers, or other contractors or agents with necessary qualifications as may be required for or pertinent to the performance of Services for the Parties.

12. Each Party will treat in confidence all information that it may obtain from or regarding the other Parties and their respective businesses during the term of this Agreement. Each Party agrees to protect the other Parties' information using the same degree of care that it uses to protect its own confidential information, and in no event less than reasonable care. Except to the extent disclosure of such information is required by a governmental authority having jurisdiction, such information will not be communicated to any person other than the Parties, and will be shared among the Parties only to the extent certain persons need to know such information in order for the Parties to perform under this Agreement. If a Party is required to disclose confidential information to a governmental authority, such Party will take reasonable steps to make such disclosure confidential under the rules of such governmental authority. Information provided under this Agreement will remain the sole property of the Party providing such information. The requirements of this Section VIII.12 will not apply with respect to information that is or becomes available (i) to such Party from a source other than the Party providing such information, unless such other source has imposed confidentiality restrictions, or (ii) to the public other than as a result of disclosure by such Party or its agents.
13. The Parties agree and acknowledge that any legal advice or legal services provided, or arranged to be provided, by or on behalf of any Providing Party

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under this Agreement will be for the direct or indirect benefit or common interest of all of the Receiving Parties. It is the intention of all Parties to maintain all privileges that may apply to any communications related to the provision or receipt of such legal advice or services.

14. The Parties hereby appoint all Providing Parties as their agents to represent them in providing services for or on their behalf under this Agreement. The Parties also authorize all Providing Parties to purchase (*i.e.*, take title to) various commodities, goods and assets in connection with their provision of Services, and to sell (*i.e.*, convey title to) such commodities, goods and assets to the Parties, including to Receiving Parties, in their provision of Service. Any sale of such commodities, goods and assets by Providing Parties to Receiving Parties and any use of such commodities, goods or assets by Providing Parties in the provision of Services will be at the costs incurred by such Providing Parties, to be allocated among the Receiving Parties pursuant to the methodologies prescribed in this Agreement. The Providing Parties will be accountable for all funds advanced or collected on behalf of a Receiving Party in connection with any transaction in respect of which a Providing Party provides Services. A Providing Party's provision of Services will in all cases and notwithstanding anything in this Agreement to the contrary be subject to any limitations contained in authorizations, rules or regulations of those governmental agencies having jurisdiction over a Providing Party or its provision of Services.

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15. If any amendment to this Agreement does not receive any approval or waiver by all Commissions that may be required, then the Parties will promptly negotiate in good faith new provisions to restore such amendment, as nearly as possible, to its original intent and effect, and file for approval or waivers of the Commissions.
16. If any governmental or regulatory agency or court of competent jurisdiction holds that any provision of this Agreement is invalid, or otherwise takes action resulting in the impossibility or impracticability of performance of all or a portion of this Agreement, the remainder of this Agreement will not be affected thereby and will continue in full force and effect. In the event any provision of this Agreement is so held invalid, the Parties will promptly renegotiate in good faith new provisions to restore this Agreement as nearly as possible to its original intent and effect, and file for approval or waivers of the Commissions.
17. No course of dealing or course of performance among the Parties will be construed to alter the terms of this Agreement.
18. The Parties agree that there is no third party beneficiary of this Agreement and that the provisions of this Agreement do not impart enforceable rights to anyone who is not a Party.
19. This Agreement will be governed by and construed in accordance with the laws of the State of Wisconsin, without regard to principles of conflicts of law; provided, however, that no Regulated Party that is regulated by a Commission(s) will be required to comply with this Agreement to the extent such compliance would be a violation of the public utility laws of any state(s) in which such

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Regulated Party conducts its state-regulated utility operations and no Regulated Party that is regulated by FERC will be required to comply with this Agreement to the extent such compliance would be a violation of the Natural Gas Act or other statute or regulation under which FERC regulates it.

20. This Agreement may be executed in any number of counterparts, each of which when executed and delivered will be deemed to be an original and all of which counterparts taken together will constitute one and the same instrument.

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IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed on its behalf as of the day and year first above written.

WEC ENERGY GROUP, INC.
[for itself and on behalf of all Non-Regulated
Parties other than WEC Business Services LLC]

WEC BUSINESS SERVICES LLC

By

By

Name: Allen Leverett

Name: J. Patrick Keyes

Title: CEO and President

Title: President

MICHIGAN GAS UTILITIES
CORPORATION

THE PEOPLES GAS LIGHT AND COKE
COMPANY

By

By

Name: J. Patrick Keyes

Name: Charles Matthews

Title: President

Title: President and CEO

MINNESOTA ENERGY RESOURCES
CORPORATION

WISCONSIN ELECTRIC POWER
COMPANY

By

By

Name: J. Patrick Keyes

Name: J. Kevin Fletcher

Title: President

Title: President

NORTH SHORE GAS COMPANY

WISCONSIN GAS, LLC

By

By

Name: Charles Matthews

Name: J. Kevin Fletcher

Title: President and CEO

Title: President

WISCONSIN PUBLIC SERVICE

UPPER MICHIGAN ENERGY RESOURCES

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CORPORATION

CORPORATION

By

By

Name: J. Kevin Fletcher Name: J. Patrick Keyes

Title: President Title: President

BLUEWATER GAS STORAGE, LLC

By

Name:

Title:

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Appendix A Regulated Parties

Bluewater Gas Storage, LLC

a FERC-jurisdictional storage service provider

Michigan Gas Utilities Corporation

a Michigan public utility engaged in the business of providing natural gas service

Minnesota Energy Resources Corporation

a Minnesota public utility engaged in the business of providing natural gas service

North Shore Gas Company

an Illinois public utility engaged in the business of providing natural gas service

The Peoples Gas Light and Coke Company

an Illinois public utility engaged in the business of providing natural gas service

Upper Michigan Energy Resources Corporation

a Michigan public utility engaged in the business of providing electric and natural gas service

Wisconsin Electric Power Company

a Wisconsin and Michigan public utility engaged in the business of providing electric and natural gas service

Wisconsin Gas Company LLC

a Wisconsin public utility engaged in the business of providing natural gas service

Wisconsin Public Service Corporation

a Wisconsin public utility engaged in the business of providing electric and natural gas service

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**Appendix B
Non-Regulated Parties**

WEC Energy Group, Inc. and its subsidiaries not listed on Appendix A or on this Appendix B

WEC Business Services LLC

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Appendix C

I. Services that WBS May Provide to Any Party

Subject to the limitations set forth in Section II.1 and applicable state and federal requirements, WBS may provide to any Party the Services described in this Appendix C, Section I.

