



Minnesota Energy Resources Corporation  
Suite 200  
1995 Rahnclyff Court  
Eagan, MN 55122  
[www.minnesotaenergyresources.com](http://www.minnesotaenergyresources.com)

April 1, 2016

**VIA ELECTRONIC FILING**

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 WEC Energy Group  
Affiliated Interest Agreement of Minnesota Energy Resources Corporation,  
Docket No. G011/AI-16-\_\_\_\_\_  
**Petition for Approval**

Dear Mr. Wolf:

Minnesota Energy Resources Corporation respectfully submits the following documents:

1. Summary of Filing; and
2. Petition for Approval of Affiliated Interest Agreement with attachments.

If you have any questions, please don't hesitate to contact me at 651-322-8965.

Sincerely yours,

A handwritten signature in black ink, appearing to read "ASL".

Amber S. Lee  
Regulatory and Legislative Affairs Manager

Enclosures

cc: Service List

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

Beverly Jones Heydinger  
Nancy Lange  
Dan Lipschultz  
Matt Schuerger  
John Tuma

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of the Petition for Approval of  
the WEC Energy Group Affiliated Interest  
Agreement of Minnesota Energy Resources  
Corporation

Docket No. G011/AI-16-\_\_\_\_\_

**PETITION**

**SUMMARY OF FILING**

Please take notice that on April 1, 2016, Minnesota Energy Resources Corporation (“MERC”) filed with the Minnesota Public Utilities Commission (“Commission”) a petition for approval of the WEC Energy Group Affiliated Interest Agreement (“WEC Energy AIA”) between WEC Energy Group, Inc. (“WEC”) and its regulated and non-regulated subsidiaries. The WEC Energy AIA will govern the provision of inter-company services provided by and among affiliates within the WEC holding company system, including services provided by WEC Business Services LLC. The WEC Energy AIA will supersede the affiliated interest agreement approved by the Commission in Docket No. G011/AI-15-704. The WEC Energy AIA is a combination of the affiliated interest agreement between MERC and WEC approved by the Commission in Docket No. G011/AI-15-704 and the master affiliated interest agreement (“Master AIA”) between MERC and the predecessor to WEC Business Services LLC approved by the Commission in Docket No. G007,011/AI-07-779.

**STATE OF MINNESOTA  
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In the Matter of the Petition for Approval of  
the WEC Energy Group Affiliated Interest  
Agreement of Minnesota Energy Resources  
Corporation

Docket No. G011/AI-16-\_\_\_\_\_

**PETITION**

**INTRODUCTION**

Pursuant to Minn. Stat. § 216B.48, Minn. R. 7825.2200, and consistent with the 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)(“Affiliate Process”), Minnesota Energy Resources Corporation (“MERC”) submits this petition for approval of a new WEC Energy Group, Inc. (“WEC”) Affiliated Interest Agreement (“WEC Energy AIA”). Through this filing, MERC seeks to consolidate its intercompany affiliate contracts into a single agreement that applies both to transactions among the members of the WEC organization and transactions with WEC Business Services LLC (“WBS”). The WEC Energy AIA, if approved by the Minnesota Public Utilities Commission (“Commission”), would replace two affiliated interest service agreements approved by this Commission. Specifically, the WEC Energy AIA would replace the WEC Energy Group Affiliated Interest Agreement (“AIA”) previously approved by the Commission in Docket No. G011/AI-15-704 (the “WEC Agreement”), and the Master Affiliated Interest Agreement between the predecessor to WBS and

its regulated utility affiliates (“Master AIA”) previously approved in Docket No. G007,011/AI-07-779.<sup>1</sup>

The WEC Energy AIA has also been filed for approval before the Public Service Commission of Wisconsin (“PSCW”) and the Illinois Commerce Commission (“ICC”), both of which require pre-approval of affiliated interest agreements. MERC proposes that the WEC Energy AIA take effect on the first day of the fiscal quarter following receipt of those required pre-approvals. Upon approval of the WEC Energy AIA in this proceeding, MERC respectfully requests that the WEC Agreement and the Master AIA be terminated and superseded by the WEC Energy AIA.

### **PROCEDURAL BACKGROUND**

On June 25, 2015, the Commission approved Wisconsin Energy Corporation’s acquisition of Integrys Energy Group, Inc. (“Integrys”), in Docket No. G011/PA-14-664. The acquisition closed on June 29, 2015, with WEC as MERC’s new ultimate corporate parent. On July 29, 2015, MERC filed the WEC Agreement with the Commission for approval and requested termination of the non-service company Affiliated Interest Agreement previously approved in Docket No. G007,011/AI-10-783. The WEC Agreement is the AIA that authorizes all companies in the WEC Energy holding company system to provide and receive a broad array of services, except that WBS is not a service provider under that agreement. On October 29, 2015, MERC filed a modified version of Appendix C to the WEC Agreement to allow services to be performed by utility employees covered by collective bargaining agreements that might otherwise have been performed by WBS. On January 8, 2016, the Commission approved the WEC Agreement and the proposed modifications to Appendix C, effective June 29, 2015.

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<sup>1</sup> The Master AIA was effective January 1, 2008. Since its approval, modifications to the Master AIA have been approved in Docket Nos. G007,011/AI-08-1376; G007,011/AI-09-1244; G007,011/AI-11-168; G007,011/AI-12-910; and G011/AI-13-934. MERC previously identified the potential for a new AIA in Docket No. G011/AI-15-704 and MERC advised the Commission that at such time as the Master AIA was amended, it would be brought to the Commission for approval.

In addition to replacing the WEC Agreement, the WEC Energy AIA would replace the existing Master AIA that was approved by the Commission in Docket G007,011/AI-07-779. MERC respectfully requests that upon approval of the WEC Energy AIA, that the Master AIA be terminated and superseded.

On a going forward basis, the WEC Energy AIA will cover all services provided by WBS to all Parties<sup>2</sup> to the WEC Energy AIA, and services provided as between Parties. The previously-approved WEC Agreement was used as the starting document for the WEC Energy AIA. The notable changes from the WEC Agreement to the WEC Energy AIA are summarized in **Attachment 3**. The structure that MERC has been operating under will not change as a result of the WEC Energy AIA.<sup>3</sup>

Accordingly, MERC respectfully requests approval of the WEC Energy AIA that consolidates WEC's affiliated interest agreements<sup>4</sup> into one agreement between WEC and its regulated and non-regulated subsidiaries that it entered into, including the WEC Agreement. MERC notes that the provisions related to its operations in the WEC Energy AIA are substantially identical to the Commission-approved WEC Agreement except for the notable changes summarized in **Attachment 3**. When the Commission considered and approved the

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<sup>2</sup> "Parties" as used herein refers to the parties to the WEC Agreement.

<sup>3</sup> On July 29, 2015, MERC also filed a Tax Allocation Agreement between WEC and its subsidiaries in Docket No. G011/AI-15-705. The Commission approved the Tax Allocation Agreement on October 6, 2015. The WEC Energy AIA will not change the Tax Allocation Agreement approved by the Commission.

