

July 29, 2015

**Michael C. Krikava**  
(612) 977-8566  
mkrikava@briggs.com

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 for Approval of the Tax Allocation Agreement of  
Minnesota Energy Resources Corporation**

Dear Mr. Wolf:

Minnesota Energy Resources Corporation (“MERC”) respectfully submits the following documents:

1. Summary of Filing; and
2. Petition for Approval of Tax Allocation Agreement with attachments.

Please do not hesitate to contact me with any questions.

Very truly yours,

Briggs and Morgan, P.A.

*/s/ Michael C. Krikava*

Michael C. Krikava

MCK/rlr

## CERTIFICATE OF SERVICE

IN THE MATTER OF THE PETITION FOR APPROVAL  
OF THE TAX ALLOCATION AGREEMENT OF  
MINNESOTA ENERGY RESOURCES CORPORATION

MPUC DOCKET No. \_\_\_\_\_

Roshelle L. Herstein hereby certifies that on the 29<sup>th</sup> day of July, 2015, she served copies of:

1. Summary of Filing; and
2. Petition for Approval of Tax Allocation Agreement with attachments

by posting the same on [www.edockets.state.mn.us](http://www.edockets.state.mn.us). A copy of the filing was delivered via electronic service to the following individuals:

Dan Wolf  
Public Utilities Commission  
121 7th Place East  
Suite 350  
St. Paul, MN 55101  
dan.wolf@state.mn.us

Julia Anderson  
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1800 BRM Tower  
445 Minnesota St  
St. Paul, MN 55101  
Julia.Anderson@ag.state.mn.us

John Lindell  
Office of the Attorney General – RUD  
1400 BRM Tower  
445 Minnesota St  
St. Paul, MN 55101  
agorud.ecf@ag.state.mn.us

Linda Chavez  
Minnesota Department of Commerce  
Suite 500  
85 7th Place East  
St. Paul, MN 55101-2198  
linda.chavez@state.mn.us

A copy of the Summary of Filing was served by depositing a true and correct copy thereof in the United States mail, postage prepaid, to the individuals on the attached service list.

*s/Roshelle L. Herstein*  
Roshelle L. Herstein

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Michael	Ahern	ahern.michael@dorsey.com	Dorsey & Whitney, LLP	50 S 6th St Ste 1500  Minneapolis, MN 554021498	Electronic Service	No	GEN_SL_Minnesota Energy Resources Corporation_General Service List
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	No	GEN_SL_Minnesota Energy Resources Corporation_General Service List
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First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	GEN_SL_Minnesota Energy Resources Corporation_General Service List
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	No	GEN_SL_Minnesota Energy Resources Corporation_General Service List

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

Beverly Jones Heydinger  
Nancy Lange  
Dan Lipschultz  
John Tuma  
Betsy Wergin

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of the Petition for Approval of  
the Tax Allocation Agreement of Minnesota  
Energy Resources Corporation

Docket No. \_\_\_\_\_

**SUMMARY OF FILING**

Please take notice that on July 29, 2015, Minnesota Energy Resources Corporation (“MERC”) filed with the Minnesota Public Utilities Commission a petition for approval of the Tax Allocation Agreement between Wisconsin Energy Group, Inc. (“WEC”) and its Subsidiaries (“Tax Allocation Agreement”). The Tax Allocation Agreement facilitates and governs the filing of consolidated federal, state, and local tax returns, and the allocation of tax liability among WEC and its subsidiaries. The Tax Allocation Agreement will supersede the Tax Allocation Agreement approved by the Commission in Docket No. G-011/AI-13-623.

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

Beverly Jones Heydinger  
Nancy Lange  
Dan Lipschultz  
John Tuma  
Betsy Wergin

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of the Petition for Approval of  
the Tax Allocation Agreement of Minnesota  
Energy Resources Corporation

Docket No. \_\_\_\_\_

**PETITION**

Pursuant to Minn. Stat. § 216B.48, Minn. R. 7825.2200, and ORDER INITIATING REPEAL OF RULE, GRANTING GENERIC VARIANCE, AND CLARIFYING INTERNAL OPERATING PROCEDURES in Docket No. E,G-999/CI-98-651 (Sept. 14, 1998), Minnesota Energy Resources Corporation (“MERC”) submits this petition for approval of the modification of the Tax Allocation Agreement Between WEC Energy Group, Inc. and Its Subsidiaries (“Tax Allocation Agreement”) previously approved by the Minnesota Public Utilities Commission (“Commission”) in Docket No. G-011/AI-13-623.

On June 25, 2015, the Commission approved the merger between Wisconsin Energy Corporation and Integrys Energy Group, Inc. (“Integrys”) in Docket No. G-011/PA-14-664. The merger closed on June 29, 2015, resulting in MERC having WEC Energy Group, Inc. (“WEC”) as its new ultimate corporate parent. The Tax Allocation Agreement that is the subject of this Docket was executed by MERC as part of the closing of the merger.

Accordingly, MERC respectfully requests approval a new Tax Allocation Agreement. MERC notes that this agreement is substantially identical to the prior such agreement that was reviewed and approved by the Commission, modified only by adding the legacy WEC company

and its subsidiaries into the agreement, the new operative date of the agreement, and non-substantive ministerial changes.<sup>1</sup>

This filing includes the following attachments:

- 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 Tax Allocation Agreement;
- Attachment 2: Copy of Tax Allocation Agreement;
- Attachment 3: Redline copy of Tax Allocation Agreement showing modifications to the previously approved Tax Allocation Agreement;
- Attachment 4: Current organizational chart of WEC system;
- Attachment 5: Certificate of Amendment to Certificate of Formation of Integrys Business Support, LLC; and
- Attachment 6: Verification of Filing.

**1. Summary of Filing**

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

**2. Service**

Pursuant to Minn. R. 7829.1300, subp. 2, MERC has served a copy of this filing on the Department of Commerce and the Office of the Attorney General — Residential Utilities Division. The summary of the filing has been served on all parties on MERC’s general service list.

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<sup>1</sup> The Commission previously approved the Tax Allocation Agreement in Docket No. G-011/AI-13-623. Additionally, MERC has submitted a Petition for Approval of Affiliated Interest Agreement for its modified WEC Energy Group Affiliated Interest Agreement (“WEC Agreement”), which is identical to the previously approved administrative services agreement in Docket No. G-007, 011/AI-10-783, except that it includes the legacy WEC entities as a result of the merger. Finally, the Master Affiliated Interest Agreement between Integrys Business Support, LLC (the “Service Company”) and its regulated utility affiliates (“Master AIA”) was approved on January 9, 2014 in Docket No. G-011/AI-13-934. The Master AIA is unchanged at this time. At such time as changes may be made to the Master AIA, it will be filed for approval consistent with the Commission’s requirements.

**3. General Filing Information**

**A. Name, Address, and Telephone Number of the Utility**

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

**B. Name, Address, and Telephone Number of Attorneys for the Utility**

Michael C. Krikava  
Anna E. Jenks  
Briggs and Morgan, P.A.  
2200 IDS Center  
80 South 8th Street  
Minneapolis, Minnesota 55402  
(612) 977-8400

Mary Klyasheff  
Senior Counsel  
Legal and Governance Affairs  
WEC Energy Group, Inc.  
200 East Randolph Street  
Chicago, IL 60601  
(310) 240-4470

**C. Date of the Filing and Date Proposed Agreements Will Take Effect**

**Date of filing:** July 28, 2015

**Proposed Effective Date:** The Tax Allocation Agreement became effective on the date of the closing of the merger, which was June 29, 2015, with Section 2.1 of the Tax Allocation Agreement stating that the filing of consolidated returns will begin with the tax year ending on December 31, 2015.

**D. Statute Controlling Schedule for Processing the Filing**

Minn. Stat. § 216B.48 and Minn. R. 7825.2200 govern the substantive criteria for the 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.

**E. Name and Title of Utility Employee Responsible for the Filing**

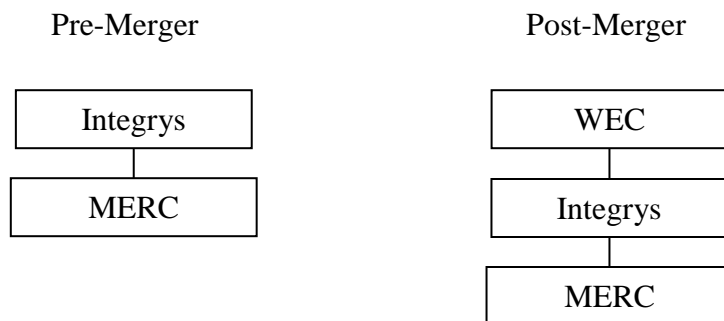
Amber S. Lee  
Regulatory and Legislative  
Affairs Manager  
Minnesota Energy Resource Corporation  
1995 Rahncliff Court, Suite 200  
Eagan, MN 55122  
(651) 322-8965

**4. Description and Purpose of Filing**

**A. Background**

Effective June 29, 2015, Integrys, MERC’s former corporate parent, merged into a wholly-owned subsidiary created by WEC, with that subsidiary being the surviving entity in that merger. That subsidiary then merged into a second wholly-owned subsidiary also created by WEC and the second subsidiary (re-named Integrys Holding, Inc.) was the surviving entity in that merger. After these actions, the surviving entity is a wholly-owned subsidiary of WEC that stands in the shoes of Integrys, and has the current Integrys utility and non-utility subsidiaries under it. All of WEC’s previous subsidiaries continue to exist. The post-closing structure of the combined entity with respect to MERC is provided in Figure 1 below, and a more comprehensive organizational diagram of WEC, is provided in Attachment 4.

**Figure 1**



In its post-merger configuration, WEC provides electricity and natural gas to 4.4 million customers across Minnesota, Illinois, Wisconsin, and Michigan through its primary utilities: MERC, We Energies, Wisconsin Public Service Corporation, The Peoples Gas Light and Coke Company, North Shore Gas Company, and Michigan Gas Utilities Corporation.