1. Administrative

“Administrative” means facility management services for owned and leased facilities and grounds. This includes operations and maintenance of structures, capital improvements, interior space planning, printing services, security and janitorial, and acquisition and management of real estate and land rights, including easements and right-of-ways.

Allocation Factors: (1) Square Footage; (2) Number of Employees; (3) Dollars Associated with Number of Imprints; (4) Composite Allocator; (5) Number of Customers.

2. Communications

“Communications” means the preparation and dissemination of information to employees, customers, government officials, the public and the media.

Allocation Factors: (1) Number of Employees; (2) General/Corporate; (3) Number of Customers.

3. Customer

“Customer” means the provision of services and systems dedicated to customer service, including meter reading and billing, credit, collections, customer relations, call center operations, revenue assurance, account management, market research, customer strategy, and claims management. It also includes customer relations planning and compliance, customer contact services (including customer assistance), and managing customer relations subcontractors.

Allocation Factors: (1) Number of Customers; (2) Number of Meters; (3) Call Volume; (4) General/Corporate.

4. Environmental

“Environmental” means the performance of assessments, investigations, remediation and other activities required to ensure compliance with applicable environmental laws and regulations, permitting, licensing, due diligence, waste management, and emergency response.

Allocation Factors: (1) FTE Work Estimate; (2) General/Corporate; (3) MW.

5. Executive Management

“Executive Management” means the executive management and oversight activities

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performed by officers and other senior executives of a Party. Such activities include the formulation of general business plans and policies, selection of key management personnel, and allocation of financial resources.

Allocation Factors: (1) General/Corporate.

6. External Affairs

“External Affairs” means administering the Parties’ activities in the areas of governmental relations, community support and economic development, as well as the analysis and formulation of regulatory policy, rate case preparation and rate administration.

Allocation Factors: (1) Total Property, Plant and Equipment; (2) Number of Employees; (3) General/Corporate; (4) Number of Customers.

7. Finance

“Finance” means accounting, finance, treasury, tax, internal audit, risk management, insurance and related financial services. Examples of activities performed within these various financial disciplines includes the following: maintain corporate books and records, prepare financial and statistical reports, process payments to vendors, ensure compliance with tax laws and regulations, manage debt and maintain banking relationships, invest pension assets, establish and monitor internal controls, perform financial and risk analysis, prepare budgets and forecasts, maintain shareholder records, communicate with the investment community, and procure and manage insurance.

Allocation Factors: (1) Number of Transactions; (2) Total Property, Plant and Equipment; (3) Number of Employees; (4) FTE Work Estimate; (5) General/Corporate.

8. Human Resources

“Human Resources” means the establishment and administration of policies and assuring compliance with legal requirements in the areas of employment, compensation, benefits and employee health, safety, and wellness. It also involves providing payroll and employee benefit and workers’ compensation administration, employee training and development, recruiting and staffing services, employee communications and labor relations management. It further includes “Compliance,” which means, to the extent not covered by other Services, establishment and administration of policies to support compliance with laws, ethics, and corporate code of conduct and other corporate policies.

Allocation Factors: (1) Number of Employees; (2) General/Corporate.

9. Information Technology

“Information Technology” means telecommunications and electronic data processing services such as computer operations, software development and maintenance, network support, end-user support, database administration and information

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systems security. It also includes infrastructure and application architecture services, website and hosting services, and disaster recovery services.

Allocation Factors: (1) General/Corporate; (2) Number of Employees; (3) Application Allocator; (4) CPU and Disk Storage; (5) Number of Devices; (6) Number of Meters; (7) Number of Customers.

10. Legal and Governance

“Legal and Governance” means the provision of all types of legal advice and related services involving legal services related to corporate and commercial activities, contracts, litigation, regulatory matters, securities (including compliance with securities law requirements), real estate, legislative, employment and benefits, tax, and intellectual property matters. It includes oversight of maintenance of corporate records (policies, procedures and management). It includes services required of a publicly held corporation, including shareholder, board of director and related committee meetings, consents, resolutions, minutes, and records.

Allocation Factors: (1) General/Corporate.

11. Supply Chain

“Supply Chain” means the acquisition and provision of goods and services other than fuel, energy commodities or energy transmission. It includes supplier diversity. Specific activities include material inventory management, contract administration services, warehousing and logistics services and the establishment of inventory standards. It further includes the purchase, oversight, and maintenance of vehicles and related equipment.

Allocation Factors: (1) Total Non-Labor Spend without Fuel and Supply; (2) Number of Fleet Assets; (3) Number of Transactions; (4) Composite Allocator.

II. Services that WBS May Provide to Any Regulated Party

Subject to the limitations set forth in Section II.1 and applicable state and federal requirements, WBS may provide to any Regulated Party the Services described in this Appendix C, Section II.

1. Operational Support and Development

“Operational Support and Development” means support to utility distribution operations and interstate storage operations. Such support includes designing and monitoring the construction and maintenance of distribution and transmission lines and storage fields and ensuring that construction activity is consistent with plans. It includes coordinating the planning and operation of distribution, transmission and storage systems, performing operational reviews of completed construction, maintenance work of distribution and transmission lines, operating storage fields, and operating meter shops. It includes geospatial services, locate system support, damage prevention, and contract administration to all regulated gas and electric

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affiliates. It includes providing services and training to operate and support gas and electric utility and natural gas storage operations, such as construction, design, operation and maintenance; and field services. It further includes developing and implementing initiatives to enhance efficiencies and operational compliance, technical training, and project management.

Allocation Factors: (1) Feet of Installed/Replaced Pipeline; (2) Number of Meters Repaired; (3) FTE Work Estimate; (4) Number of Employees; (5) Project Specific Allocator; (6) MW; (7) Gas Throughput; (8) Storage Capacity.