<sup>4</sup> A total of five affiliated interest agreements are being rolled into the WEC Energy AIA, although only two of them previously were in effect for MERC. Two of these affiliated interest agreements, the WEC Agreement approved in Docket No. G011/AI-15-704 and the Master AIA approved in Docket No. G007,011/AI-07-779 required and obtained Commission approval. The other three affiliated interest agreements to be consolidated into the WEC Energy AIA were not subject to Commission approval. These three agreements to which MERC is not a party but under which other companies in the WEC holding company system provide and receive services are the following: (1) WBS provides a broad array of services to the non-state-regulated utilities in the legacy Integrys Energy Group, Inc. holding company system; (2) WBS may provide a broad array of services to the state-regulated utilities in the legacy Wisconsin Energy Corporation (now WEC) holding company system; and (3) WBS may provide a broad array of services to the non-state-regulated utilities in the legacy Wisconsin Energy Corporation holding company system.

WEC Agreement in Docket No. G011/AI-15-704, the Department of Commerce requested additional information on what services MERC expects to use and receive under the WEC Agreement and MERC provided Reply Comments detailing those services. The WEC Energy AIA does not change those services that MERC expects to use and receive. MERC also respectfully requests that upon approval of the WEC Energy AIA, the Commission terminate the Master AIA and the WEC Agreement approved by the Commission in Docket Nos. G007,011/AI-07-779 and G011/AI-15-704, respectively.

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 WEC Agreement;
- Attachment 2: Copy of the WEC Energy AIA, with Appendices A-E;
- Attachment 3: Summary of notable changes between the WEC Agreement and the WEC Energy AIA and the Master AIA and the WEC Energy AIA;
- Attachment 4: Current organizational chart of WEC system;
- Attachment 5a: Redline of WEC Energy AIA against the WEC Agreement;
- Attachment 5b: Redline of WEC Energy AIA against the Master AIA; 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, 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 MERC’s general service list.

**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  
Kodi Jean Verhalen  
Briggs and Morgan, P.A.  
2200 IDS Center  
80 South 8th Street  
Minneapolis, MN 55402  
(612) 977-8400

Mary Klyasheff  
Attorney  
Legal and Governance Affairs  
WEC Energy Group, Inc.  
200 East Randolph Street  
Chicago, IL 60601  
(312) 240-4470

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

**Date of filing:** April 1, 2016

**Proposed Effective Date:** Section 8.1 of the WEC Energy AIA states that the WEC Energy AIA becomes effective on the first day of the fiscal quarter following approval by the state regulatory commissions with jurisdiction over the agreement.

**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

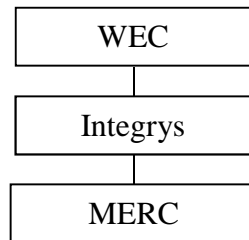
**4. Description and Purpose of Filing**

**A. Corporate Structures**

The structure of WEC with respect to MERC is provided in Figure 1 below, and a more comprehensive organizational description of WEC, is provided in **Attachment 4**.

**Figure 1**

Corporate Structure



WEC provides electricity and natural gas to 4.4 million customers across Minnesota, Illinois, Wisconsin, and Michigan through its primary utilities: MERC, We Energies (the trade name for two utilities), 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 230,000 customers over a service area that spans



portions of the entire State. The service area covers over 38,000 square miles, 52 counties, and 184 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 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, an Illinois corporation, furnishes natural gas utility service to approximately 828,000 customers in the City of Chicago and is subject to ICC jurisdiction.
- North Shore Gas Company, an Illinois corporation, furnishes natural gas utility service to approximately 159,000 customers in northeastern Illinois and is subject to ICC jurisdiction.

- Michigan Gas Utilities Corporation (“MGU”), a Delaware corporation, furnishes natural gas utility service to approximately 171,000 customers in lower Michigan and is subject to MPSC jurisdiction.

WEC holds all of legacy Wisconsin Energy Corporation’s and legacy Integrys’s subsidiaries, including American Transmission Company LLC (“ATC”)<sup>5</sup>, and WPS Power Development, LLC. Additionally, WEC owns legacy Integrys’s service company which changed its name from Integrys Business Services, LLC to WBS in 2015.

**B. The WEC Energy AIA**

The WEC Energy AIA is a comprehensive agreement designed to consolidate all service-related affiliated interest transactions within the WEC holding company structure. The WEC Energy AIA governs the provision of (i) inter-company services provided by and among affiliates within the WEC holding company system as well as (ii) services provided by the Service Company. The WEC Energy AIA supersedes the previous WEC Agreement approved by the Commission in Docket No. G011/AI-15-704. It also supersedes the Master AIA approved in Docket No. G007,011/AI-07-779.

The WEC Energy AIA is similar in structure and terms to the WEC Agreement and also includes provisions previously covered under the Master AIA. The principal distinctions are the types of services that Parties may provide and receive (although MERC still expects to use and provide the same services outlined in its Reply Comments filed on October 15, 2016 in Docket No. G011/AI-15-704) and requirements unique to WBS’ status as a centralized service company. The WEC Energy AIA captures the service differences by including appendices that distinguish

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<sup>5</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.

what services may be provided by what Parties. It addresses the provisions that apply only to WBS by incorporating them into the body of the WEC Energy AIA with clear designations to the extent they apply only to WBS.

The basic pricing principles remain unchanged. Services that WBS provides and receives are priced at cost. Services between Regulated Parties are priced at cost. Services that a Regulated Party receives from a Non-Regulated Party (except WBS) are priced at the lesser of cost or fair market value. Services that a Regulated Party provides to a Non-Regulated Party (except WBS) are priced at the higher of cost or fair market value.

The WEC Energy AIA 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 WEC Energy AIA is provided as **Attachment 2**.

## **5. Conclusion**

MERC respectfully requests the Commission approve the WEC Energy AIA between WEC and its subsidiaries. MERC also requests that the Commission terminate the Master AIA approved in Docket G007,011/AI-07-779 and the WEC Agreement approved in Docket No. G011/AI-15-704.

Dated: April 1, 2016

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

By: /s/ Michael C. Krikava  
Michael C. Krikava  
Kodi Jean Verhalen  
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(612) 977-8400

**MINNESOTA ENERGY RESOURCES CORPORATION**

# **Attachment 1**

## ATTACHMENT 1

### WEC ENERGY GROUP AFFILIATED INTEREST AGREEMENT

#### REQUIRED FILING INFORMATION

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 the WEC Energy Group, Inc. (“WEC”) Affiliated Interest Agreement (“WEC Energy AIA”). The WEC Energy AIA is a consolidated agreement that incorporates the affiliated interest agreement (“WEC Agreement”) between WEC and MERC approved by the Minnesota Public Utilities Commission (“Commission”) on January 8, 2016, in Docket No. G011/AI-15-704, and the Master affiliated interest agreement (“Master AIA”) between the predecessor to WEC Business Services LLC<sup>1</sup> (“WBS”) and its regulated utility affiliates approved by the Commission on May 26, 2008 in Docket No. G007,011/AI-07-779<sup>2</sup>.

Because of a condition imposed on WEC by the Public Service Commission of Wisconsin (“PSCW”) in three merger-related dockets addressing affiliated interest agreements, WEC prepared the WEC Energy AIA and is seeking pre-approval of this agreement from the PSCW and the Illinois Commerce Commission (“ICC”). WEC determined that it was appropriate to combine multiple affiliated interest agreements, including the terms of the WEC Agreement and the Master AIA, into one agreement. The WEC Energy AIA replaces the WEC Agreement and the Master AIA, the two agreements under which MERC receives and provides

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<sup>1</sup> This predecessor was Integrys Business Support, LLC.