- MERC is a Delaware corporation that is headquartered in Eagan, Minnesota. MERC is a local distribution natural gas utility that began operations in 2006. It provides natural gas service to approximately 233,673 customers over a service area that spans portions of the entire State. The service area covers over 38,000 square miles, 52 counties, and 177 communities.
- We Energies is the trade name of Wisconsin Electric Power Company (“WEPCO”), a Wisconsin corporation, and Wisconsin Gas LLC, a Wisconsin limited liability company, and is engaged in public utility operations in Wisconsin and Michigan. It delivers natural gas to approximately 1.1 million customers in communities across Wisconsin and electricity to approximately 1.1 million customers in areas of Wisconsin and upper Michigan. It also supplies steam heat to approximately 450 customers in downtown Milwaukee and Wauwatosa. We Energies is subject to the jurisdiction of the Public Service Commission of Wisconsin (“PSCW”) and the Michigan Public Service Commission (“MPSC”).
- Wisconsin Public Service Corporation (“WPSC”), a Wisconsin corporation, is an integrated electric and gas utility that serves more than 450,000 electric customers and 326,000 natural gas customers in northeastern Wisconsin and an adjacent portion of Michigan’s Upper Peninsula and is subject to the jurisdiction of the PSCW and the MPSC.

- The Peoples Gas Light and Coke Company (“PGL”), an Illinois corporation, furnishes natural gas utility service to approximately 828,000 customers in the City of Chicago and is subject to Illinois Commerce Commission (“ICC”) jurisdiction.<sup>2</sup>
- North Shore Gas Company (“NSG”), an Illinois corporation, furnishes natural gas utility service to approximately 159,000 customers in northeastern Illinois and is subject to ICC jurisdiction.<sup>3</sup>
- Michigan Gas Utilities Corporation (“MGU”), a Delaware corporation, furnishes natural gas utility service to approximately 171,000 customers in lower Michigan subject to the jurisdiction of the MPSC.

WEC also now holds all of Wisconsin Energy Corporation’s and Integrys’s subsidiaries, including American Transmission Company LLC (“ATC”)<sup>4</sup>, WPS Power Development, LLC, and Trillium CNG. Additionally, WEC now owns Integrys’s services company which changed its name from Integrys Business Services LLC to WEC Business Services LLC (“Service Company”) upon the closing of the transaction.<sup>5</sup>

## **B. The Tax Allocation Agreement**

The Tax Allocation Agreement that was in effect between MERC and Integrys was previously approved by the Commission in Docket No. G-011/AI-13-623. The Tax Allocation

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<sup>2</sup> PGL also provides certain interstate transportation and storage services at wholesale cost-based rates subject to the exclusive regulation of the Federal Energy Regulatory Commission (“FERC”) under a Hinshaw blanket certificate issued pursuant to the Natural Gas Policy Act of 1978.

<sup>3</sup> NSG has also received FERC authorization, under § 7(f) of the federal Natural Gas Act, to own and operate approximately 10.4 miles of gas transportation facilities in Wisconsin (subject to the exclusive jurisdiction of the FERC). *North Shore Gas Co.*, 83 FERC ¶61,149 (1998).

<sup>4</sup> WEC owns a 60.31 percent equity ownership of ATC. To maintain the diversity of views on the direction and management of ATC, WEC votes the former Integrys ownership stake in ATC of 34.07 percent without restriction, but directs the remaining 26.24 percent ownership share to be voted proportionally with the position of the remaining ATC owners. This structure is intended to facilitate continued collaboration between the owners of ATC.

<sup>5</sup> See Attachment 5 (Certificate of Amendment to Certificate of Formation of Integrys Business Support, LLC).

Agreement has been updated to reflect the change of MERC's ultimate corporate parent to WEC, the current WEC subsidiaries under the Tax Allocation Agreement, and the new operative date of the Agreement; otherwise, there are no other substantive changes to the Tax Allocation Agreement approved by the Commission in Docket No. G-011/AI-13-623.

The Tax Allocation Agreement allows for the efficient filing of taxes between WEC and its subsidiaries. It facilitates and governs the filing of consolidated federal, state, and local tax returns, and the allocation of tax liability among WEC and its subsidiaries that are subject to the income tax. The Tax Allocation Agreement supersedes the prior such agreement between Integrys and its subsidiaries approved by the Commission in Docket No. G-011/AI-13-623.

The Tax Allocation Agreement is described in detail in Attachment 1, which provides the 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. A copy of the Tax Allocation Agreement is provided as Attachment 2.

## **5. Conclusion**

MERC respectfully requests the Commission approve the Tax Allocation Agreement between WEC and its subsidiaries. MERC also requests that the Commission terminate the Tax Allocation Agreement approved by the Commission in Docket No G-011/AI-13-623.

Dated: July 28, 2015

Respectfully Submitted,

Amber S. Lee  
Regulatory and Legislative  
Affairs Manager  
MINNESOTA ENERGY  
RESOURCES CORPORATION  
1995 Rahncliff Court, Suite 200  
Eagan, MN 55122  
(651) 322-8965

/s/  
By: Michael C. Krikava  
Michael C. Krikava  
Anna E. Jenks  
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Minneapolis, Minnesota 55402  
(612) 977-8400

**MINNESOTA ENERGY RESOURCES CORPORATION**

## Attachment 1

### Required Filing Information

## **ATTACHMENT 1**

### **TAX ALLOCATION AGREEMENT**

#### **REQUIRED FILING INFORMATION**

Pursuant to Minn. R. 7825.2200, subp. B, and 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 for the Tax Allocation Agreement that was recently updated. The Tax Allocation Agreement is substantively identical to the Tax Allocation Agreement approved by the Commission in Docket No. G-011/AI-13-623. The only changes made to the Tax Allocation Agreement are changes that reflect the change of MERC’s corporate parent to WEC Energy Group, Inc. (“WEC”), the current WEC subsidiaries under the Tax Allocation Agreement, the new operative date of the agreement, and non-substantive ministerial changes.

#### **1. Identity of the affiliated parties**

The Tax Allocation Agreement is entered into by and among WEC, a public utility holding company, and the subsidiaries of WEC that are subject to the income tax. The current parties to the Tax Allocation Agreement are: WEC Energy Group, Inc.; Integrys Holding, Inc.; Wisconsin Electric Power Company; Wisconsin Energy Capital Corporation; Wisconsin Gas, LLC; W.E. Power, LLC; WEC Business Services LLC; WPS Visions, Inc.; Wisconsin Public Service Corporation; WPS Leasing, Inc.; Michigan Gas Utilities Corporation; Minnesota Energy Resources Corporation; Penvest, Inc.; WPS Empire State, Inc.; The Peoples Gas Light and Coke Company; Peoples Gas Neighborhood Development Corporation; North Shore Gas Company; and Peoples Technology, LLC.

**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. Filing of Consolidated Returns**

Under the Tax Allocation Agreement, WEC and its subsidiaries consent to the filing of consolidated tax returns for the tax year ending December 31, 2015, and for each year thereafter for which WEC and its subsidiaries are eligible to file consolidated returns. The parties to the Tax Allocation Agreement authorize WEC to undertake actions within the scope of WEC's "agency" within the meaning of Section 1.1502.77(a) of the Treasury Regulations, including:

- (i) taking any and all action necessary or incidental to the preparation and filing of a consolidated return;
- (ii) making all required payments of consolidated income tax;
- (iii) making elections and adopting accounting methods;
- (iv) filing all extensions of time;
- (v) filing all claims for refund or credit;
- (vi) conducting all audits and contesting (both administratively and judicially) the proposal of adjustments to tax liability and the assessment of any deficiency;
- (vii) executing all waivers and statute extensions;
- (viii) making decisions regarding tax adjustments;
- (ix) executing closing agreements, settlement agreements, offers in compromise, and all other documents; and
- (x) obtaining private letter rulings or technical advice memoranda.

The Tax Allocation Agreement provides that the subsidiaries shall not have any authority to act for or represent themselves in any of these matters. WEC agrees, however, to timely apprise



the subsidiaries' management regarding any matter and any plans for settling any tax issue that could impact the subsidiaries.

Under the Tax Allocation Agreement, WEC may arrange with an affiliate or a third party for such services and payments as may be reasonably required for the preparation and filing of the consolidated returns, the calculation of taxes, and any required government audit proceedings. WEC shall be reimbursed for such services in accordance with the affiliated interest agreement then in place. No changes have been made to these provisions since the Commission's last approval of the Tax Allocation Agreement.

**B. Allocation of Tax Liabilities**

Article III of the Tax Allocation Agreement outlines the method used to allocate the tax liability and to compensate a party for the use of its net operating losses and/or tax credits in arriving at the consolidated tax liability. No changes have been made to these provisions since the Commission's last approval of the Tax Allocation Agreement.

Step one: Each party's separate regular tax obligation will be computed. For a party subject to rate regulation, this step will be applied separately to the party's regulated and non-regulated activities.

Step two: The consolidated tax obligation will be computed.

Step three: Each party will be allocated a tax adjustment where necessary to reflect any item or credit that was subject to limitation on a separate return basis but was not subject to limitation on a consolidated basis. Additionally, a tax adjustment will be allocated where necessary to reflect any item limited on a consolidated basis but not on a separate return basis. For parties subject to rate regulation, this step will be applied separately to its regulated and nonregulated activities.

Step four: WEC will be allocated a tax adjustment where necessary to reflect the consolidated tax obligation computed in step two less the aggregate amount of the separate obligations computed in step one and adjusted under step three.

Step five: Each subsidiary shall be liable for and pay to or receive from WEC the amount of its adjusted separate return tax as calculated in step three.

### **C. Other Provisions**

The Tax Allocation Agreement provides that WEC shall make all estimated federal income tax payments on behalf of the consolidated group and provides detail regarding the payment of taxes by WEC and the subsidiaries. Additionally, the Tax Allocation Agreement addresses carrybacks and carryovers of losses and credits and adjustments to consolidated tax liability in the event of an amended return, claim for refund, or audit by any taxing authority. No changes have been made to these provisions since the Commission's last approval of the Tax Allocation Agreement.