2. Wholesale Energy and Fuels

“Wholesale Energy and Fuels” means administrative functions related to purchasing, marketing and selling natural gas and other energy commodities (including hedging and other risk management tools); scheduling, dispatching, interrupting, and curtailing deliveries; acquiring, selling, releasing and managing capacity; control operations (including compliance with applicable state and federal operating requirements); and operating company-owned underground natural gas storage fields. This function excludes all functions that are not ministerial in nature and excludes contract ownership, as each Party will continue to hold supply and capacity contracts in its own name.

Allocation Factors: (1) Gas Throughput; (2) Peak Day Capacity; (3) MW; (4) FTE Work Estimate; (5) Storage Capacity.

Allocation Factors for Services that WBS May Provide

WBS will allocate costs through a tiered approach. This allocation methodology reflects operational aspects of the charge and applies costs in a meaningful and impartial manner.

First, costs will be directly charged whenever appropriate and practicable. Direct charging is essentially a 100% allocation of costs related to a particular Service to the Party receiving that Service.

Second, where direct charging is not appropriate and practicable, costs will be allocated using cost causation principles that link costs related to a particular Service to the Party receiving that Service.

All other cost allocations will be broad-based with a generalized cost basis proxy.

Specific Allocation Factors

Application Allocator – Based on the allocation of the specific application being worked on. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the Service allocated per this factor, if not all Parties are receiving the Service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

Call Volume – Based on average call volume during the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is

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prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the Service allocated per this factor, if not all Parties are receiving the Service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

Composite Allocator Based on Total Historical Billings for a WBS functional service as defined in Appendix C - Based on the total O&M billings for the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is prepared or total O&M billings for the previous calendar year. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the Service allocated per this factor, if not all Parties are receiving the Service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

CPU and Disk Storage – Based on the number of CPU cycles used by the application divided by the total number of used CPU cycles and the total bytes of data storage used by the application divided by the total bytes used for data storage for the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the Service allocated per this factor, if not all Parties are receiving the Service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

Dollars Associated with Number of Imprints – Based on the dollars associated with the number of imprints for the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the Service allocated per this factor, if not all Parties are receiving the Service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

Feet of Installed/Replaced Pipeline – Based on average number of feet installed/replaced for the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the Service allocated per this factor, if not all Parties are receiving the Service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

Full Time Equivalent (FTE) Work Estimate – Based on a recurring, predictable level of service. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the Service allocated per this factor, if not all Parties are receiving the Service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

Gas Throughput – Based on gas throughput in dekatherms (sales or transportation or both) for the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is prepared. The numerator of which is for a Party

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and the denominator of which is for all Parties or specific Parties receiving the Service allocated per this factor, if not all Parties are receiving the Service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

General/Corporate – Based on an equal weighting of a 13-month average of assets (excluding hedge assets, goodwill, and non-ordinary assets) for the most recent 13 months at the time the budget is prepared and average annual O&M costs (excluding fuel costs) for the most recent 12 months at the time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the Service allocated per this factor, if not all Parties are receiving the Service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

Megawatts (MW) – Based on the percentage rated generation capacity in megawatts (MW), the numerator of which is for all Parties or specific Parties receiving the Service allocated per this factor, if not all Parties are receiving the Service. This ratio will be revised annually at budget time if there are additions or deletions of generating units, or changes in ownership percentages of existing units. Generating capacity may be inclusive of all generation types or specific such as hydro or coal. The MW allocator may also be used to allow for accounting to the plant level.

Number of Customers – Based on the average number of customers over the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the service allocated per this factor, if not all Parties are receiving the service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances. Customers may be all customers or a relevant subset of customers, including electric, gas, sales or transportation.

Number of Devices – Based on the number of devices or a forecast at the time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the service allocated per this factor, if not all Parties are receiving the service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances. Devices may include counts of personal computers, mobile computing devices, pagers, or radios.

Number of Employees - Based on the average number of employees included in the budget that is being prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the service allocated per this factor, if not all Parties are receiving the service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances. Employees may be all employees or a relevant subset of employees, including employees at a specific location(s), union, or non-union.

Number of Fleet Assets – Based on the average number of fleet assets during the most recent 12 months for which data are available or for a forecast 12-month period at the

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time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the service allocated per this factor, if not all Parties are receiving the service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

Number of Meters – Based on the average number of meters (electric and/or gas) in place during the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the service allocated per this factor, if not all Parties are receiving the service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

Number of Meters Repaired – Based on the average number of meters repaired for the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the service allocated per this factor, if not all Parties are receiving the service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

Number of Transactions – Based on the average number of transactions processed in the system during the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the service allocated per this factor, if not all Parties are receiving the service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances. Transactions may include inventory, invoices processed, or office moves.

Peak Day Capacity (gas) – Based on the highest daily send out in therms (excluding transportation) for the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the service allocated per this factor, if not all Parties are receiving the service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

Square Footage – Based on average square footage occupied for the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the service allocated per this factor, if not all Parties are receiving the service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

Storage Capacity - Based on storage capacity factors during the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the service allocated per this factor, if not all Parties

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are receiving the service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances. Storage capacity factors may include total capacity (working gas and base gas) of a company-owned storage field or field(s), working gas or base gas of a company-owned storage field or field(s), and a Party's storage rights (including annual, season, or daily rights) to use capacity at a company-owned field(s).

Total Non-Labor Spend without Fuel and Supply – Based on the average non-labor spend excluding fuel and supply during the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the service allocated per this factor, if not all Parties are receiving the service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

Total Property, Plant and Equipment – Based on average property, plant and equipment balances during the most recent 12 months for which data are available or for a forecast 12-month period at the time the budget is prepared. The numerator of which is for a Party and the denominator of which is for all Parties or specific Parties receiving the service allocated per this factor, if not all Parties are receiving the service. This ratio will be determined annually or more frequently if required due to a significant change in circumstances.