<sup>2</sup> The Master AIA was effective January 1, 2008. Since its approval, modifications to the Master AIA have been approved in Docket Nos. G007,011/AI-08-1376; G007,011/AI-09-1244; G007,011/AI-11-168; G007,011/AI-12-910; and G011/AI-13-934.

services. The WEC Energy AIA also replaces three other agreements not subject to Commission approval.

The WEC Energy AIA combines and clarifies the agreements it replaces. Many of the terms and conditions of the agreements are similar. The principal distinctions are the types of services that Parties may provide and receive and requirements unique to WBS' status as a centralized service company.

The WEC Energy AIA structure is comparable to the WEC Agreement and Master AIA that this Commission previously approved. Significant structural, but not substantive, differences are:

1. Addition of a Definitions section (Article I)
2. Clearer definition of what services are covered and what providing services encompasses through revised wording in Article II and by including separate appendices.
3. Addition of language to recognize that inter-company billing and payment is an electronic exercise within the accounting system (Section 4.1).
4. Descriptions of how appendices may be revised that identifies state-specific distinctions (Sections 8.7, 8.8, and 8.9).
5. Addition of provisions applicable only to WBS that are substantially similar to provisions in the Master AIA but were inapplicable to the WEC Agreement (Sections 3.5, 5.2, 5.3, 6.2, 6.3)

The WEC Energy AIA includes many non-substantive changes to accommodate the use of a single agreement and to clarify and simplify certain terms, but many key provisions remain substantively intact. Notably, these include:

1. Basic pricing principles are unchanged. Services that WBS provides and receives are priced at cost. Services between Regulated Parties are priced at cost. Services that a Regulated Party receives from a Non-Regulated Party (except WBS) are priced at the lesser of cost or fair market value. Services that a Regulated Party provides to a Non-Regulated Party (except WBS) are priced at the higher of cost or fair market value.
2. Several reporting requirements remain that ensure the Commission and its staff receive detailed information about inter-company activity.

**1. Identity of the WEC Energy Group affiliated parties**

The WEC Energy AIA is entered into by and among 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 4 includes a current organizational chart for the WEC system.

Section 8.6 of the WEC Energy AIA provides that the addition of a Party to the WEC Energy AIA or the termination of the WEC Energy AIA as to a Party shall not require the prior approval of the Commissions but the Regulated Parties shall give written notice to the Commissions of changes to Appendix A (Regulated Parties) and Appendix B (Non-Regulated Parties). MERC acknowledges, however, that Minn. Stat. § 216B.48 may require Commission approval of any changes to the Parties to the WEC Energy AIA, and MERC intends to seek such approval in the event of a change to the Parties.



**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**

The WEC Energy AIA establishes the terms, conditions, and procedures that shall 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. The WEC Energy AIA reflects the Parties' desire to plan and operate certain aspects of their businesses with the integration of certain activities by sharing or receiving certain services, employees, properties, information systems, and/or anything else of commercial value. The WEC Energy AIA incorporates the terms of the WEC Agreement approved by the Commission in Docket No. G011/AI-15-704 and the Master AIA approved by the Commission in Docket No. G007,011/AI-07-779. The WEC Energy AIA also incorporates three other agreements that WEC maintains to which MERC is not a party.

**A. Effective Date and Length of Contract**

Section 8.1 of the WEC Energy AIA provides that it will become effective on the first day of the fiscal quarter following approval or waivers of the state regulatory commissions having jurisdiction over the agreement. The WEC Energy AIA will remain in full force and effect until and unless modified or terminated.

**B. Services**

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 retaining distinctions between regulated and non-regulated companies (Appendix C). Appendix D covers services that any Party (with some exceptions) may provide to any other Party (with some exceptions), 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. Appendices A and B identify the regulated and non-regulated Parties, respectively.

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.

### **C. Future Services, Categories**

Section 8.7 of the WEC Energy AIA provides:

Any change to Appendix C or Appendix D will not require the prior approval of the Commissions but the Regulated Parties will give sixty (60) days' prior written notice to the Commissions of changes to Appendix C or Appendix D.

To address Minnesota's Statutory requirements as they relate to changes to an affiliate interest agreement, Section 8.8 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. G999/CI-98-651, such changes will be submitted within 30 days.

MERC acknowledges that the prudence of the company's provision and receipt of services under the WEC Energy AIA is ultimately subject to review in Commission rate proceedings.

### **D. Pricing Terms**

Article III of the WEC Energy AIA establishes the pricing of affiliate transactions covered by the WEC Energy AIA and are the same as they were in the WEC Agreement and the Master 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 and any services provided by WBS to a Party shall be priced at cost.

The methods of determining “cost” and “fair market value” are outlined in Sections 3.2 through 3.4 of the WEC Energy AIA.

The Commission will have a record of the services provided and received under the proposed WEC Energy AIA. Section 5.4 of the WEC Energy AIA (as was stated in Section 4.2 of the WEC Agreement and Section 4.5 of the Master AIA) retains a reporting provision which requires that:

Each year by May 1, each of the Regulated Parties shall 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.

This retained reporting requirement will provide the Commission and other regulatory agencies with ratemaking authority a record of the services provided and received under the WEC Energy AIA by the Regulated Parties over whom they have jurisdiction.

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

A copy of the WEC Energy AIA is provided in Attachment 2. A redline of the WEC Energy AIA against the WEC Agreement and a redline of the WEC Energy AIA against the Master AIA are provided in Attachments 5a and 5b. Because the WEC Energy AIA is a consolidation of separate affiliated interest agreements, these redlines are not the most illustrative. For this reason, a description of the key changes from the WEC Agreement and the Master AIA are summarized in Attachment 3.

**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>3</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. 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/AI-09-1108, approved by Commission order dated April 20, 2010.

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<sup>3</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. 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.

**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.

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

The WEC Energy AIA replaces the WEC Agreement and the Master AIA. Like its predecessors, the WEC Energy AIA reflects the scope of services that can be provided by or to WEC affiliates and WBS, in light of the expansive umbrella of inter-company services provided by WBS. Like the prior agreements that it replaces, the WEC Energy AIA benefits MERC and its customers as virtually any service MERC provides or obtains under the WEC Energy AIA will be provided to, or obtained from, entities who are uniquely qualified to provide the service and will result in economies of scale. The WEC Energy AIA allows for the continuation of reasonable procedures and pricing among affiliated service providers, and thus will provide a reasonable basis as the governing agreement for the provision of intercompany shared services provided by affiliates. Depending on MERC's counterparty for a given service, and as detailed below, the provision of service to MERC is priced at cost or at the lesser of cost or fair market value and the provision of any service by MERC is priced at cost or the greater of cost or fair market value. MERC is not required to obtain or provide services under the WEC Energy AIA. The WEC Energy AIA includes an annual reporting requirement that will provide the Commission with a complete and detailed record of transactions among the affiliates.

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

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, equipment, materials and supplies, 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, 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 8.12 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 which 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.