### **D. Effective Date and Length of Tax Allocation Agreement**

The parties executed the Tax Allocation Agreement on June 29, 2015. Under Section 6.1 of the Tax Allocation Agreement, the Tax Allocation Agreement will be effective starting with the tax year ending December 31, 2015 and shall apply to all taxable years or portions thereof for which a consolidated or unitary tax return was or is filed with respect to a subsidiary that was included as part of such return, unless WEC and the subsidiary agree in writing to another arrangement or otherwise agree to terminate the Tax Allocation Agreement.

### **3. Copy of the Agreement**

A copy of the Tax Allocation Agreement is provided in Attachment 2.

**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.<sup>1</sup>
- 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. G-007,011/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.

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<sup>1</sup> 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. G-007,011/AI-11-168, approved by Commission order on May 17, 2011.
- Request by MERC for Approval of a Tax Allocation Agreement, Docket No. G-007,011/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. G-007,011/AI-12-910, approved by Commission order dated July 3, 2013.
- Request by MERC for Approval of a Tax Allocation Agreement, Docket G-011/AI-13-623, approved by Commission order dated October 15, 2013. As noted above, the Tax Allocation Agreement presented in this Petition will replace the agreement previously approved by the Commission.
- 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. G-007,011/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. G-011/AI-13-934, approved by Commission order dated January 9, 2014.

*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 have been reviewed in the Company's previously approved Tax Allocation Agreement in Docket No. G007,011/AI-11-545, and in the Company's prior rate cases.

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

The Tax Allocation Agreement replaces the Tax Allocation Agreement between Integrys and its subsidiaries approved by the Commission in Docket No. G-011/AI-13-623. The Tax

Allocation Agreement has been updated to reflect the change of MERC's corporate parent to WEC, the current WEC subsidiaries under the Tax Allocation Agreement, and the new operative date of the Agreement; there are no other substantive non-ministerial changes to the Tax Allocation Agreement.

Federal and some state income tax laws permit the filing of consolidated tax returns by a corporation and its subsidiaries. As a result, tax benefits created through the operations of the company or its subsidiaries may be used to reduce the income tax liability of the consolidated group. In formalizing the procedures for determining the income tax liability for WEC and its subsidiaries, the Tax Allocation Agreement ensures the use of consolidated tax filing procedures and an equitable allocation of tax liabilities and benefits.

As noted above, Internal Revenue Code section 1552 provides that an affiliated group may allocate tax liability among the members of the group using one of three methods set out in the statute or else by a method approved by the Secretary. 26 U.S.C. § 1552(a). Section 3.2 of the Tax Allocation Agreement adopts the method set out in 26 U.S.C. § 1552(a)(1) and 26 C.F.R. § 1.1552-1(a)(1). In the absence of a formal election, the statute states that tax liability shall be allocated pursuant to the method described in subsection (a)(1), which is the method of tax allocation memorialized in the Tax Allocation Agreement.

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

Section 2.1(d) of the Tax Allocation Agreement provides that WEC shall be reimbursed for the costs of services in accordance with the then-applicable affiliated interest agreement. The applicable affiliated interest agreement between Integrys and its public utility subsidiaries was approved by the Commission in Docket No. G007, 011/AI-06-1052. The affiliated interest agreement provides that all services, goods, and property will be provided at cost, with

transactions for labor and other services between Integrys and the public utility subsidiaries charged at fully allocated cost. Section 4.0 of the affiliated interest agreement describes how costs are to be determined and allocated, and establishes standards for cost records. The costs of tax services provided by WEC Business Services LLC<sup>2</sup> (“Service Company”) to MERC in relation to the Tax Allocation Agreement are allocated as set forth in the Service Company Agreement approved by the Commission in Docket No. G007, 011/AI-07-779.<sup>3</sup> The Service Company Agreement provides that all services will be provided at cost, with the Service Company recovering its costs by direct billing whenever practicable, and when direct billing is not practicable, pursuant to the cost allocation methodologies described in Exhibit C to the agreement.

**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 tax services that may be most efficiently and cost effectively obtained from WEC. The Tax Allocation Agreement covers a recurring administrative function, the preparation and filing of consolidated tax returns and the allocation of tax liabilities, and it would not be cost effective to bid out such services.

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

No affiliate will have access to MERC’s customer information as a result of the Tax Allocation Agreement.

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<sup>2</sup> Integrys Business Support, LLC changed its name to WEC Business Services LLC upon the closing of the merger between Integrys and WEC on June 29, 2015. *See* Attachment 5.

<sup>3</sup> As noted above, the Commission has approved modifications to the Service Company Agreement in Docket Nos. G007,011/A1-08-1376, G007,011/A1-09-1244, G007,011/A1-11-168, and G007,011/A1-12-910.

## Attachment 2

# Tax Allocation Agreement



WEC Energy Group, Inc.  
231 W. Michigan St.  
Milwaukee, WI 53203

**TAX ALLOCATION AGREEMENT**

**BETWEEN**

**WEC ENERGY GROUP, INC. AND ITS  
SUBSIDIARIES**



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## TAX ALLOCATION AGREEMENT

AN AGREEMENT made as of the 29<sup>th</sup> day of June, 2015, by and between WEC Energy Group Inc. ("WEC"), and its Subsidiaries (each a "Subsidiary" and, collectively, the "Subsidiaries"). WEC and its Subsidiaries are each a "Party" and collectively are the "Parties" to this Agreement.

### PREAMBLE

WHEREAS, WEC is directly or indirectly the owner of 100% of the outstanding stock of Subsidiaries, and WEC and Subsidiaries are therefore members of an affiliated group (each a "Member" and, collectively, the "Group") within the meaning of Section 1504(a) of the Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, WEC and Subsidiaries recognize the importance under the "normalization" provisions of Code Section 168(i)(9) for federal tax purposes and those comparable provisions for state and local tax purposes of having the tax consequences of each of their respective operations accounted for as if each Party filed federal income tax returns on a "separate" basis;

WHEREAS, so long as it continues to be permissible under the federal income tax laws and/or the applicable state and local tax laws (not including the Texas margin tax) to file consolidated/combined income tax returns ("Consolidated Returns"), the Parties believe that it will be in their best interests to file (and continue to file) such Consolidated Returns;

WHEREAS, the Parties have always accounted for their respective operations as if each Party filed income tax returns on a "separate" basis, and continue to believe that the apportionment and allocation of federal income and other tax liabilities among and between the Parties to this Agreement are also deemed desirable;

WHEREAS, the Parties to this Agreement wish to confirm in writing their understanding as to certain matters and procedures pertaining to their federal income tax, other taxes, and unitary tax; and

WHEREAS, under custom and practice of the Consolidated Group the provisions of this Agreement are applicable to all of those entities (i.e., "Members") included in the Consolidated Group, the purpose of this Agreement is to more particularly articulate in writing such provisions as they may apply to the Members of the Consolidated Group vis-à-vis their relationship to WEC.

NOW, THEREFORE, it is agreed as follows:

ARTICLE I  
DEFINITIONS

In addition to any defined terms which may have their meanings ascribed to them elsewhere in this Agreement, the following defined terms shall have the following meanings:

"Agreement" means this Tax Allocation Agreement.

"Code" means Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent federal tax laws. Reference to the Code also includes any applicable and corresponding provisions of the Treasury Regulations.

"Consolidated Group" means the "affiliated group" of corporations of which WEC is the "common parent corporation" and all "includible corporations" as such terms are defined in Code Section 1504(a)(1).

"Consolidated Return(s)" means the consolidated/combined federal, state and local income tax returns of the Consolidated Group for each taxable year as filed or to be filed by WEC on behalf of the Consolidated Group.

"Consolidated Tax Liability" means, except as provided otherwise in this Agreement, for any tax year, the consolidated federal income tax liability computed in accordance with Section 1.1502-2 of the Treasury Regulations or the consolidated state or local tax liability computed in accordance with applicable law, and shown on a Consolidated Return, taking into account all credits to which the Consolidated Group is entitled.

"Future Subsidiary" and "Future Subsidiaries" mean a Subsidiary or those Subsidiaries, respectively, which are not currently a Party to this Agreement.

"Member" or "Members" means WEC, a Subsidiary, or Future Subsidiary. Unless otherwise noted, particular reference to a "Member" in this Agreement shall refer to a Subsidiary.

"Subsidiary" means any Subsidiary which is a Party to this Agreement on the date of original execution of this Agreement. The Subsidiaries (for purposes of this Agreement) include Integrys Holding, Inc., Wisconsin Electric Power Company, Wisconsin Energy Capital Corporation, Wisconsin Gas, LLC, W.E. Power, LLC, WEC Business Services, LLC, WPS Visions, Inc., Wisconsin Public Service Corporation, WPS Leasing, Inc., Michigan Gas Utilities Corporation, Minnesota Energy Resources Corporation, Penvest, Inc., WPS Empire State Inc., The Peoples Gas Light and Coke Company,

Peoples Gas Neighborhood Development Corporation, North Shore Gas Company, and Peoples Technology, LLC.

"Separate Return Tax" means, with respect to any tax year, the "separate return" tax liability of a Member as determined pursuant to Section 1.1552-1(a)(2)(ii) of the Treasury Regulations or applicable state or local tax laws, except that such determination shall not take into account any net operating losses or tax credits which are not utilized in the computation of Consolidated Tax Liability.

"Treasury Regulations" mean the federal income tax regulation issued as the official Treasury Department's interpretation of the Internal Revenue Code. The term shall include proposed regulations, temporary regulations and final regulations.