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Appendix D

Services That Any Party (Except WBS, North Shore Gas Company and The Peoples Gas Light and Coke Company) May Provide to Any Party (Except North Shore Gas Company and The Peoples Gas Light and Coke Company)

Subject to the limitations set forth in Section II.1 and applicable state and federal requirements, a Party may provide to or receive from any other Party the Services described in this Appendix D, provided that, WBS, North Shore Gas Company and The Peoples Gas Light and Coke Company may not be a Providing Party under this Appendix D and North Shore Gas Company and The Peoples Gas Light and Coke Company may not be a Receiving Party under this Appendix D¹.

“Major Services” shall mean Services identified as such in this Appendix D and for which Parties expect that, in the normal course of business and under normal operating conditions, they shall provide on a regular or day-to-day basis. “Incidental Services” shall mean Services identified as such in this Appendix D and for which the Parties expect that, in the normal course of business and under normal operating conditions, they shall provide infrequently or, if provided on a regular or day-to-day basis, shall not be within a fiscal year more than 10% of the dollar amount of the total operating and maintenance expense of either Party from the prior fiscal year.

I. Any Regulated Party may provide to or receive from any other Regulated Party the following Major Services:

1. **Administrative and Maintenance:** Provide administrative and other support that is incidental to an individual employee’s normal job duties such as clerical support, reporting assistance, and regulatory support such as data responses; provide building management and maintenance support at company-owned or leased premises; provide information technology support in a limited capacity (e.g., two-way radio support).
2. **Customer:** Provide customer service; support billing and payment processing; support credit and collections activity; energy conservation support; marketing and sales work; claims management.
3. **Fleet:** Maintain vehicles; transport materials and supplies.
4. **Operational Support - Electric Utility:** Provide services and training to operate and support electric utility operations, such as compliance with independent system operator requirements; engineering, construction, design, operation and maintenance; contract management, including marketing and procurement;

¹ WBS provides Services to all Parties under Appendix C. North Shore Gas Company and The Peoples Gas Light and Coke Company each provides and receives Services from Parties other than WBS under Appendix E.

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electric capacity, energy and transmission services; FERC, NERC and other regulatory compliance; field services; system planning, analysis and projections.

5. **Operational Support - Gas Utility and Gas Storage Service Provider:** Provide services and training to operate and support gas utility and storage field operations, such as construction, design, operation and maintenance; field services; operational compliance.
5. **Project Assistance (IT):** Provide support for information technology projects, including those that will be capitalized as an asset of WBS.
6. **Union Employees:** Provide services by employees, who are members of a labor union and not employed by WBS, for all or part of any services that WBS would otherwise provide, and the services may include, by way of example and not limitation, IT, Accounting, Finance, Payroll, Supply Chain, and Administrative services.
7. **Warehousing:** Provide materials and supplies, including storage, ordering, and inventory management.

II. Any Non-Regulated Party may provide to or receive from any Regulated Party the following Services:

Major Services

1. **Administrative and Maintenance:** Provide administrative and other support that is incidental to an individual employee's normal job duties such as clerical support, reporting assistance, and regulatory support such as data responses; provide building management and maintenance support at company-owned or leased premises; provide information technology support in a limited capacity (e.g., two-way radio support).
2. **Project Assistance (IT):** Provide support for information technology projects, including those that will be capitalized as an asset of WBS.
3. **Union Employees:** Provide services by employees, who are members of a labor union and not employed by WBS, for all or part of any services that WBS would otherwise provide, and the services may include, by way of example and not limitation, IT, Accounting, Finance, Payroll, Supply Chain, and Administrative services.

Incidental Services

1. **Customer:** Provide customer service; support billing and payment processing; support credit and collections activity; claims management.
2. **Fleet:** Maintain vehicles; transport materials and supplies.
3. **Operational Support:** Provide services and training to operate and support energy operations.

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4. **Warehousing:** Provide materials and supplies, including storage, ordering, and inventory management.
- III. In addition to providing and billing for the Services described in this Appendix D and in Section II.1, any Party may allocate costs to any other Party as follows:
1. **Cost Allocations:** Payment of an invoice or refunds of credits by one or more Parties for goods or services for which another Party or other Parties benefitted; charges for systems owned by one Party and used by one or more other Parties; financing charges, such as those arising from intercompany loans (provided, however, that no Party will charge costs to Wisconsin Public Service Corporation, Wisconsin Electric Power Company or Wisconsin Gas Company LLC for intercompany loans); fees for credit lines available to more than one Party; transfers of renewable energy credits or other items of value; use of any airplane owned by WEC Energy; use of housing owned or rented by WEC Energy; benefit plans; transfer of benefits, such as vacation time when an employee transfers employment; and shared personnel, including management, regulatory, corporate directors and officers and their support personnel. The term “management” includes a Party’s chief executive officer, president or comparable officer, all persons who directly report to that officer, and all persons who report to those direct reports.
 2. **Transition:** When an employee moves from a position with one Party to a position with another Party, provide services, for a transition period, appropriate to assist the person(s) assuming responsibility for tasks formerly performed by the employee in his former position.
 3. **Short Term Assignments:** When an employee assumes responsibilities, on a short-term (less than two years) basis, with another Party (subject to any otherwise applicable restrictions such as affiliated interest requirements) but does not become an employee of the other Party, provide services required by the new position and allocate costs appropriately.
- IV. Any Non-Regulated Party may provide to or receive from any other Non-Regulated Party any Service.

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Appendix E

RIDER APPLICABLE TO NORTH SHORE GAS COMPANY AND THE PEOPLES GAS LIGHT AND COKE COMPANY

The Affiliated Interest Agreement approved by the Illinois Commerce Commission in Docket No. 17-_____ shall be subject to the following restrictions.

Subject to the limitations set forth in Section II.1 and applicable state and federal requirements, North Shore Gas Company (“North Shore”) and The Peoples Gas Light and Coke Company (“Peoples Gas”) (collectively, “NSG/PGL”) may only provide to or receive from any other Party the Services as limited in this Rider.