# **Attachment 2**

## **WEC ENERGY AFFILIATED INTEREST AGREEMENT**

This WEC Energy Affiliated Interest Agreement (“Agreement”) is entered into this 31st day of March, 2016, 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 subject to applicable state utility 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.
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.
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.
15. "Regulated Party" means a Party identified on Appendix A and that is subject to rate regulation by a Commission.
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;
  - (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.
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 services available to the Regulated Party's customers, impede the Regulated Party's ability to provide utility services to its customers, or increase the costs to its customers of receiving utility 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.
- (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 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, 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.



- (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 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.
5. **FERC Jurisdiction.** 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 to identify and, for a Regulated Party, to classify the charges in terms of the 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) 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 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 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 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 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 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.
  - (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 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 accuracy of charges billed under this Agreement during the year. The Regulated Parties 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.

**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 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**

1. This Agreement will become effective on the first day of the fiscal quarter 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 will give written notice 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 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, 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 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.

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 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 Regulated Party conducts its state-regulated utility operations.

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.

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]

By   
Name: Allen Leverett  
Title: President

WEC BUSINESS SERVICES LLC  
By   
Name: J. Patrick Keyes  
Title: Executive Vice President and C.F.O.

MICHIGAN GAS UTILITIES CORPORATION

By   
Name: Allen Leverett  
Title: President

THE PEOPLES GAS LIGHT AND COKE COMPANY

By   
Name: Charles Matthews  
Title: President and CEO

MINNESOTA ENERGY RESOURCES CORPORATION

By   
Name: Allen Leverett  
Title: President

WISCONSIN ELECTRIC POWER COMPANY

By   
Name: Allen Leverett  
Title: President

NORTH SHORE GAS COMPANY

By   
Name: Charles Matthews  
Title: President and CEO

WISCONSIN GAS, LLC

By   
Name: Allen Leverett  
Title: President



WISCONSIN PUBLIC SERVICE  
CORPORATION

By 

Name: Allen Leverett

Title: Chairman, President and CEO

**Appendix A  
Regulated Parties**

**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

**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

**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

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

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. Such support includes designing and monitoring the construction and maintenance of distribution lines and ensuring that construction activity is consistent with plans. It includes coordinating the planning and operation of distribution systems, performing operational reviews of completed construction, maintenance work of distribution lines and operating meter shops. It includes geospatial services, locate system support, damage prevention, and contract administration to all regulated gas and electric affiliates. It includes providing services and training to operate and support gas and electric utility 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.

## **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-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.

### **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 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 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 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.

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 D<sup>1</sup>.

“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;

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<sup>1</sup> 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.

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

5. **Operational Support - Gas Utility:** Provide services and training to operate and support gas utility 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.
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.

## 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. 16-\_\_\_\_\_ 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

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.



- “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 inquiries (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.

- “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

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

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 an 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:** Provide services and training to operate and support gas utility operations, such as construction, design, operation and maintenance; field services; operational compliance.
- “Provide services and training to operate and support gas utility operations” means services that a gas 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.
  - “construction, design, operation and maintenance” means services needed to develop, maintain and operate gas utility infrastructure. These services include any service associated with the operation of a gas utility’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 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. 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 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 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 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**

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, 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, 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 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**

## ATTACHMENT 3

### WEC ENERGY GROUP AFFILIATED INTEREST AGREEMENT

#### SUMMARY OF NOTABLE CHANGES FROM WEC AGREEMENT AND MASTER AIA

1. Art. II.6: Rather than a presumption that WBS is the dominant service provider, if both WBS and another company are willing and able to provide a service, then the receiving party may select the service provider.
2. Art. III: Less detail defining the “overhead” component of cost and other cost descriptions.
3. Art. V.2: For certain detailed reporting requirements, increase the trigger from \$100,000 to \$250,000.
4. Art. V.6: Limiting language in the market price study (services “that a Non-Regulated Party provides or receives and for which a reasonable substitute is widely available in the relevant market.”)
5. Appendix C: Moving “Customer” as a WBS service only available to regulated utilities to available to all subsidiaries.
6. Appendix C: Expanding the operational services that WBS may provide beyond gas engineering support (gas and electric, support and field services).
7. Appendix C: Combining similar allocators into one (*e.g.*, number of devices and not number of personal computers, number of phone lines, *etc.*).
8. Appendix D: For regulated party to regulated party services, making all services “major” and none “incidental” [for Appendix E, “Fleet” remains incidental]
9. Appendix D: For non-regulated / regulated services, making three services “major”; currently, all services in this category are “incidental” [for Appendix E, leaving all incidental]
10. Appendix D: Defining “management” to include CEO/President, direct reports and those persons’ direct reports [currently, no definition].
11. Appendix E: reducing the sampling required for the audit, which will reduce the amount of detail produced by the audit.
12. Significant provisions that are retained with little or no change:
  - a. Pricing of services (to and from WBS at cost; regulated to non-regulated at higher of cost or market; non-regulated to regulated at lower of cost or market).
  - b. Detailed PUC reporting and internal audit requirements, largely moved from the service company AIAs.
  - c. Normal and customary contract terms and conditions (*e.g.*, indemnities, representations and warranties, definitions of key terms, agency rights)
  - d. Services and allocators applicable to WBS are largely unchanged [Appendix C changes noted above]

## **ATTACHMENT 3**

### **WEC ENERGY GROUP AFFILIATED INTEREST AGREEMENT**

#### **SUMMARY OF NOTABLE CHANGES FROM WEC AGREEMENT AND MASTER AIA**

- e. Services that non-WBS companies may provide are largely the same but movement from “incidental” to “major” in some cases [Appendix D changes noted above]

# **Attachment 4**

WEC Energy Group, Inc.

ATC Holding LLC (100%)

American Transmission Company LLC (3.20%)\*

Integrys Holding, Inc. (100%)

ATC Management Inc. (2%)\*\*

American Transmission Company LLC (0.02%)\*

Michigan Gas Utilities Corporation (100%)

Minnesota Energy Resources Corporation (100%)

Penvest, Inc. (100%)

Peoples Energy, LLC (100%)

North Shore Gas Company (100%)

Peoples Energy Ventures, LLC (100%)

Peoples Energy Neighborhood Development, LLC (100%)

Peoples Technology, LLC (100%)

The Peoples Gas Light & Coke Company (100%)

Peoples Gas Neighborhood Development Corporation (100%)

Wisconsin Public Service Corporation (100%)

ATC Management Inc. (32%)\*\*

Wisconsin River Power Company (50%)

Wisconsin Valley Improvement Company (27%)

WPS Investments, LLC (11%)\*\*

WPS Leasing, Inc. (100%)

WPS Investments, LLC (89%)\*\*

American Transmission Company LLC (34.07%)\*

WPS Power Development, LLC (100%)

Camden Solar Center, LLC (100%)

Combined Locks Energy Center, LLC (100%)

Crimson Solar, LLC (100%)

ECO Coal Pelletization No. 12, LLC (0% Class A; 100% Class B)

[Integrys CA Solar, LLC](#) (100%)

[Integrys MA Solar, LLC](#) (100%)

[Integrys Residential Solar, LLC](#) (100%)

[ISH Solar Grin, LLC](#) (50%)