## ARTICLE II

### FILING OF CONSOLIDATED RETURNS

#### 2.1. Consent to File.

(a) WEC and its Subsidiaries hereby consent, and agree to cause any Future Subsidiary to consent, to the extent necessary, to the filing of Consolidated Returns, including for the tax year ended December 31, 2015, and for each year thereafter in which WEC and its Subsidiaries or any Future Subsidiary are eligible to file Consolidated Returns, until such time as WEC, in the exercise of its sole discretion, elects to refrain from filing Consolidated Returns. Such agreement reflects prior practice of WEC and its Subsidiaries and their intention to continue such practice absent an amendment to or termination of this Agreement.

(b) WEC and its Subsidiaries agree to furnish, and cause each Future Subsidiary to furnish, all information and to execute all elections or other documents which may be necessary or appropriate to evidence consent and to prepare and file Consolidated Returns and such applications for extension of time to file such Consolidated Returns as WEC may from time to time request.

(c) WEC and its Subsidiaries agree, and shall cause each Future Subsidiary to agree, that WEC shall be authorized to and shall undertake those actions which are within the scope of WEC's "agency" (within the meaning of and pursuant to Section 1.1502-77(a) of the Treasury Regulations) in connection with a Consolidated Return, including, without limitation:

(i) taking any and all action necessary or incidental to the preparation and filing of a Consolidated Return;

(ii) making all required payments of consolidated income tax on behalf of the Consolidated Group

(iii) making elections and adopting accounting methods;

(iv) filing all requests for extensions of time, including extensions of time for payment of tax under Section 6161 and other sections of the Code;

(v) filing all claims for refund or credit;

(vi) conducting all audits of the Consolidated Group and its Members and contesting (both administratively and judicially) the proposal of adjustments to tax liability and the assessment of any deficiency;

(vii) executing all waivers and statute extensions;

(viii) making decisions regarding tax adjustments affecting the Consolidated Group or any Member;

(ix) executing closing agreements, settlement agreements, offers in compromise, and all other documents; and

(x) obtaining private letter rulings or technical advice memoranda.

It is intended that the Subsidiaries shall not have any authority to act for or to represent themselves in any such matter to which this paragraph 2.1(c) relates; however, to the extent any such matter relates to a Subsidiary or to a Future Subsidiary, WEC agrees to timely apprise such Subsidiary's or Future Subsidiary's management regarding the matter. Furthermore, WEC agrees that in those situations when it is exercising its agency to settle proposed adjustments to the income tax liability of the Consolidated Group, it will, with regard to any tax issue which could impact the Subsidiaries or Future Subsidiaries, timely apprise such Subsidiaries' or Future Subsidiaries' management of the plans for settling such issue.

(d) WEC may arrange with one or more of its affiliates or another third party provider for such services and payments as may be reasonably required for the preparation and filing of Consolidated Returns, the calculation of taxes required under this Agreement and the government audit proceedings that may be required with respect thereto, and WEC shall be reimbursed for such services and Members of the Consolidated Group charged therefore, in accordance with the then-applicable affiliated interest agreement between them.

## 2.2. Cooperation.

(a) WEC and its Subsidiaries agree to cooperate, and WEC and its Subsidiaries agree to cause each Future Subsidiary to cooperate, with WEC in filing any return or consent or taking any other action contemplated by this Agreement and agree to take such action as WEC may request in connection therewith.

(b) The authorization and obligations set forth herein under Article II shall survive the termination of this Agreement with respect to any tax year (or portion thereof) ending on or prior to termination of this Agreement.

## ARTICLE III

## ALLOCATION OF TAX LIABILITIES

3.1. Allocation of Consolidated Tax Liability.

(a) The Parties shall allocate the Consolidated Tax Liability for each taxable period among the Members and compensate a Member for the use of its net operating losses and/or tax credits in arriving at the Consolidated Tax Liability pursuant to the following steps:

(1) Step One: Each Member's separate regular tax obligation will be computed, applying the statutory rate in effect for the Consolidated Group to the Members' separate taxable income. In arriving at each Member's separate tax obligation its regular tax obligation will be increased and/or reduced for the tax effect of items subject to limitation (e.g., net operating losses, domestic manufacturing deduction, alternative minimum tax, capital losses, charitable contributions, etc.) and tax credits computed as if the Member was filing on a separate basis. For Members subject to rate regulation, the provision of this step will be applied separately to the Members' regulated and non-regulated activities.

(ii) Step Two: The Consolidated Group's regular tax obligation will be computed, applying the statutory rate in effect for the Consolidated Group to the taxable income of the Consolidated Group. The Consolidated Group's regular tax obligation will be increased and/or reduced for the tax effect of items subject to limitation and tax credits as applied on a consolidated basis.

(iii) Step Three: Each Member will be allocated a tax adjustment where necessary to reflect any item or credit that was subject to limitation on a separate return basis as computed under subsection 3.1(a)(i), but was not subject to limitation on a consolidated basis as computed under subsection 3.1(a)(ii). The adjustment described above will be allocated only where the Member would have been able to use the adjustment in a future year on a separate return basis. Each Member will be allocated a tax adjustment where necessary to reflect any item limited on a consolidated basis under subsection 3.1(a)(ii), but was not limited on a separate basis as computed under subsection 3.1(a)(i). The adjustment described above will be allocated only where the Consolidated Group will not be able to use the item or credit in a future year on a consolidated return basis. For Members subject to rate regulation, the provision of this step will be applied separately to the Members' regulated and non-regulated activities.

(iv) Step Four: WEC will be allocated a tax adjustment where necessary to reflect the Consolidated Group tax obligation as computed under subsection 3.1(a)(ii) less the aggregate amount of the Members' separate obligations computed under subsection 3.1(a)(i) and adjusted under subsection 3.1(a)(iii).

01 Step Five: Each Subsidiary shall be liable for and pay to or receive from WEC, pursuant to the provision of Article III of this Agreement, the amount of its Separate Return Tax adjusted per subsection 3.1(a)(iii).

(b) The following rules shall apply in carrying out the steps of Section 3.1(a) of this Agreement:

(i) In determining the net operating loss of a Subsidiary, the principles of Revenue Ruling 66-374, 1966-2 C.B. 427, shall be utilized;

(ii) In no event shall a payment be made to a Subsidiary unless the net operating loss and/or tax credit to which such payment relates resulted in a reduction in the Consolidated Tax Liability; and

(iii) In calculating the amount payable to a Subsidiary resulting from a carryback or carryover of net operating losses, adjustment shall be made to the Separate Return Tax for such prior year or subsequent year as required under Code Sections 172(b)(2) and 172(d) (i.e., carryover/back rules). For purposes of this calculation, the election under Section 172(b)(3) (i.e., waiver of carryback) of the Code shall be in the sole discretion of WEC.

(c) The liability of a Subsidiary to WEC for the amount of its tax shall be represented on the books of the Subsidiary and WEC as an account payable and account receivable, respectively. The liability of WEC to a Subsidiary shall be represented on the books of WEC and the Subsidiary as an account payable and account receivable respectively, as provided under Article IV.

3.2. Allocation of Consolidated Tax Liability for Earnings and Profits Purposes.

With respect to the determination of earnings and profits for federal income tax purposes (as described under Treasury Regulations Section 1.1502-33(d)), the Members shall have allocated to them that portion of the Consolidated Tax Liability determined in accordance with the method set forth in Code Section 1552(a)(1) and Treasury Regulations Section 1.1552-1(a)(1), all as required under Treasury Regulations Section 1.1552-1(c)(1).

ARTICLE IV

PAYMENTS; CARRYBACKS/CARRYFORWARDS

4.1. Estimated Taxes.

WEC shall make all estimated federal income tax payments on behalf of the Consolidated Group. Within the month of the prescribed due date for each estimated payment:

(a) Each Subsidiary shall compute the estimated payment that it would be required to make for the payment period applying the provisions of Article III hereof;

(b) Each Subsidiary shall pay such amount to WEC or inform WEC that no estimated payment is owed under this provision.

4.2. Taxes Due on Return.

(a) Within 90 days of the prescribed due date (including applicable extensions thereof) of a Consolidated Return for the Consolidated Group:

(i) The tax allocable to a Subsidiary shall be computed in accordance with Article III; and

(ii) Each Subsidiary shall pay such amount to WEC minus the amounts previously paid as estimated tax payments and carried over from prior periods with respect to such tax year, or shall inform WEC in writing that no payment is owed by such Subsidiary or that such Subsidiary has made estimated payments to WEC in excess of its tax liability for such year.

(b) In the event WEC owes an amount to a Subsidiary pursuant to this section, WEC shall pay (or credit against estimated tax payments of the Subsidiary due WEC under Section 4.1 above) such amount to the Subsidiary within 90 days of the due date of the Consolidated Return of the Consolidated Group, including proper extensions.

#### 4.3. Carrybacks and Carryovers of Losses and Credits.

If part or all of any unused consolidated net operating loss or tax credit is allocated to a Subsidiary pursuant to Section 1.1502-79 of the Treasury Regulations, and it is carried back or forward to a year in which the Subsidiary filed a separate income tax return or was included in a consolidated federal income tax return with another consolidated or combined group, any refund or reduction in federal income tax liability arising from the carryback or carryover shall be retained (or, if appropriate, credited to such Subsidiary if a refund is received by another Member) by such Subsidiary.

### ARTICLE V

#### ADJUSTMENTS TO CONSOLIDATED TAX LIABILITY

##### 5.1. Subsequent Tax Adjustments.

(a) In the event of any adjustment of the tax liability shown on the Consolidated Return of the Consolidated Group, by reason of an amended return, claim for refund, audit by the Internal Revenue Service or any other taxing authority (the "Taxing Authority"), including any adjustments barred by the statutes of limitation but permitted under such common law doctrines as equitable recoupment of offset, the separate return tax liability of each Subsidiary under Article III shall be recomputed to give effect to any portion of such adjustment applicable to such Subsidiary as if it had been made as part of the original computation of tax liability thereunder.

(b) Applicable interest paid by the Taxing Authority or applicable interest and penalties due to the Tax Authority shall be allocated to the Subsidiary causing the adjustment.