1. “Major Services” shall mean Services identified as such in this Rider and for which Parties expect that, in the normal course of business and under normal operating conditions, they shall provide on a regular or day-to-day basis. “Incidental Services” shall mean Services identified as such in this Rider and for which the Parties expect that, in the normal course of business and under normal operating conditions, they shall provide infrequently or, if provided on a regular or day-to-day basis, shall not be within a fiscal year more than 10% of the dollar amount of the total operating and maintenance expense of either Party from the prior fiscal year.
2. “Non-Utility Affiliate” means the entities listed in Section E.V.
3. If NSG/PGL wish to revise Section E.I to add or delete services, NSG/PGL will file a Notice in Docket Nos. 12-0273/13-0612 (cons.) and also simultaneously provide a copy of the Notice to the Commission Staff’s Manager of Accounting and Manager of the Policy Program.

If no objections or recommendations concerning the change to the list of authorized services is filed, the addition or deletion of the service will take effect 35 days after the filing date.

If an objection or recommendation is filed, the Commission shall initiate a proceeding under Section 7-101 of the Public Utilities Act (“Act”) and the change in services shall not automatically become effective.

If NSG/PGL wish to revise the previously proposed change to the list of authorized services, a new Notice must be filed.

Nothing in this paragraph 3 prevents NSG/PGL from filing a Petition under Section 7-101 of the Act for review and approval under the process and within the timeframe that normally apply to such filings. Notwithstanding the foregoing, for good cause shown, if

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NSG/PGL determine that either of them has provided to a Regulated Party or received from a Regulated Party a service not defined in Section E.I, NSG/PGL will promptly file a Notice in Docket Nos. 12-0273/13-0612 (cons.) and also simultaneously provide a copy of the Notice to the Commission Staff's Manager of Accounting and Manager of the Policy Program; such a filing after the service is provided or received will not be deemed a violation of the Act.

I. The Parties may provide to or receive from any Regulated Party the Services set forth below which are limited to the specific terms delineated below.

Major Services

1. **Administrative and Maintenance:** Provide administrative and other support that is incidental to an individual employee's normal job duties such as clerical support, reporting assistance, and regulatory support such as data responses; provide building management and maintenance support at company-owned or leased premises; and provide information technology support in a limited capacity (e.g., two-way radio support).
 - "Provide administrative and other support that is incidental to an individual employee's normal job duties" means that the person providing this service is assisting the person(s) primarily responsible for the task.
 - "clerical support" means typing; word processing; creating spreadsheets; working with various computer programs (e.g., Microsoft applications like PowerPoint, Visio, Excel); duplicating, including basic maintenance of duplication equipment (e.g., ordering and replacing paper and toner); mailing in whatever form (electronic mail, overnight courier, registered mail, arranging for personal delivery, electronic filing, etc.); and scheduling meetings or travel.
 - "reporting assistance" means helping prepare reports such as required regulatory submissions to governmental bodies like the SEC, FERC, NERC, EPA, IRS, public service commissions; and helping prepare reports to meet corporate requirements, such as Board of Director or senior management reports.
 - "regulatory support such as data responses" means helping respond to data requests or other information requests from governmental bodies or third parties in regulatory matters; helping prepare testimony; and helping prepare filings in regulatory proceedings.
 - "provide building management and maintenance support at company-owned or leased premises" means receptionist services; scheduling visitors and providing access, including applicable security requirements (e.g., maintenance of a log or identification requirements); and arranging for, scheduling or providing maintenance such as cleaning or repair at a company-owned or leased premises.

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- “provide information technology support in a limited capacity (e.g., two-way radio support)” means assisting with a function that Information Technology would typically support and two-way radio support.
2. **Customer:** Provide customer service; support billing and payment processing; support credit and collections activity; energy conservation support; marketing and sales work; claims management.
- “Provide customer service” means services associated with handling all functions directly related to a customer being on the utility system, but not field services, such as handling and processing applications for service; handling credit-related requirements; initiating service upon completion of the application process, reconnecting service and disconnecting service (inputting the appropriate information in customer information systems and sending notices, not the field service of physically initiating, reconnecting or disconnecting service); answering customer inquiries; answering customer calls related to emergencies; handling payment arrangements; handling matters related to payment assistance programs; and responding to third party inquiries related to customer matters (e.g., public service commission complaints).
 - “support billing and payment processing” means services needed to prepare and issue bills; receive and process payments, including inputting data in customer information systems, and depositing payments in financial institutions.
 - “support credit and collections activity” means services needed to implement credit requirements (such as credit reviews to determine if a deposit is required to initiate service or restore service); credit reporting requirements; returning deposits; and collection of past due amounts, including sending notices to customers and inputting the appropriate information in customer information systems to support credit and collection activity and service discontinuance.
 - “energy conservation support” means supporting (directly or indirectly through support to contractors) the implementation of utility energy efficiency, demand response, energy conservation and similar programs; review and process applications; process incentive delivery; answer customer inquiries; answer third party inquires (e.g., vendors, public service commissions); develop programs; maintain data about program implementation; and analyze programs.
 - “marketing and sales work” means communicating with current and prospective customers about available services; assisting customers apply for services; assisting customers with questions or concerns related to services the customer is taking; and assisting customers to discontinue services.

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- “claims management” means handling matters related to customers or third parties bringing a claim against a Party or claims by a Party against customers or third parties, including investigations, litigation support, and settlements.
3. **Operational Support - Electric Utility:** Provide services and training to operate and support electric utility operations, such as compliance with independent system operator requirements; engineering, construction, design, operation and maintenance; contract management, including marketing and procurement; electric capacity, energy and transmission services; FERC, NERC and other regulatory compliance; field services; system planning, analysis and projections.
- “Provide services and training to operate and support electric utility operations” means services that an electric utility needs and training that employees need to operate and the list following this phrase identifies the categories of such services covered by this Agreement. Electric utility operations include coal-fired and gas fired facilities, hydroelectric plants, and intermittent resources such as wind and solar generation as well as the transmission and distribution systems to transmit the energy.
 - “compliance with independent system operator requirements” means the actions an electric utility must take to comply with requirements imposed by the independent system operator (ISO) in which it is a member. The ISO requirements are imposed by the ISO’s tariffs; by the ISO’s contract(s) with the electric utility; by the ISO’s business practice manuals; by the Federal Energy Regulatory Commission; by the national reliability organization; by the regional reliability organization. These actions are any step to meet an ISO requirement; reviewing requirements imposed by the foregoing; developing processes for compliance with the foregoing; participating in meetings about the foregoing; participating in meetings, hearings, conferences and the like with regulatory bodies and reliability organizations; preparing for and participating in internal and external audits associated with ISO requirements; preparing and maintaining documentation for internal recordkeeping; preparing and maintaining documentation for submission to or filing with a regulatory body or reliability organization; developing computer systems to comply with ISO requirements; developing and maintaining data retention policies to meet ISO requirements.
 - “engineering, construction, design, operation and maintenance” means services needed to develop, maintain and operate electric utility infrastructure. These services include any service that an engineer would perform associated with the operation of an electric utility’s capital assets such as generation, transmission and distribution facilities. It includes building (constructing) the assets; engineering oversight of building (construction). It includes designing the assets (engineering sketches, drafts, blue prints, specifications, selecting manufacturers and parts to acquire to construct the asset, selecting and contracting with contractors). It includes operating the assets, *i.e.*, the day-to-day tasks