[LGS Renewables I, LC](#) (100%)

[PERC Holdings, LLC](#) (100%)

[Sun Devil Solar LLC](#) (100%)

[Sunbury Holdings, LLC](#) (100%)

[Sunny Templeton, LLC](#) (100%)

[Winnebago Energy Center LLC](#) (100%)

[WPS Empire State, Inc.](#) (100%)

[WPS Visions, Inc.](#) (100%)

[SSS Holdings, LLC](#) (100%)

[W.E. Power, LLC](#) (100%)

[Elm Road Generating Station Supercritical, LLC](#) (100%)

[Elm Road Services, LLC](#) (100%)

[Port Washington Generating Station, LLC](#) (100%)

[WEC Business Services LLC](#) (100%)

[WEXCO of Delaware, Inc.](#) (100%)

[Wisconsin Electric Power Company](#) (100%)

ATC Management Inc. (26.24%)\*\*

American Transmission Company LLC (23.04%)\*

[BOSTCO LLC](#) (100%)

[Wisconsin Energy Capital Corporation](#) (100%)

[Wisconsin Energy Services, LLC](#) (100%)

[State Energy Services, LLC](#) (50%)

[Wisconsin Gas LLC](#) (100%)

[WISPARK LLC](#) (100%)

2825 Four Mile Road LLC (100%)

CenterPoint WISPARK Land Company II LLC (6.72%)

CenterPoint WISPARK Land Company LLC (32.95%)

Gaslight Pointe Associates, LLC (50%)

LakeView XV Venture LLC (2.49%)

LakeView XVI Venture LLC (2.42%)

Oak Creek Lakeside Land Holding LLC (100%)

One West Drexel LLC (100%)

[Wisvest LLC](#) (100%)

[Witech LLC](#) (100%)

[We Energies Foundation, Inc.](#)

[Wisconsin Public Service Foundation, Inc.](#)

[WPS Community Foundation, Inc.](#)

**\* American Transmission Company LLC Ownership:**

ATC Holding LLC	3.20%
ATC Management, Inc.	0.02%
Wisconsin Electric Power Company	23.04%
WPS Investments, LLC	<u>34.07%</u>
	60.33%

**\*\* ATC Management, Inc. Ownership:**

Integrus Holding, Inc.	2.00%
Wisconsin Electric Power Company	26.24%
Wisconsin Public Service Corporation	<u>32.00%</u>
	60.24%

**\*\*\* WPS Investments, LLC Ownership:**

Integrus Holding, Inc.	89.00%
Wisconsin Public Service Corporation	<u>11.00%</u>
	100.0%

# **Attachment 5a**



## WEC ENERGY ~~GROUP~~ AFFILIATED INTEREST AGREEMENT

This WEC Energy ~~GROUP~~ Affiliated Interest Agreement (“Agreement”) is entered into this \_\_\_\_ day of \_\_\_\_\_, ~~2015~~2016, by and among WEC Energy Group, Inc. (“WEC”), a public utility holding company, the regulated and its subsidiaries ~~of WEC listed on Appendix A (the “Regulated Parties”), and the non-regulated subsidiaries of WEC listed on Appendix B (the “Non-Regulated Parties”).~~ Each party to this Agreement is a “Party.”

### RECITALS

~~A. Each of the Regulated Parties, except WVIC (defined in Appendix A), is a state-regulated utility operating company, a wholly-owned subsidiary of WEC, and an affiliated interest of all other Parties pursuant to the applicable public utility law of the state(s) in which it conducts its regulated utility operations.~~

~~B. Each of the Non-Regulated Parties is a wholly-owned subsidiary of WEC that does not provide state-regulated utility service to captive customers, and is not otherwise a “public utility company” as that term is defined at 42 U.S.C. § 16451(14) and as such definition is construed by the Federal Energy Regulatory Commission (“FERC”).~~

~~C. WEC Business Services, LLC (“WBS”), a Non-Regulated Party, is a centralized service company, as defined and regulated by the FERC, that was formed to provide various services to the other Parties.~~

~~D. In order to maximize~~ 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 ~~or~~ anything else of ~~commercial~~ value.

EB. The Parties intend that this Agreement ~~shall~~will establish the terms, conditions, and procedures ~~that shall apply to~~under which they will achieve the ~~sharing of services and other transfers of goods, property, assets, rights or things of any kind between them~~objectives of Recital A, subject to the ~~regulatory~~ jurisdiction of the Commissions and subject to applicable state utility 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.
3. "FERC" means the Federal Energy Regulatory Commission or any successor to that agency.
4. "ICC" means the Illinois Commerce Commission (~~"ICC"~~), 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 (~~"MPSC"~~), or any successor to that agency.

8. “MPUC” means the Minnesota Public Utilities Commission (“MPUC”), and 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.
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 (“PSCW”), and any or any successor to that agency.
- ~~1. — other state public~~
14. “Receiving Party” means a Party receiving Services from another Party, and that other Party is a Providing Party.
15. “Regulated Party” means a Party identified on Appendix A and that is subject to rate regulation by a Commission.
16. “Service” and “Services” have the meanings ascribed to them in Article II and Appendix C, Appendix D, and Appendix E.
- ~~2. — service commission with jurisdiction over the retail service rates of any Regulated Party from time to time (collectively the “Commissions”) pursuant and subject to applicable state utility law.~~
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).

~~NOW, THEREFORE, in consideration of the mutual promises made herein, the Parties agree as follows:~~

~~AGREEMENT~~

18. "WEC Energy" means WEC Energy Group, Inc. and its successors and permitted assigns.

~~Article I~~ II  
**Provision of Services**

1. ~~1.1~~ — Subject to the limitations set forth in this Article ~~I~~ II and applicable state and federal requirements, ~~a~~ any Party ~~(including WBS)~~ may request Services from ~~another Party (any other than WBS); Party.~~ The term "Services" ~~is further described in Appendix C and may include~~ includes any service, good, asset, property, employee, right, interest, ~~thing or item of value, or~~ and anything of ~~commercial~~ value to the ~~transferee or recipient~~ Receiving Party, the ~~furnishing or provision,~~ transfer or sharing of which could be considered a "contract ~~or,~~ "arrangement," "service" or other exchange transfer or sharing of "property" or "assets" ~~(or other similar designations) which 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) 1.2. — Appendix C describes services that WBS may provide;

(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 ~~shall~~will have the right, at its sole discretion, to refuse to provide ~~or furnish~~ any Services requested ~~pursuant to~~under this Agreement; ~~there shall~~. There will be no exclusive right or right of first refusal associated with the provision ~~or furnishing of such~~ Services ~~pursuant to this Agreement; and~~. Receiving a refusal from another Party to a request under this Agreement ~~shall~~will not be a prerequisite for any Party to obtain from an independent third party any ~~property, service or thing which~~ Service that is or could be provided ~~or furnished~~ under this Agreement. Refusals of requests by any Party under this Agreement ~~shall~~will not terminate all or any portion of this Agreement.
3. ~~1.3 — Parties providing Services under this Agreement (each a “A Providing Party”) and Parties receiving any Service under this Agreement (each a “a Receiving Party”)~~

may establish and document their ~~mutual~~ expectations and requirements with respect to any particular Service to be rendered ~~hereunder~~ under this Agreement.