(c) Such recomputation and any adjusting payment required as a result of this Article V shall be made within 90 days upon the final administrative or judicial determination of such adjustment or upon receipt of a refund properly calculated.



## ARTICLE VI

## MISCELLANEOUS

6.1. Terms of this Agreement.

(a) This Agreement is effective for all "open years" under Code Section 6501, and the applicable state and local provisions, for purposes of federal income taxes, unitary taxes of the Members, and other state, local and foreign taxes, including the tax year ended December 31, 2015. As such, this Agreement shall apply to all taxable years or portions thereof (including those prior to the date of this Agreement) for which a consolidated or unitary tax return was or is filed with respect to a Subsidiary that was included as part of such return(s), unless WEC and the Subsidiary agree in writing to another arrangement or otherwise agree to terminate this Agreement. Notwithstanding such termination, this Agreement shall continue in effect with respect to any payment or refund due for all taxable periods prior to termination.

(b) This Agreement shall cease to apply with respect to any Party hereto which ceases to be a Member of the Consolidated Group, effective for all tax years beginning on or after the date such Party ceases to be a Member of such Consolidated Group except with respect to adjustments required pursuant to Article V hereof, which shall continue to apply. This Agreement shall not be terminated under any other circumstances except pursuant to the written agreement of the Parties.

6.2. Additional Subsidiaries.

(a) If WEC at any time acquires or creates, directly or indirectly, a corporation which is an "includible corporation" within the meaning of Section 1504(b) of the Code, such corporation shall be subject to this Agreement and all references to the Parties hereto shall thereafter be interpreted to refer to such corporation in addition to WEC and its present Subsidiaries.

(b) This Agreement shall be amended at such time the stock of a Subsidiary is owned less than 100% by WEC but the Subsidiary is nevertheless still an "includible corporation" under Section 1504(b) of the Code.

6.3. Purpose and Effect.

The purpose of this Agreement is to provide a method for fairly and accurately allocating federal, state, local and foreign income taxes among members of the Consolidated Group on a "separate basis" and to reflect other applicable statutes and regulatory principles, and in the event of any ambiguity, this Agreement shall be construed consistently therewith. This Agreement is also intended to provide a method for determining earnings and profits for federal income tax purposes and to otherwise allocate taxes and tax attributes for federal tax purposes, and the Parties hereto may take action to determine whether approval of this Agreement is necessary for its effectiveness for federal tax purposes, and may take action to secure such approval if necessary. Notwithstanding the foregoing, the effectiveness of this Agreement for other

purposes is not conditioned upon its effectiveness for earnings and profits or other federal tax purposes. Accordingly, regardless of the method in which taxes are allocated among Members of the Consolidated Group for earnings and profits or other federal tax purposes, the method provided for herein shall be considered fair and accurate, and no payment required hereunder shall be considered a dividend or contribution to capital, or give rise to any claim by any Member of the Group or any shareholder thereof.

6.4. Miscellaneous.

This Agreement contains the entire agreement of the Parties and may not be modified or amended except by an agreement in writing signed by the Parties. The rights and obligations of the Parties hereunder shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

6.5. Assignability.

The rights and obligations under this Agreement of the Parties to this Agreement may not be assigned by a Party without the prior written and unanimous consent of the other Parties to this agreement.

6.6. Effect of Changes to the Code.

Any alteration, modification, addition, deletion, or other change in the Code, Treasury Regulations and/or the state and local tax laws applicable to the filing of Consolidated Returns shall automatically be applicable to this Agreement, provided, however, that if all the Parties to this Agreement unanimously agree, this Agreement shall be amended or terminated in the event of any such alteration, modification, addition, deletion or other change.

6.7. Record Retention.

WEC shall make available, and WEC shall cause the Subsidiaries and Future Subsidiaries to make available, to the Members of the Consolidated Group all materials (including, without limitation, returns, supporting schedules, work papers, correspondence, and other documents) relating to the Consolidated Returns filed for the taxable years during which this Agreement was effect during regular business hours for a period that is not less than the applicable federal record retention requirement period.

6.8. Binding Effect.

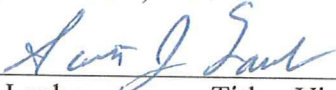
This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties hereto; but no assignment shall relieve any Party's obligations hereunder without the written consent of the other Parties. In the event a Member leaves the Consolidated Group, it shall be bound, nevertheless, by this Agreement with respect to any matter which involves a taxable year (or portion thereof) during which it was included in a Consolidated Return.

6.9. Governing Law.


This Agreement shall be governed by the laws of the State of Wisconsin.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

WEC ENERGY GROUP, INC.

Signed:   
Name: Scott Lauber Title: Vice President and Treasurer

INTEGRYS HOLDING, INC.

Signed:   
Name: Scott Lauber Title: Vice President and Treasurer

WISCONSIN ELECTRIC POWER COMPANY

Signed:   
Name: Scott Lauber Title: Vice President and Treasurer


WISCONSIN ENERGY CAPITAL CORPORATION

Signed:   
Name: Scott Lauber Title: Vice President and Treasurer

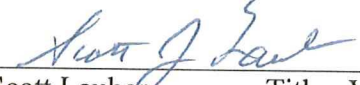
WISCONSIN GAS, LLC

Signed:   
Name: Scott Lauber Title: Vice President and Treasurer


W.E. POWER, LLC

Signed:   
Name: Scott Lauber Title: Vice President and Treasurer

WEC Business Services, LLC

Signed:   
Name: Scott Lauber Title: Vice President and Treasurer


WPS VISIONS, INC

Signed:   
Name: William Guc Title: Treasurer

WISCONSIN PUBLIC SERVICE CORPORATION

Signed:   
Name: Scott Lauber Title: Vice President and Treasurer

WPS LEASING, INC

Signed:   
Name: William Gue Title: Treasurer

MICHIGAN GAS UTILITIES CORPORATION

Signed:   
Name: Scott Lauber Title: Vice President and Treasurer

MINNESOTA ENERGY RESOURCES CORPORATION

Signed:   
Name: Scott Lauber Title: Vice President and Treasurer


PENVEST, INC

Signed:   
Name: William Gue Title: Treasurer

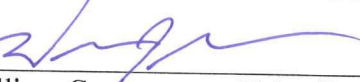
WPS EMPIRE STATE, INC

Signed:   
Name: William Gue Title: Treasurer


THE PEOPLES GAS LIGHT AND COKE COMPANY

Signed:   
Name: Scott Lauber Title: Vice President and Treasurer

PEOPLES GAS NEIGHBORHOOD DEVELOPMENT CORPORATION

Signed:   
Name: William Gue Title: Treasurer

NORTH SHORE GAS COMPANY

Signed:   
Name: Scott Lauber Title: Vice President and Treasurer

PEOPLES TECHNOLOGY, LLC  
by PEOPLES ENERGY VENTURE, LLC, its Sole Member

Signed:   
Name: William Guc Title: Treasurer

## Attachment 3

Redline copy of Tax Allocation Agreement  
showing modifications to the previously  
approved Tax Allocation Agreement

*WEC*  
*Energy Group*

TAX ALLOCATION AGREEMENT

BETWEEN

~~INTEGRYS~~[WEC](#) ENERGY GROUP, INC. AND  
ITS SUBSIDIARIES

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## TAX ALLOCATION AGREEMENT

AN AGREEMENT made as of the ~~1st~~<sup>29<sup>th</sup></sup> day of ~~July~~<sup>June</sup>, ~~2013~~<sup>2015</sup>, by and between ~~Integr~~<sup>Integr</sup>~~ys~~<sup>ys</sup> ~~WEC~~<sup>WEC</sup> Energy Group, Inc. (“~~INTEGRYS~~<sup>INTEGRYS</sup>~~WEC~~<sup>WEC</sup>”), and its ~~Consolidated~~ Subsidiaries (each a “Subsidiary” and, collectively, the “Subsidiaries”). WEC and its Subsidiaries are each a “Party” and collectively are the “Parties” to this Agreement.

## PREAMBLE

WHEREAS, ~~INTEGRYS~~<sup>INTEGRYS</sup>~~WEC~~<sup>WEC</sup> is directly or indirectly the owner of 100% of the outstanding stock of Subsidiaries, and ~~INTEGRYS~~<sup>INTEGRYS</sup>~~WEC~~<sup>WEC</sup> and Subsidiaries are therefore members of an affiliated group (each a “Member” and, collectively, the “Group”) within the meaning of Section 1504(a) of the Internal Revenue Code of 1986, as amended (the “Code”);

WHEREAS, ~~INTEGRYS~~<sup>INTEGRYS</sup>~~WEC~~<sup>WEC</sup> and Subsidiaries recognize the importance under the “normalization” provisions of Code Section 168(i)(9) for federal tax purposes and those comparable provisions for state and local tax purposes ~~to have~~<sup>of having</sup> the tax consequences of each of their respective operations accounted for as if each ~~party~~<sup>Party</sup> filed federal income tax returns on a “separate” basis;

WHEREAS, so long as it continues to be permissible under the federal income tax laws and/or the applicable state and local tax laws (not including the Texas margin tax) to file consolidated/combined income tax returns (“Consolidated Returns”), the ~~parties~~<sup>Parties</sup> ~~to this Agreement~~ believe that it will be in their best interests to file (and continue to file) such Consolidated Returns;

WHEREAS, the ~~parties~~<sup>Parties</sup> have always accounted for their respective operations as if each ~~party~~<sup>Party</sup> filed income tax returns on a “separate” basis, and continue to believe that the apportionment and allocation of federal income and other tax liabilities among and between the ~~parties~~<sup>Parties</sup> to this Agreement are also deemed desirable;

WHEREAS, the ~~parties~~<sup>Parties</sup> to this Agreement wish to confirm in writing their understanding as to certain matters and procedures pertaining to their federal income tax, other taxes, and unitary tax; and

WHEREAS, under custom and practice of the Consolidated Group the provisions of this Agreement are applicable to all of those entities (i.e., “Members”) included in the Consolidated Group, the purpose of this Agreement is to more particularly articulate in writing such provisions as they may apply to the Members of the Consolidated Group vis-a-vis their relationship to ~~INTEGRYS~~<sup>INTEGRYS</sup>~~WEC~~<sup>WEC</sup>.