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associated with generating electricity (acquiring fuel, meeting regulatory and ISO requirements to schedule the use of the assets, running the generation facility); day-to-day tasks associated with running the distribution system and delivering energy to retail and wholesale customers consistent with applicable legal and physical requirements. It includes maintaining the assets (scheduled maintenance activities such as those recommended by the manufacturers of parts, those required by prudent utility practice or prudent industry practice, those required by regulatory authorities or reliability organizations; unscheduled maintenance such as activities required by damage to the assets by third parties, force majeure events or other persons or forces; repairs to the assets).

- “contract management, including marketing and procurement” means services associated with contracts (purchase and sale) related to operating an electric utility. Such services include requesting proposals, negotiating and entering into contracts to support the other functions identified for this service (e.g., contracts associated with compliance such as hiring consultants or contractors); services associated with the engineering, construction, design, operation and maintenance of the utility system; purchasing fuel (coal or gas) to generate energy; selling the output of the generation facilities, including sales and marketing activities such as responding to requests for proposal, meeting with current and prospective customers; implementing contract provisions such as giving required notices, complying with any credit requirements, complying with any insurance requirements, etc. (this list does not purport to list every contract management function as functions are dependent on the terms and conditions of the contract); retaining the contract for the applicable retention period; filing the agreement or any reports, if required, with regulatory bodies.
- “electric capacity, energy and transmission services” means running the electric utility system as it pertains to managing the particular services associated with capacity, energy and transmission. This means meeting ISO requirements and for WEC Energy’s electric utilities, requirements imposed by the American Transmission Company, LLC (ATC) or any successor, which owns and operates the transmission assets formerly owned by WEC Energy’s electric utilities.
- “FERC, NERC and other regulatory compliance” means meeting all electric utility operating requirements imposed by the Federal Energy Regulatory Commission (FERC); by the national reliability organization (NERC); by the regional reliability organization (e.g., MRO, Reliability First), the Public Service Commission of Wisconsin, the Michigan Public Service Commission, state and federal environmental agencies, and any other regulatory agency with jurisdiction over the electric utility operations of WEC Energy’s state-regulated electric utilities.
- “field services” means day-to-day operation of the electric utility system by personnel operating in the field, such as maintaining, operating, replacing and repairing lines, poles, transformers, and other assets. This service includes disconnecting or restoring energy service, tree trimming, and any other

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mandated activity, performed in the field, to maintain the safe and reliable operation of the electric utility system.

- “system planning, analysis and projections” means planning to meet requirements (*i.e.*, load), including forecasting load, and the effect on generation, transmission and distribution (*e.g.*, is more or less needed and how should this be accomplished such as through the state process or the Midcontinent ISO process or ATC). It includes owned and contracted assets, determining whether to meet load through contracts or existing or new assets, and whether those assets may be owned or built by a WEC Energy entity or another entity. It includes participating in planning by the ISO and ATC and participating in state and federal regulatory proceedings. This service includes forecasting requirements (*i.e.*, load).
4. **Operational Support - Gas Utility and Gas Storage Service Provider:**
Provide services and training to operate and support gas utility and storage field operations, such as construction, design, operation and maintenance; field services; operational compliance.
- “Provide services and training to operate and support gas utility and storage field operations” means services that a gas utility or storage service provider needs and training that employees need to operate and the list following this phrase identifies the categories of such services covered by this Agreement.
 - “construction, design, operation and maintenance” means services needed to develop, maintain and operate gas utility and storage field infrastructure. These services include any service associated with the operation of a gas utility’s or storage service provider’s capital assets such as storage, LNG, LP, transmission and distribution facilities and appurtenant facilities such as gate stations or interconnection facilities. It includes building (constructing) the assets and engineering oversight of building (construction). It includes designing the assets (engineering sketches, drafts, blue prints, specifications, selecting manufacturers and parts to acquire to construct the asset, selecting and contracting with contractors). It includes operating the assets, *i.e.*, the day-to-day tasks associated with running the transmission and distribution system, storage field, LNG or LP plant and delivering gas to retail and, if applicable, wholesale customers consistent with applicable legal and physical requirements. It includes maintaining the assets (scheduled maintenance activities such as those recommended by the manufacturers of parts, those required by regulatory authorities; unscheduled maintenance such as activities required by damage to the assets by third parties, *force majeure* events or other persons or forces; repairs to the assets).
 - “field services” means day-to-day operation of the gas utility or storage service provider’s system by personnel operating in the field, such as maintaining, operating, replacing, and repairing pipes, meters, regulators, valves, fittings, tanks, and other equipment appurtenant to those facilities.

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This service includes disconnecting or restoring service and any other mandated activity performed in the field, to maintain the safe and reliable operation of the gas utility or storage system.