~~1.4 — With respect to certain Providing Parties as applicable:~~

~~(i) — No Party shall provide a Service under this Agreement if the Service must, if it is to be provided by an affiliate, instead be provided by WBS pursuant to an WBS AIA.~~

4. ~~(ii) — No~~ Nothing in this Agreement will require any Regulated Party ~~shall be required~~ to take actions ~~pursuant~~ that, relative to not acting under this Agreement ~~that, it would expect to~~ negatively ~~impact~~ affect the reliability or quality of utility services available to ~~customers of the Regulated Party~~ Party's customers, impede the ~~ability of the~~ Regulated ~~Party~~ Party's ability to provide utility services to its customers, or increase the costs to its customers of receiving ~~such~~ utility 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 II — III~~ **Determining Charges for Services Provided**

1. ~~2.1 — Cost of~~ **Charges for Services**.
- (a) ~~(i) — All Services provided by~~ that any Regulated Party provides to another Regulated Party ~~shall~~ will be priced at cost, with “cost” ~~being~~ determined ~~as provided in~~ pursuant to Section ~~2 III~~ 2.

(b) ~~(ii)~~ — All Services ~~provided by~~ that any Regulated Party provides to any Non-Regulated Party ~~shall~~ will be priced at the greater of cost or fair market value, with “cost” ~~being~~ determined ~~as provided in~~ pursuant to Section 2III.2 and with fair market value ~~being~~ determined pursuant to Section 2III.4.

(c) ~~(iii)~~ — All Services ~~provided by~~ that any Non-Regulated Party provides to any Regulated Party ~~shall~~ will be priced at the lesser of cost or fair market value, with “cost” ~~being~~ determined ~~as provided in~~ pursuant to Section 2III.3 and with fair market value ~~being~~ determined pursuant to Section 2III.4.

~~(d) (iv) — Notwithstanding anything else in this Agreement, all Services provided by any Party to WBS shall be priced at cost, with “cost” being determined as provided in Section 2.2 when the Providing Party is a Regulated Party and as provided in Section 2.3 when the Providing Party is a Non-Regulated Party.~~

(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) 2.2 — 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) ~~(i)~~ — Labor Cost.

~~— A.i. Each employee of any Regulated Party who in any month was a Providing Party shall, for that month, identify the actual time spent providing~~

~~Services and will~~ report the ~~total~~ time spent providing Services in ~~the~~ ~~Corporate Labor~~ a time reporting system that ~~is maintained by~~ WBS maintains or that ~~is otherwise maintained~~ a Regulated Party maintains in accordance with its established accounting procedures ~~of the Regulated Party.~~

~~B. Based on actual compensation and the total hours actually worked, a direct labor dollar hourly rate shall be computed for each such employee identified pursuant to sub-paragraph (i)(A).~~

ii. A standard labor dollar hourly rate will be applied to the time reported pursuant to sub-paragraph (a)(i).

~~C. An overhead shall be established and shall be applied to direct labor dollars (product of sub-paragraphs (i)(A) and (i)(B)) to include:~~

~~1. Costs associated with pensions, other post-employment benefits, social security taxes, unemployment compensation, health, dental and life insurance, training, vacation, sick, holiday and other employee benefits;~~

~~2. Average cost of administrative and general costs including, but not limited to, telephone, office supplies, property insurance and miscellaneous expenses, and excluding regulatory commission expense and other nonrelated expenses;~~

~~3. Costs of office space, furniture and equipment, using a return on net assets at a rate equal to the prevailing pre-tax weighted cost of capital (economic 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 hereunder.~~



~~(iii)~~ All appropriate overheads will follow labor costs.

(b) Equipment Cost. Costs for equipment, ~~other than office furniture and related equipment,~~ used in the provision of Services or otherwise provided or transferred will include all operating expenses, applicable overheads, maintenance, depreciation, return on investment and ~~taxes, income taxes, sales or otherwise 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, ~~as appropriate,~~ and will include repairs, maintenance, fuel, depreciation, return on investment, and, ~~where appropriate,~~ rental expense. In all cases, return on investment ~~shall~~will be calculated using a return on net assets at a rate equal to the prevailing pre-tax weighted cost of capital ~~(economic 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 ~~hereunder.~~

(iii) (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, ~~shipping expenses, and net of purchase discounts.~~ ~~Appropriate overheads allocated will include: (i) operation and maintenance costs, which include, but are not limited to, the functions of purchasing, receiving, storing, dispensing and accounting for items; building~~

~~maintenance; external security costs; general facility upkeep and preventative maintenance; and building utility costs based on the square footage occupied by warehousing functions; and (ii) depreciation and carrying costs on transportation equipment used in providing the Service.~~ and shipping expenses, net of purchase discounts.

(ivd) Other Direct Costs. Other direct costs ~~including but not limited to,~~ which include contract labor, contract services, employee reimbursement for meals and lodging and other costs not included in labor, equipment, materials and supplies, will be either accumulated and billed directly based on actual charges or allocated ~~as a loading on labor costs as appropriate.~~

(ve) Calculating Total Cost of Service. The sum of the direct and indirect charges calculated in accordance with sub-paragraphs (ia) through (iv) ~~above, shall~~ d), will constitute the total cost of Services provided.

~~(vi) Cost Records. Costs of labor, equipment, materials and supplies, depreciation, and other reasonable overheads provided shall be determined in accordance with accounting standards customarily used by such businesses.~~ (f) Cost Records. Each Regulated Party will maintain a cost accounting system to accumulate all costs related to Services ~~they provide,~~ it provides on ~~an activity, department, project, function, work order, or other appropriate~~ a basis, ~~and which~~ that is adequate to enable the Commissions and FERC to audit and track its actual costs in connection with transactions ~~hereunder to be~~

~~audited and tracked by regulatory bodies having jurisdiction~~under this

Agreement.

3. ~~2.3~~—**Determining “Cost” For Non-Regulated Providing Parties.** ~~Costs of labor, equipment, materials and supplies, depreciation, and other reasonable overheads and~~Costs incurred by a Non-Regulated Party in ~~the course of~~providing a Service to a Regulated Party ~~hereunder shall~~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 ~~providing a Service to a Regulated Party hereunder shall keep and~~will maintain a cost accounting ~~and bookkeeping records which are~~system that is adequate to enable the Commissions and FERC to audit and track its actual costs in connection with transactions ~~hereunder to be audited and tracked by the Commission(s) having jurisdiction over the retail rates of any Regulated Party to whom it provides a Service hereunder~~under this Agreement.
4. ~~2.4~~—**Fair Market Value.** The fair market value of providing a Service ~~provided~~ under this Agreement ~~shall~~will mean the cost ~~determined~~the Providing Party determines by making a good faith effort to identify ~~the resources necessary to perform the Service, and the value of such Service based on a general knowledge of~~costs in the relevant market for such or a similar Service ~~as well as, if available, comparison with bids or quotations 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 ~~shall~~will be deemed

to be equal to the Providing Party's cost, ~~calculated as described in this Agreement,~~  
~~incurred in providing the Service.~~

5. ~~Article III~~ — **FERC Jurisdiction.** 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; Related Provisions**

1. ~~3.1~~ — 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.