NOW, THEREFORE, it is agreed as follows:

ARTICLE I  
DEFINITIONS

In addition to any defined terms which may have their meanings ascribed to them elsewhere in this Agreement, the following defined terms shall have the following meanings:

“Agreement” means this Tax Allocation Agreement.

“Code” means Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent federal tax laws. Reference to the Code also includes any applicable and corresponding provisions of the Treasury Regulations.

“Consolidated Group” means the “affiliated group” of corporations of which ~~INTEGRYS~~WEC is the “common parent corporation” and ~~WPS Visions, Inc., Wisconsin Public Service Corporation, WPS Leasing, Upper Peninsula Power Company, Michigan Gas Utilities Corporation, Minnesota Energy Resources Corporation, Penvest, Inc., Integrys Energy Services Inc., Integrys Energy Services of New York, Inc., Integrys Solar, LLC, PDI Stoneman, Inc., WPS Empire State Inc., The Peoples Gas Light and Coke Company, Peoples Gas Neighborhood Development Corporation, North Shore Gas Company, Peoples Technology, LLC and Compass Energy Services, Inc.~~ are all “includible corporations” as such terms are defined in Code Section 1504(a)(1).

“Consolidated Return(s)” means the consolidated/combined federal, state and local income tax returns of the Consolidated Group for each taxable year as filed or to be filed by ~~INTEGRYS~~WEC on behalf of the Consolidated Group.

“Consolidated Tax Liability” means, except as provided otherwise in this Agreement, for any tax year, the consolidated federal income tax liability computed in accordance with Section 1.1502-2 of the Treasury Regulations or the consolidated state or local tax liability computed in accordance with applicable law, and shown on a Consolidated Return, taking into account all credits to which the Consolidated Group is entitled.

“Future Subsidiary” and “Future Subsidiaries” mean a Subsidiary or those Subsidiaries, respectively, which are not currently a ~~party~~Party to this Agreement ~~in the capacity as a Subsidiary or Subsidiaries.~~

“Member” or “Members” means ~~INTEGRYS~~WEC, a Subsidiary, or Future Subsidiary. ~~“Members” means INTEGRYS, the Subsidiary, and any Future Subsidiaries.~~ Unless otherwise noted, particular reference to a “Member” in this Agreement shall refer to a Subsidiary.

“Subsidiary” means any Subsidiary which is a ~~party~~Party to this Agreement ~~at on~~ the date of original execution of this Agreement, ~~the~~ The Subsidiaries (for purposes of this Agreement) ~~are include~~ Integrys Holding, Inc., Wisconsin Electric Power Company, Wisconsin Energy Capital Corporation, Wisconsin Gas, LLC, W.E. Power, LLC, WEC Business Services, LLC, WPS Visions, Inc., Wisconsin Public Service Corporation, WPS Leasing, Upper Peninsula Power Company Inc., Michigan Gas Utilities Corporation, Minnesota Energy Resources Corporation, Penvest, Inc., Integrys Energy Services Inc., Integrys Energy Services of New York, Inc., Integrys Solar, LLC, PDI Stoneman, Inc., WPS Empire State Inc., The Peoples Gas Light and Coke Company,

Peoples Gas Neighborhood Development Corporation, North Shore Gas Company, and Peoples Technology, LLC ~~and Compass Energy Services, Inc.~~

“Separate Return Tax” means, with respect to any tax year, the “separate return” tax liability of a Member as determined pursuant to Section 1.1552-1(a)(2)(ii) of the Treasury Regulations or applicable state or local tax laws, except that such determination shall not take into account any net operating losses or tax credits which are not utilized in the computation of Consolidated Tax Liability.

“Treasury Regulations” mean the federal income tax regulation issued as the official Treasury Department’s interpretation of the Internal Revenue Code. The term shall include proposed regulations, temporary regulations and final regulations.

## ARTICLE II

### FILING OF CONSOLIDATED RETURNS

#### 2.1. Consent to File.

(a) INTEGRYSWEC and its Subsidiaries hereby consent, and agree to cause any Future Subsidiary to consent, to the extent necessary, to the filing of Consolidated Returns, including for the tax year ended December 31, ~~2013, 2015~~, and for each year thereafter in which INTEGRYSWEC and its Subsidiaries or any Future Subsidiary are eligible to file Consolidated Returns, until such time as INTEGRYSWEC, in the exercise of its sole discretion, elects to refrain from filing Consolidated Returns. Such agreement reflects prior practice of INTEGRYSWEC and its Subsidiaries and their intention to continue such practice absent an amendment to or termination of this Agreement.

(b) INTEGRYSWEC and its Subsidiaries agree to furnish, and cause each Future Subsidiary to furnish, all information and to execute all elections or other documents which may be necessary or appropriate to evidence consent and to prepare and file Consolidated Returns and such applications for extension of time to file such Consolidated Returns as INTEGRYSWEC may from time to time request.

(c) INTEGRYSWEC and its Subsidiaries agree, and shall cause each Future Subsidiary to agree, that INTEGRYSWEC shall be authorized to and shall undertake those actions which are within the scope of INTEGRYSWEC’s “agency” (within the meaning of and pursuant to Section 1.1502-77(a) of the Treasury Regulations) in connection with a Consolidated Return, including, without limitation:

- (i) taking any and all action necessary or incidental to the preparation and filing of a Consolidated Return;
- (ii) making all required payments of consolidated income tax on behalf of the Consolidated Group
- (iii) making elections and adopting accounting methods;

- (iv) filing all requests for extensions of time, including extensions of time for payment of tax under Section 6161 and other sections of the Code;
- (v) filing all claims for refund or credit;
- (vi) conducting all audits of the Consolidated Group and its Members and contesting (both administratively and judicially) the proposal of adjustments to tax liability and the assessment of any deficiency;
- (vii) executing all waivers and statute extensions;
- (viii) making decisions regarding tax adjustments affecting the Consolidated Group or any Member;
- (ix) executing closing agreements, settlement agreements, offers in compromise, and all other documents; and
- (x) obtaining private letter rulings or technical advice memoranda.

It is intended that the Subsidiaries shall not have any authority to act for or to represent themselves in any such matter to which this paragraph 2.1(c) relates; however, to the extent any such matter relates to a Subsidiary or to a Future Subsidiary, INTEGRYSWEC agrees to timely apprise such Subsidiary's or Future Subsidiary's management regarding the matter. Furthermore, INTEGRYSWEC agrees that in those situations when it is exercising its agency to settle proposed adjustments to the income tax liability of the Consolidated Group, it will, with regard to any tax issue which could impact the Subsidiaries or Future Subsidiaries, timely apprise such Subsidiaries' or Future Subsidiaries' management of the plans for settling such issue.

(d) INTEGRYSWEC may arrange with one or more of its affiliates or another third party provider for such services and payments as may be reasonably required for the preparation and filing of Consolidated Returns, the calculation of taxes required under this Agreement and the government audit proceedings that may be required with respect thereto, and INTEGRYSWEC shall be reimbursed for such services and Members of the Consolidated Group charged therefore, in accordance with the then-applicable affiliated interest agreement between them.

## 2.2. Cooperation.

(a) INTEGRYSWEC and its Subsidiaries agree to cooperate, and INTEGRYSWEC and its Subsidiaries agree to cause each Future Subsidiary to cooperate, with INTEGRYSWEC in filing any return or consent or taking any other action contemplated by this Agreement and agrees agree to take such action as INTEGRYSWEC may request in connection therewith.

(b) The authorization and obligations set forth herein under Article II shall survive the termination of this Agreement with respect to any tax year (or portion thereof) ending on or prior to termination of this Agreement.

ARTICLE III  
ALLOCATION OF TAX LIABILITIES

3.1. Allocation of Consolidated Tax Liability.

(a) The Parties shall allocate the Consolidated Tax Liability for each taxable period among the Members and compensate a Member for the use of its net operating losses and/or tax credits in arriving at the Consolidated Tax Liability pursuant to the following steps:

~~(i)~~ (1) Step One: Each Member's separate regular tax obligation will be computed, applying the statutory rate in effect for the Consolidated Group to the Members' separate taxable income. In arriving at each Member's separate tax obligation its regular tax obligation will be increased and/or reduced for the tax effect of items subject to limitation (e.g., net operating losses, domestic manufacturing deduction, alternative minimum tax, capital losses, charitable contributions, etc.) and tax credits computed as if the Member was filing on a separate basis. For Members subject to rate regulation, the provision of this step will be applied separately to the Members' regulated and non-regulated activities.

~~(ii)~~ (ii) Step Two: The Consolidated ~~Groups'~~ Group's regular tax obligation will be computed, applying the statutory rate in effect for the Consolidated Group to the taxable income of the Consolidated Group. The Consolidated ~~Groups'~~ Group's regular tax obligation will be increased and/or reduced for the tax effect of items subject to limitation and tax credits as applied on a consolidated basis.

~~(iii)~~ (iii) Step Three: Each Member will be allocated a tax adjustment where necessary to reflect any item or credit that was subject to limitation on a separate return basis as computed under subsection 3.1(a)(i), but was not subject to limitation on a consolidated basis as computed under subsection 3.1(a)(ii). The adjustment described above will be allocated only where the Member would have been able to use the adjustment in a future year on a separate return basis. Each Member will be allocated a tax adjustment where necessary to reflect any item limited on a consolidated basis under subsection 3.1(a)(ii), but was not limited on a separate basis as computed under subsection 3.1(a)(i). The adjustment described above will be allocated only where the Consolidated Group will not be able to use the item or credit in a future year on a consolidated return basis. For Members subject to rate regulation, the provision of this step will be applied separately to the Members' regulated and non-regulated activities.