- “operational compliance” means, to the extent not covered by other Services, establishment and administration of policies to support compliance with applicable state and federal requirements applicable to gas facilities.
5. **Project Assistance (IT):** Provide support for information technology projects, including those that will be capitalized as an asset of WBS.
- “Provide support for information technology projects, including those that will be capitalized as an asset of WBS” means assisting with IT projects such as answering questions from IT and other WBS personnel modifying an existing information system or developing a new information system; providing data to such personnel; testing the modified or new system before and after implementation. “Information systems” include development of application and enterprise software, such as customer information systems or work management systems.
6. **Union employees** – Provide services by employees, who are members of a labor union and not employed by WBS, for all or part of any services that WBS would otherwise provide, and the services may include, by way of example and not limitation, IT, Accounting, Finance, Payroll, Supply Chain, and Administrative services.
7. **Warehousing:** Provide materials and supplies, including storage, ordering, and inventory management.
- “Provide materials and supplies” means managing tangible goods (*e.g.*, pipes, meters, poles, regulators, valves, fittings, transformers, office supplies, office equipment, vehicles, parts needed to repair assets) that the utility or storage service provider procures to support its business.
 - “storage” means storing (stocking) tangible goods in an appropriate manner, *i.e.*, in a manner that protects the goods from damage or deterioration, and, if applicable, in accordance with applicable manufacturers’ guidelines or legal requirements.
 - “ordering” means requisitioning and procuring tangible goods associated with the utility’s or storage service provider’s business.
 - “inventory management” means tracking or cataloging tangible goods; determining when to order more of such goods; determining whether and when to dispose of such goods; and preparing such goods for movement or transport to another site.

Incidental Services

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1. **Fleet:** Maintain vehicles; transport materials and supplies.
 - “Maintain vehicles” means keeping vehicles in good repair and working order. “Vehicles” include all vehicles owned or used by the utility or storage service provider, including cars, trucks, vans, backhoes, and such.
 - “transport materials and supplies” means moving tangible goods from one site to another.

II. Services between NSG/PGL and Non-Regulated Parties

A. NSG/PGL may provide to WEC Business Services LLC and provide to and receive from WEC Energy Group, Inc., the following Incidental Services:

1. **Administrative and Maintenance:** Provide administrative and other support that is incidental to an individual employee’s normal job duties such as clerical support, reporting assistance, and regulatory support such as data responses; provide building management and maintenance support at company-owned or leased premises; provide information technology support in a limited capacity (e.g., two-way radio support).
2. **Customer:** Provide customer service; support billing and payment processing; support credit and collections activity; claims management.
3. **Fleet:** Maintain vehicles; transport materials and supplies.
4. **Operational Support:** Provide services to operate and support energy operations.
5. **Project Assistance (IT):** Provide support for information technology projects, including those that will be capitalized as an asset of WBS.
6. **Union employees** – Provide services by employees, who are members of a labor union and not employed by WBS, for all or part of any services that WBS would otherwise provide, and the services may include, by way of example and not limitation, IT, Accounting, Finance, Payroll, Supply Chain, and Administrative services.
7. **Warehousing:** Provide materials and supplies, including storage, ordering, and inventory management.

B. NSG/PGL may only provide to or receive from any Non-Regulated Party that is not a Non-Utility Affiliate only the following Incidental Services under this Rider.

1. **Administrative:**
 - “Reporting assistance,” which means helping prepare reports such as required regulatory submissions to governmental bodies like the SEC, FERC,

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NERC, EPA, IRS, public service commissions; and helping prepare reports to meet corporate requirements, such as Board of Director or senior management reports.

- “Regulatory support,” which means helping respond to data requests or other information requests from governmental bodies or third parties in regulatory matters; helping prepare testimony; and helping prepare filings in regulatory proceedings.
- “Provide information technology support in a limited capacity,” which means assisting with a function that Information Technology would typically support.

2. Operational Support:

- “Operate and maintain CNG facilities,” which means the day-to-day operation and maintenance of Peoples Gas’ compressed natural gas fueling station located at its Division Street shop.

III.

A. In addition to providing and billing for the Services described above and in Section II.1, any Party may allocate costs to NSG/PGL and NSG/PGL may allocate costs to any other Party, as follows:

1. **Cost Allocations:** Payment of an invoice or refunds of credits by one or more Parties for goods or services for which another Party or other Parties benefitted; charges for systems owned by one Party and used by one or more other Parties; financing charges, such as those arising from intercompany loans (provided, however, that no Party will charge costs to Wisconsin Public Service Corporation, Wisconsin Electric Power Company or Wisconsin Gas Company LLC for intercompany loans); fees for credit lines available to more than one Party; transfers of renewable energy credits or other items of value; use of any airplane owned by WEC Energy; use of housing owned or rented by WEC Energy; benefit plans; transfer of benefits, such as vacation time when an employee transfers employment; and shared personnel, including management, regulatory, corporate directors and officers and their support personnel. The term “management” includes a Party’s chief executive officer, president or comparable officer, all persons who directly report to that officer, and all persons who report to those direct reports.
2. **Transition:** When an employee moves from a position with one Party to a position with another Party, provide services, for a transition period, appropriate to assist the person(s) assuming responsibility for tasks formerly performed by the employee in his former position.
3. **Short Term Assignments:** When an employee assumes responsibilities, on a short-term (less than two years) basis, with another Party (subject to any otherwise applicable restrictions such as affiliated interest requirements) but

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does not become an employee of the other Party, provide services required by the new position and allocate costs appropriately.

B. Asset Transfers by NSG/PGL to WBS: On and after the effect date of this Rider, as ordered in Docket Nos. 12-0273/13-0612 (cons.) but including the asset transfers approved in Docket No. 14-0500, North Shore or Peoples Gas may transfer assets to WBS, provided that, for all land and any individual asset that has an original cost, before depreciation, greater than \$100,000, WBS will track such asset. If WBS decides to dispose of such land or asset, it will transfer the land or asset to the transferring utility (North Shore or Peoples Gas, as applicable) at net book value. Under no circumstances is WBS allowed to transfer such land or assets to a non-regulated affiliate.