1.2. Each Providing Party ~~shall~~will, for any month in which it provides a Service hereunder, ~~render a monthly bill~~under this Agreement, make available sufficient detail to each Receiving Party ~~reflecting the~~for charges for Services provided in

the preceding month. ~~Each bill shall include sufficient information and be in sufficient~~ such detail ~~to~~ will be the "bill." This detail will permit each Receiving Party to identify and for a Regulated Party, to classify the ~~charge~~ charges in terms of the system of accounts prescribed by the ~~regulatory authorities to which it is subject~~ Commission(s) having jurisdiction over the retail rates of the Regulated Party.

~~2. 3.2~~ ~~Upon receipt of a monthly bill for Services so rendered, Each Receiving Party shall promptly pay any undisputed portion of the bill within ten (10) business days.~~

3. Each Receiving Party will pay outstanding balances by the end of the month following the availability of detailed information about charges.

~~3.4. 3.3~~ ~~If a Receiving Party disputes the calculation of any portion of a monthly bill it shall, when it pays the undisputed portion as contemplated by Section 3.2 or in any event no later than sixty (60) days after receiving the bill, inform~~ the amount paid, it will work with the Providing Party ~~in writing as to its reasons for its dispute.~~ to resolve the issues and correct the balance in the following month. The Parties involved in such dispute ~~shall then meet to resolve in good faith the dispute, and shall~~ will involve the other Parties in the resolution of the dispute ~~to the extent necessary and if~~ appropriate.

## Article V

### ~~Article IV~~ Accounting; Records; Reports

1. ~~4.1~~ ~~Each of the Regulated Parties shall~~ Party will keep all its accounts and records in accordance with the relevant requirements promulgated by the Commission(s) with jurisdiction. Without limiting the foregoing, each ~~of the~~

Regulated ~~Parties shall~~Party will maintain adequate books and records with respect to all of its transactions under this Agreement and ~~shall~~will record the costs to be allocated to ~~any Party hereunder~~the other Parties in appropriate accounts in its general ledger system. ~~The~~Each Regulated ~~Parties shall each~~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 ~~the terms and provisions of~~ this Agreement.

2. ~~4.~~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 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 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 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 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 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.

~~(a) 2~~

(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.

(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.

2.4. Each year by May 1, each ~~of the Regulated Parties shall~~ Party will submit to the person or department designated by its Commission or its Commission's staff: ~~(i) billing~~ reports showing: (i) its charges, as a Providing Party, to any Receiving Party to which it provided Services ~~hereunder~~ during the preceding calendar year;



and (ii) ~~billing reports showing~~ its payments, as a Receiving Party, for Services received from Providing Parties ~~hereunder~~ during the preceding calendar year.

~~3.5.~~ ~~4.3~~ — Every year there ~~shall~~will be an internal audit of transactions under this Agreement for the purpose of testing compliance with ~~the~~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 ~~shall~~will include, ~~but not be limited to,~~ the following: ~~1~~ (i) the accuracy of the derivations of costs billed by the Providing Parties; ~~2~~ (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 ~~4.4;~~ ~~3~~V.6; (iii) the determination that Services provided by the Regulated Parties to the Non-Regulated Parties, except WBS, are billed at the ~~higher~~greater of cost or fair market value, based on the studies and updates required by Section ~~4.4~~V.6; and ~~4~~ (iv) the accuracy of ~~invoices issued~~charges billed under ~~the~~this Agreement during the year. The Regulated Parties ~~shall~~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 ~~audit~~ year. The first such audit report ~~shall~~will pertain to the period ending December 31 of the year in which this Agreement is effective, and ~~shall~~will be due on or before July 1 of the following year. Subsequent audit reports ~~shall~~will be due July 1 following the calendar year that is the subject of the audit.

~~4.6.~~ ~~4.4~~ — Every third year, on or before May 1 At least once every three years, the Parties ~~shall~~will conduct a new study of the cost of Services provided ~~hereunder~~under this Agreement, for the purpose of testing compliance with the ~~provisions of this Agreement requiring charges at the fair market value~~Agreement and to analyze the market price of Services provided. The Parties will update the study ~~shall include~~annually. The Services ~~provided between a Regulated Party~~subject to the studies and the updates will be those that a Non-Regulated Party ~~at cost. The~~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 ~~shall be updated at least annually or update~~. The Parties ~~shall~~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, ~~2017~~of the year after this Agreement becomes effective, and shall be due on or before May 1, ~~2018~~of the year following such December 31.

**Article ~~V~~ — VI**  
**Representations and Warranties of the Parties and Other Obligations of WBS**

~~1. — 5.1 — Each Party~~

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) ~~5.2—Each Party~~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) ~~5.3—~~the fulfillment of obligations ~~hereunder~~under this Agreement will not constitute a material violation of any existing applicable law, rule, regulation, or order of any governmental authority. ~~The Parties acknowledge that all or portions of this Agreement may be challenged before regulatory agencies or a court of competent jurisdiction by other persons or entities not Parties hereto. In such event, the Parties agree that each will use its best efforts before such agencies and courts to support the pursuit and accomplishment of the Parties' mutual endeavors hereunder.~~

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 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 ~~VI~~—VII**  
**Liability and Indemnity**

1. ~~6.1~~—Each Party (~~for purposes of this Section 6.1, each~~ an “Indemnifying Party”) ~~shall~~will indemnify and save harmless each other Party (~~for purposes of this Section 6.1, each~~ an “Indemnified Party”) from any and all damages, expenses, claims, costs, ~~attorneys’~~attorneys’ fees or other injury, including ~~without limitation~~ 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. ~~In the event that~~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 ~~shall~~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. ~~6.2~~—EACH PARTY AGREES THAT NO OTHER PARTY ~~shall~~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 ~~VII~~—VIII**  
**Additional Provisions**

1. ~~7.1~~—This Agreement ~~shall~~will become effective ~~upon~~on the ~~closing of that certain Agreement and Plan~~first day of the fiscal quarter following approval or waivers of ~~Merger dated as of June 22, 2014, between Integrys Energy Group, Inc. and Wisconsin Energy Corporation.~~the Commissions. Once effective, this Agreement ~~shall~~will continue in full force and effect until and unless modified or terminated as provided ~~herein~~in this Agreement.
2. ~~7.2~~—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.
- ~~2.—this Agreement may be amended or modified at any time by mutual agreement of the Parties in writing. This Agreement~~

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.

~~3. , and any rights hereunder, may not be assigned without the written consent of all Parties hereto. Except as otherwise provided herein or under applicable law, any such modification, amendment or assignment shall not become effective until receipt of approvals or waivers by the Commissions as might be required by law.~~

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.

4.6. The addition of a Party to this Agreement or the termination of this Agreement as to a Party ~~shall~~will not require the ~~prior~~ approval or waiver of the Commissions, but the Regulated Parties ~~shall~~will give written notice to the Commissions of changes to Appendix A or Appendix B reflecting the current Parties to this Agreement.

5.7. Any change to Appendix C ~~reflecting the Services and categories of Service provided hereunder shall~~or Appendix D will not require the prior approval of the Commissions but the Regulated Parties ~~shall~~will give sixty (60) days' prior written notice to the Commissions of changes to Appendix C ~~or Appendix D.~~

8. ~~7.3~~—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.