~~(iv)~~ (iv) Step Four: INTEGRYSWEC will be allocated a tax adjustment where necessary to reflect the Consolidated Group tax obligation as computed under subsection 3.1(a)(ii) less the aggregate amount of the Members' separate ~~obligation~~ obligations computed under subsection 3.1 (a)(i) and adjusted under subsection 3.1 (a)(iii).

~~(v)~~ 01 Step Five: Each Subsidiary shall be liable for and pay to or receive from INTEGRYSWEC, pursuant to the provision of Article III of this Agreement, the amount of its Separate Return Tax adjusted per subsection 3.1(a)(iii).

~~(b)~~ (b) The following ~~rates~~ rules shall apply in carrying out the steps of Section 3.1(a) of this Agreement:

(i) In determining the net operating loss of a Subsidiary, the principles of Revenue Ruling 66-374, 1966-2 C.B. 427, shall be utilized;

(ii) In no event shall a payment be made to a Subsidiary unless the net operating loss and/or tax credit to which such payment relates resulted in a reduction in the Consolidated Tax Liability; and

(iii) In calculating the amount payable to a Subsidiary resulting from a carryback or carryover of net operating losses, adjustment shall be made to the Separate Return Tax for such prior year or subsequent year as required under Code Sections 172(b)(2) and 172(d) (i.e., carryover/back rules). For purposes of this calculation, the election under Section 172(b)(3) (i.e., waiver of carryback) of the Code shall be in the sole discretion of **INTEGRYSWEC**.

~~(e)~~(c) The liability of a Subsidiary to **INTEGRYSWEC** for the amount of its tax shall be represented on the books of the Subsidiary and **INTEGRYSWEC** as an account payable and account receivable, respectively. The liability of **INTEGRYSWEC** to a Subsidiary shall be represented on the books of **INTEGRYSWEC** and the Subsidiary as an account payable and account receivable respectively, as provided ~~for~~ under Article IV.

### 3.2. Allocation of Consolidated Tax Liability for Earnings and Profits Purposes.

With respect to the determination of earnings and profits for federal income tax purposes (as described under Treasury Regulations Section ~~1.1502-33~~1.1502-33(d)), the Members shall have allocated to them that portion of the Consolidated Tax Liability determined in accordance with the method set forth in Code Section 1552(a)(1) and Treasury Regulations Section 1.1552-1(a)(1), all as required under Treasury Regulations Section 1.1552-1(c)(1).

## ARTICLE IV

### PAYMENTS; CARRYBACKS/CARRYFORWARDS

#### 4.1. Estimated Taxes.

**INTEGRYSWEC** shall make all estimated federal income tax payments on behalf of the Consolidated Group. Within the month of the prescribed due date for each estimated payment:

(a) Each Subsidiary shall compute the estimated payment that it would be required to make for the payment period applying the provisions of Article III hereof;

(b) Each Subsidiary shall pay such amount to **INTEGRYSWEC** or inform **INTEGRYSWEC** that no estimated payment is owed under this provision.

#### 4.2. Taxes Due on Return.

(a) Within 90 days of the prescribed due date (including applicable extensions thereof) of a Consolidated Return for the Consolidated Group:

(i) The tax allocable to a Subsidiary shall be computed in accordance with Article III; and

(ii) Each Subsidiary shall pay such amount to INTEGRYSWEC minus the amounts previously paid as estimated tax payments and earnedcarried over from prior periods with respect to such tax year, or shall inform INTEGRYSWEC in writing that no payment is owed by such Subsidiary or that such Subsidiary has made estimated payments to INTEGRYSWEC in excess of its tax liability for such year.

(b) In the event INTEGRYSWEC owes an amount to a Subsidiary pursuant to this section, INTEGRYSWEC shall pay (or credit against estimated tax payments of the Subsidiary due INTEGRYSWEC under Section 4.1 above) such amount to the Subsidiary within 90 days of the due date of the Consolidated Return of the Consolidated Group, including proper extensions.

#### 4.3. ~~Carrybacks~~Carrvbacks and Carryovers of Losses and Credits.

If part or all of any unused consolidated net operating loss or tax credit is allocated to a Subsidiary pursuant to Section 1.1502-79 of the Treasury Regulations, and it is earnedcarried back or forward to a year in which the Subsidiary filed a separate income tax return or was included in a consolidated federal income tax return with another consolidated or combined group, any refund or reduction in federal income tax liability arising from the carryback or carryover shall be retained (or, if appropriate, credited to such Subsidiary if a refund is received by another Member) by such Subsidiary.

## ARTICLE V

### ADJUSTMENTS TO CONSOLIDATED TAX

#### LIABILITY~~5.1.~~ 5.1. Subsequent Tax Adjustments.

(a) In the event of any adjustment of the tax liability shown on the Consolidated Return of the Consolidated Group, by reason of an amended return, claim for refund, audit by the Internal Revenue Service or any other taxing authority (the "Taxing Authority"), including any adjustments barred by the statutes of limitation but permitted under such common law doctrines as equitable recoupment or offset, the separate return tax liability of each Subsidiary under Article III shall be recomputed to give effect to any portion of such adjustment applicable to such Subsidiary as if it had been made as part of the original computation of tax liability thereunder.

(b) Applicable interest paid by the Taxing Authority or applicable interest and penalties due to the Tax Authority shall be allocated to the Subsidiary causing the adjustment.

Such recomputation and any adjusting payment required as a result of this Article V shall be made within 90 days upon the final administrative or judicial determination of such adjustment or upon receipt of a refund properly calculated.

## MISCELLANEOUS

~~6.1.~~ 6.1 Terms of this Agreement.

~~(a)~~ (a) This Agreement is effective for all “open years” under Code Section 6501, and the applicable state and local provisions, for purposes of federal income taxes, unitary taxes of the Members, and other state, local and foreign taxes, including the tax year ended December 31, ~~2013-2015~~. As such, this Agreement shall apply to all taxable years or portions thereof (including those prior to the date of this Agreement) for which a consolidated or unitary tax return was or is filed with respect to a Subsidiary that was included as part of such return(s), unless INTEGRYSWEC and the Subsidiary agree in writing to another arrangement or otherwise agree to terminate this Agreement. Notwithstanding such termination, this Agreement shall continue in effect with respect to any payment or refund due for all taxable periods prior to termination.

~~(b)~~ (b) This Agreement shall cease to apply with respect to any ~~party~~ Party hereto which ceases to be a Member of the Consolidated Group, effective for all tax years beginning on or after the date such ~~party~~ Party ceases to be a Member of such Consolidated Group except with respect to adjustments required pursuant to Article V hereof, which shall continue to apply. This Agreement shall not be terminated under any other circumstances except pursuant to the written agreement of the ~~parties~~ Parties.

6.2. Additional Subsidiaries.

(a) If INTEGRYSWEC at any time acquires or creates, directly or indirectly, a corporation which is an “includible corporation” within the meaning of Section 1504(b) of the Code, such corporation shall be subject to this Agreement and all references to the ~~parties~~ Parties hereto shall thereafter be interpreted to refer to such corporation in addition to INTEGRYSWEC and its present Subsidiaries.

(b) This Agreement shall be amended at such time the stock of a Subsidiary is owned less than 100% by INTEGRYSWEC but the Subsidiary is nevertheless still an “includible corporation” under Section 1504(b) of the Code.

6.3. Purpose and Effect.

The purpose of this Agreement is to provide a method for fairly and accurately allocating federal, state, local and foreign income taxes among members of the Consolidated Group on a “separate basis” and to reflect other applicable statutes and regulatory principles, and in the event of any ambiguity, this Agreement shall be construed consistently therewith. This Agreement is also intended to provide a method for determining earnings and profits for federal income tax purposes and to otherwise allocate taxes and tax attributes for federal tax purposes, and the ~~parties~~ Parties hereto may take action to determine whether approval of this Agreement is necessary for its effectiveness for federal tax purposes, and may take action to secure such approval if necessary. Notwithstanding the foregoing, the effectiveness of this Agreement for other



purposes is not conditioned upon its effectiveness for earnings and profits or other federal tax purposes. Accordingly, regardless of the method in which taxes are allocated among Members of the Consolidated Group for earnings and profits or other federal tax purposes, the method provided for herein shall be considered fair and accurate, and no payment required hereunder shall be considered a dividend or contribution to capital, or give rise to any claim by any Member of the Group or any shareholder thereof.

6.4. Miscellaneous.

This Agreement contains the entire agreement of the partiesParties and may not be modified or amended except by an agreement in writing signed by the partiesParties. The rights and obligations of the partiesParties hereunder shall be binding upon and inure to the benefit of the partiesParties and their respective successors and assigns.

6.5. Assignability.

The rights and obligations under this Agreement of the partiesParties to this Agreement may not be assigned by a partyParty without the prior written and unanimous consent of the other partiesParties to this agreement.

6.6. Effect of Changes to the Code.

Any alteration, modification, addition, deletion, or other change in the Code, Treasury Regulations and/or the state and local tax laws applicable to the filing of Consolidated Returns shall automatically be applicable to this Agreement, provided, however, that if all the partiesParties to this Agreement unanimously agree, this Agreement shall be amended or terminated in the event of any such alteration, modification, addition, deletion or other change.

6.7. Record Retention.

INTEGRYSWEC shall make available, and INTEGRYSWEC shall cause the Subsidiaries and Future Subsidiaries to make available, to the Members of the Consolidated Group all materials (including, without limitation, returns, supporting schedules, work papers, correspondence, and other documents) relating to the Consolidated Returns filed for the taxable years during which this Agreement was effect during regular business hours for a period that is not less than the applicable federal record retention requirement period.

6.8. Binding Effect.

This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the partiesParties hereto; but no assignment shall relieve any partyParty's obligations hereunder without the written consent of the other partiesParties. In the event a Member leaves the Consolidated Group, it shall be bound, nevertheless, by this Agreement with respect to any matter which involves a taxable year (or portion thereof) during which it was included in a Consolidated Return.