IV. Any Non-Regulated Party may provide to or receive from any other Non-Regulated Party any Service.

V. For purposes of this Rider, the term “Non-Utility Affiliates” includes only the following:

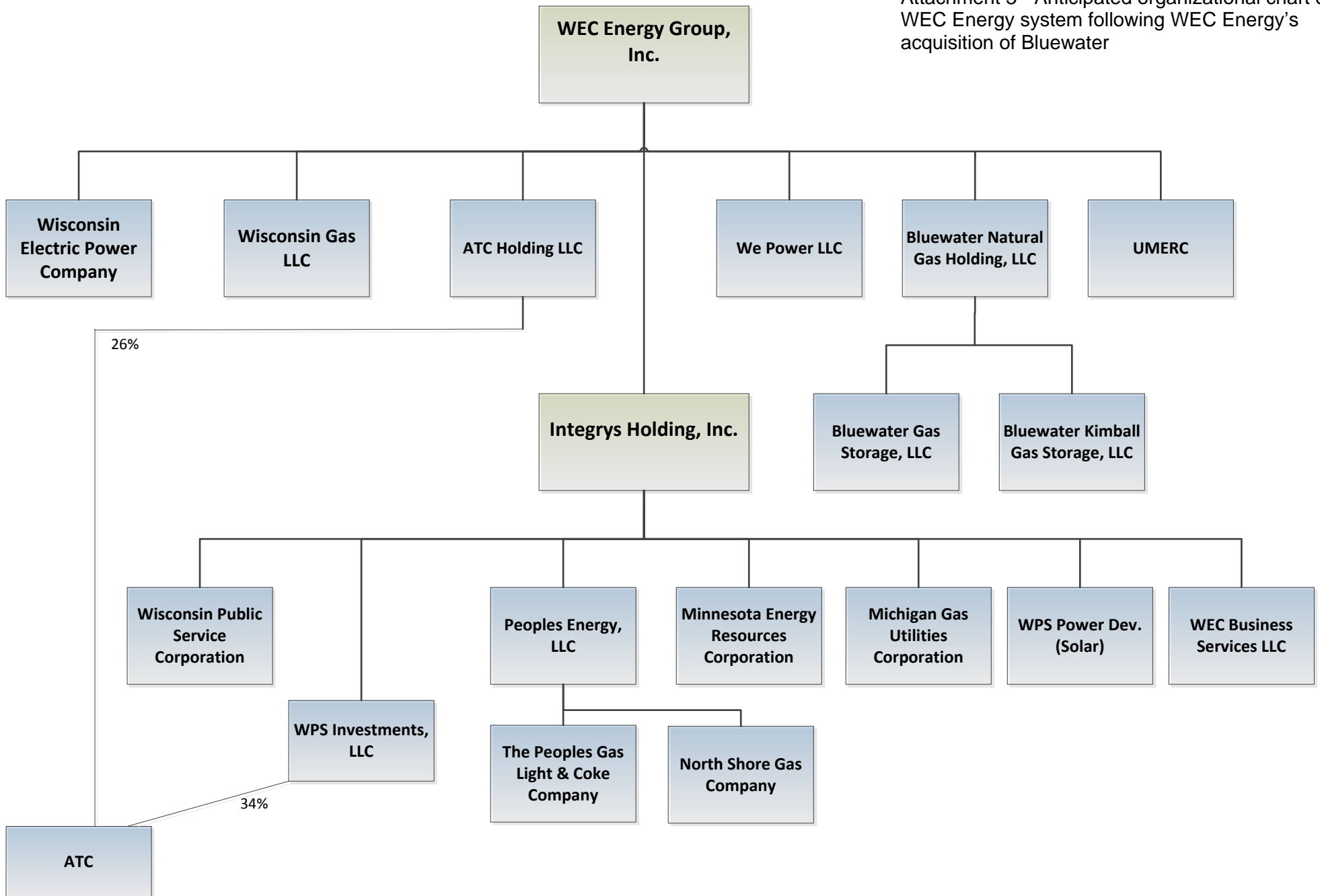
- a) WBS
- b) WEC Energy

VI. Audit: The Audit ordered in Section V.5 shall also include the following:

- a) A listing of all transactions and a review of transactions that occurred under Section E.II.A of this Rider to ensure that the interactions were services listed under that section, that they were performed at the appropriate cost as outlined in Article III of this Agreement and they were indeed Incidental Services.
- b) A listing of all transactions and a review of transactions that occurred under Section E.II.B of this Rider to ensure that the interactions were services listed under that section, that they were performed at the appropriate cost as outlined in Article III of this Agreement and they were indeed Incidental Services.
- c) A listing of all transactions and a review of transactions that occurred under Section E.III of this Rider to ensure that the interactions were allowed under that section and were performed at the appropriate cost as outlined in Article III of this Agreement.

ATTACHMENT 3
Anticipated Organizational Chart of WEC System Following WEC Energy's
Acquisition of Bluewater

Attachment 3 - Anticipated organizational chart of WEC Energy system following WEC Energy's acquisition of Bluewater



*Material entities only.

ATTACHMENT 4
Verification of Filing

In the Matter of the Petition for Approval of
the Affiliated Interest Agreement with WEC
Energy Group, Inc. and Minnesota Energy
Resources Corporation

Docket No. G011/AI-16-284

CERTIFICATE OF SERVICE

I, Kristin M. Stastny, hereby certify that on the 9th of February, 2017, on behalf of Minnesota Energy Resources Corporation, I electronically filed a true and correct copy of the enclosed Initial Filing on www.edockets.state.mn.us. Said documents were also served via U.S. mail and electronic service as designated on the attached service list.

Dated this 9th day of February, 2017.

/s/ Kristin M. Stastny
Kristin M. Stastny

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_16-284_AI-16-284
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_16-284_AI-16-284
Mary	Klyasheff	MPKlyasheff@integrysgroup.com	WEC Eenergy Group, Inc.	200 East Randolph St Chicago, IL 60601	Electronic Service	No	OFF_SL_16-284_AI-16-284
Michael	Krikava	mkrikava@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	OFF_SL_16-284_AI-16-284
Amber	Lee	ASLee@minnesotaenergyresources.com	Minnesota Energy Resources Corporation	2665 145th St W Rosemount, MN 55068	Electronic Service	No	OFF_SL_16-284_AI-16-284
John	Lindell	john.lindell@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_16-284_AI-16-284
Kodi	Verhalen	kverhalen@briggs.com	Briggs & Morgan	2200 IDS Center 80 South Eighth Street Minneapolis, Minnesota 55402	Electronic Service	No	OFF_SL_16-284_AI-16-284
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_16-284_AI-16-284