6.9. Governing Law.

This Agreement shall be governed by the laws of the State of Wisconsin.

IN WITNESS WHEREOF, the ~~parties~~Parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

~~INTEGRYS~~WEC ENERGY GROUP, INC.

Signed:  
Name: Scott Lauber

Signed:  
Name: ~~William J. Gue~~ Scott Lauber  
and Treasurer

Title: Vice President

INTEGRYS HOLDING, INC.

Signed:  
Name: Scott Lauber Title: Vice President and Treasurer

WISCONSIN ELECTRIC POWER COMPANY

Signed:  
Name: Scott Lauber Title: Vice President and Treasurer

WISCONSIN ENERGY CAPITAL CORPORATION

Signed:  
Name: Scott Lauber Title: Vice President and Treasurer

WISCONSIN GAS, LLC

Signed:  
Name: Scott Lauber Title: Vice President and Treasurer

W.E. POWER, LLC

Signed:  
Name: Scott Lauber Title: Vice President and Treasurer

WEC BUSINESS SERVICES, LLC

Signed:  
Name: Scott Lauber Title: Vice President and Treasurer

WPS VISIONS, INC.

Signed:

Name: William J. Guc Title: Treasurer

WISCONSIN PUBLIC SERVICE CORPORATION

Signed:

Name: ~~William J. Guc~~ Scott Lauber Title: Vice President and Treasurer

WPS LEASING, INC.

Signed:

Name: William J. Guc Title: ~~Treasurer~~

~~UPPER PENINSULA POWER COMPANY~~

~~Signed:~~ Name: ~~William J. Guc~~ ~~Title:~~ Treasurer

MICHIGAN GAS UTILITIES CORPORATION

Signed:

Name: ~~William J. Guc~~ Scott Lauber Title: Vice President and Treasurer

MINNESOTA ENERGY RESOURCES CORPORATION

Signed:

Name: ~~William J. Guc~~ Scott Lauber Title: Vice President and Treasurer

PENVEST, INC.

Signed:

Name: William J. Guc Title: Treasurer

~~INTEGRYS ENERGY SERVICES, INC.~~

Signed:

Name: ~~William J. Guc~~ Title: ~~Treasurer~~

~~INTEGRYS ENERGY SERVICES OF NEW YORK, INC.~~

Signed:

Name: ~~William J. Guc~~ Title: ~~Treasurer~~

INTEGRYS SOLAR, LLC

Signed:

Name: ~~William J. Guc~~ Title: ~~Treasurer~~

~~PDI STONEMAN, INC.~~

Signed:

Name: ~~William J. Guc~~ Title: ~~Treasurer~~

WPS EMPIRE STATE, INC.

Signed:

Name: William J. Guc Title: Treasurer

THE PEOPLES GAS LIGHT AND COKE COMPANY

Signed:

Name: ~~William J. Guc~~ Scott Lauber Title: Vice President and Treasurer

PEOPLES GAS NEIGHBORHOOD DEVELOPMENT CORPORATION

Signed:

Name: William J. Guc Title: Treasurer

NORTH SHORE GAS COMPANY

Signed:

Name: ~~William J. Guc~~ Scott Lauber Title: Vice President and Treasurer

PEOPLES TECHNOLOGY, LLC  
by PEOPLES ENERGY VENTURE, LLC, its Sole Member

Signed:

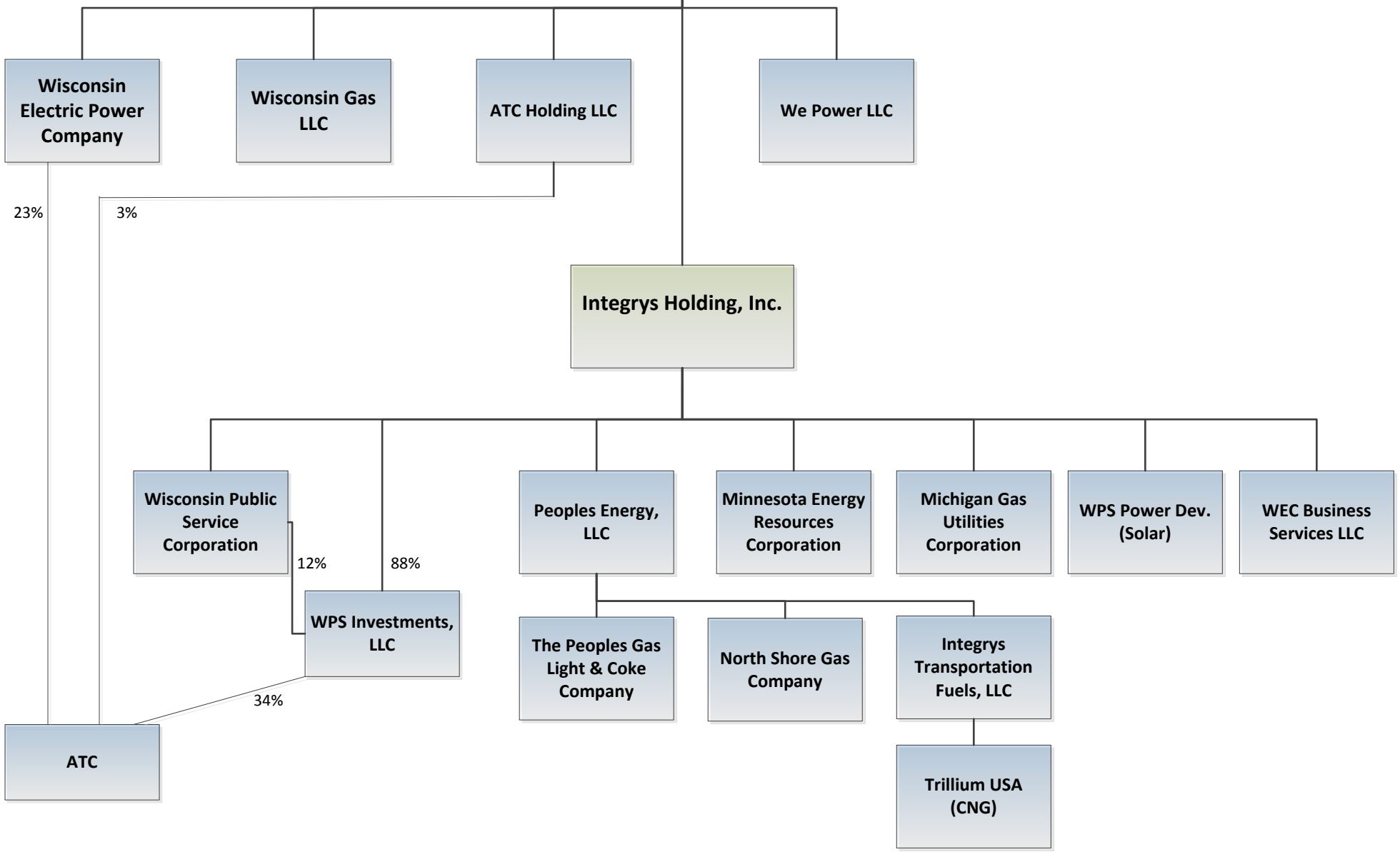
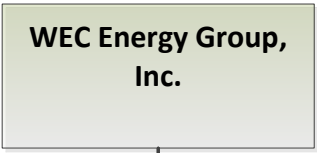
Name: William ~~J. Guc~~ Title: ~~Treasurer~~

~~COMPASS ENERGY SERVICES, INC.~~

~~Signed:~~Name: ~~William J.~~ Guc Title: Treasurer

## Attachment 4

# Organizational Chart of WEC System



\*Material entities only.

## Attachment 5

Certificate of Amendment to Certificate of  
Formation of Integrys Business Support, LLC



# Delaware

PAGE 1

*The First State*

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "INTEGRYS BUSINESS SUPPORT, LLC", CHANGING ITS NAME FROM "INTEGRYS BUSINESS SUPPORT, LLC" TO "WEC BUSINESS SERVICES LLC", FILED IN THIS OFFICE ON THE TWENTY-NINTH DAY OF JUNE, A.D. 2015, AT 11:32 O'CLOCK A.M.

4332592 8100

150984570



You may verify this certificate online  
at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

  
Jeffrey W. Bullock, Secretary of State  
AUTHENTICATION: 2511940

DATE: 06-29-15

State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 11:32 AM 06/29/2015  
FILED 11:32 AM 06/29/2015  
SRV 150984570 - 4332592 FILE

CERTIFICATE OF AMENDMENT

TO

CERTIFICATE OF FORMATION

OF

INTEGRYS BUSINESS SUPPORT, LLC

---

Pursuant to Section 18-202 of the  
Delaware Limited Liability Company Act

---

1. The name of the limited liability company is Integrity Business Support, LLC (the "Company").
2. The Certificate of Formation of the Company is hereby amended to change the name of the Company to WEC Business Services LLC.
3. Accordingly, Article 1. of the Certificate of Formation shall, as amended, read as follows:

"1. The name of the Company is WEC Business Services LLC."

IN WITNESS WHEREOF, the undersigned authorized person has executed this Certificate of Amendment this 29th day of June, 2015.

INTEGRYS BUSINESS SUPPORT, LLC

By: /s/ Allen L. Leverett

Name: Allen L. Leverett

Title: President

## Attachment 6

### Verification of Filing


VERIFICATION

STATE OF WISCONSIN )  
 ) ss.  
COUNTY OF MILWAUKEE )

James Schubilske verifies that he is the Vice President –State Regulatory Affairs of WEC Energy Group, Inc., that he has read the Petition for Approval of the Tax Allocation Agreement, and that he verifies the information contained therein is correct and true to the best of his knowledge.

  
\_\_\_\_\_  
James Schubilske  
Vice President – State Regulatory Affairs  
WEC Energy Group, Inc.

Subscribed and sworn to before me  
this 27<sup>th</sup> day of July, 2015.

  
\_\_\_\_\_  
Notary Public, State of Wisconsin  
My Commission Expires: July 6, 2018