6-10. A Party leaving the WEC Energy holding company system may continue to receive Services from any Providing other Party ~~hereunder~~ for a reasonable ~~transitional~~transition period ~~of time~~ following such departure from the WEC Energy holding company system. Once any such departure has occurred ~~and/or when~~ the Party has ceased receiving Services, an updated Appendix A ~~and/or~~ Appendix B shall will be filed with the Commissions.

7-11. ~~7.4~~—In providing ~~all~~ Services, any Providing Party may arrange, where it deems appropriate, for the services of ~~such~~ third party experts, consultants, attorneys, advisers, or other contractors or agents with necessary qualifications as may be required for or pertinent to the performance of Services for the Parties ~~hereunder~~.

8-12. ~~7.5~~—Each Party ~~shall~~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 ~~which~~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~~will not be communicated to any person other than the Parties, and ~~shall~~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 ~~shall~~will take reasonable steps to make such disclosure confidential under the rules of such governmental authority. Information provided ~~hereunder shall~~under this Agreement will remain the sole property of the Party providing such information. The requirements of this Section ~~7.5 shall~~VIII.12 will not apply with respect to information that ~~(i)~~ 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) ~~is or becomes available~~ to the public other than as a result of disclosure by such Party or its agents.

~~9.13.~~ 7.6 — 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 ~~hereunder~~under this Agreement will be for the direct or indirect benefit or common interest of all of the Receiving Parties, ~~and~~ It is ~~therefore~~ the intention of all Parties ~~hereto~~ to maintain all privileges that may apply to any communications related to the provision or receipt of such legal advice or services.



~~10.14.7.7~~—The Parties hereby appoint all Providing Parties as their ~~agent~~agents to represent them in ~~performing~~providing services for or on their behalf ~~in providing Services hereunder.~~under this Agreement. The Parties also authorize all Providing Parties ~~hereunder~~ to purchase (*i.e.*, take title to) various commodities, goods and assets in connection with their ~~performance~~provision of Services ~~hereunder~~, and to ~~resell~~sell (*i.e.*, convey title to) such commodities, goods and assets to the Parties, including to Receiving Parties, ~~if necessary in the course of performing Services hereunder.~~their provision of Service. Any ~~resale~~sale of such commodities, goods and assets by Providing Parties to Receiving Parties and ~~for~~ any use of such commodities, goods or assets by Providing Parties in the provision of Services ~~hereunder shall~~will be at the costs incurred by such Providing Parties, to be allocated among the Receiving Parties pursuant to the methodologies prescribed ~~herein.~~in this Agreement. The Providing Parties ~~shall~~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. ~~The~~A Providing Party's provision of Services ~~by a Providing Party hereunder shall~~will in all cases and notwithstanding anything ~~herein~~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 ~~hereunder.~~

~~11.15.7.8~~—~~In the event that~~if any amendment to this Agreement does not receive any approval or waiver ~~of approval~~ by all Commissions that may be required ~~from time~~

~~to time~~, then the Parties ~~shall~~will promptly negotiate in good faith new provisions to restore such amendment, as nearly as possible, to its original intent and effect, and ~~thereafter~~ file for approval or ~~waiver of approval~~waivers of the Commissions.

~~12.16. 7.9~~—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 ~~shall~~will not be affected thereby and ~~shall~~will continue in full force and effect. In the event any provision of this Agreement is so held invalid, the Parties ~~hereto shall~~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.

~~13.17. 7.10~~—No course of dealing or course of performance ~~between~~among the Parties ~~shall~~will be construed to alter the terms ~~hereof~~of this Agreement.

~~14.18. 7.11~~—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.

~~15.19. 7.12~~—This Agreement ~~shall~~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 ~~shall~~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 Regulated Party conducts its state-regulated utility operations.

~~16-20.7.13~~—This Agreement may be executed in any number of counterparts, each of which when executed and delivered ~~shall~~will be deemed to be an original and all of which counterparts taken together ~~shall~~will constitute ~~but~~ one and the same instrument.

IN WITNESS WHEREOF, each of the Parties ~~hereto~~ 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

Name

Title

Title

MICHIGAN GAS UTILITIES  
CORPORATION

THE PEOPLES GAS LIGHT AND COKE  
COMPANY

By

By

Name

Name

Title

Title

MINNESOTA ENERGY RESOURCES  
CORPORATION

WISCONSIN ELECTRIC POWER  
COMPANY

By

By

Name

Name

Title

Title

NORTH SHORE GAS COMPANY

WISCONSIN GAS, LLC

By

By

Name

Name

Title

Title

WISCONSIN PUBLIC SERVICE  
CORPORATION

By

Name

Title

WISCONSIN VALLEY IMPROVEMENT  
COMPANY

By \_\_\_\_\_

Name \_\_\_\_\_

Title

## Appendix A — Regulated Parties

### Michigan Gas Utilities Corporation

~~a Delaware-incorporated~~ Michigan public utility ~~headquartered in Green Bay, Wisconsin,~~ engaged in the business of providing natural gas service

### Minnesota Energy Resources Corporation

~~a Delaware-incorporated~~ Minnesota public utility ~~headquartered in Rosemont, Minnesota,~~ engaged in the business of providing natural gas service

### North Shore Gas Company

an Illinois public utility ~~corporation headquartered in Chicago, Illinois,~~ engaged in the business of providing natural gas service

### The Peoples Gas Light and Coke Company

an Illinois public utility ~~corporation headquartered in Chicago, Illinois,~~ engaged in the business of providing natural gas service

### Wisconsin Electric Power Company

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

### Wisconsin Gas Company LLC

a Wisconsin public utility ~~limited liability company headquartered in Milwaukee, Wisconsin,~~ engaged in the business of providing natural gas service

### Wisconsin Public Service Corporation

a Wisconsin and Michigan public utility ~~corporation headquartered in Green Bay, Wisconsin,~~ engaged in the business of providing electric and natural gas service

### ~~Wisconsin Valley Improvement Company~~

~~a Wisconsin corporation headquartered in Wausau, Wisconsin, created under Wisconsin law for the purpose of building, maintaining and operating dams and reservoirs on the Wisconsin River and its tributaries for the purposes of improving navigation, decreasing the hazard of flooding, and providing a uniform flow for all public purposes. WVIC is owned by the downstream owners and operators of hydroelectric facilities (including WPSC) that receive water power benefits from~~

~~WVIC's operations. WVIC charges its owners cost-based tolls that are fixed by the PSCW.  
WVIC's ownership and operation of its dams and reservoirs is regulated by the FERC.~~

**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

### Services

#### 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 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 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. Such support includes designing and monitoring the construction and maintenance of distribution lines and ensuring that construction activity is consistent with plans. It includes coordinating the planning and operation of distribution systems, performing operational reviews of completed construction, maintenance work of distribution lines and operating meter shops. It includes geospatial services, locate system support, damage prevention, and contract administration to all regulated gas and electric affiliates. It includes providing services and training to

operate and support gas and electric utility 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.

## 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-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.

### 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 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 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 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.

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 ~~C~~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 D<sup>1</sup>.

“Major Services” shall mean Services identified as such in this Appendix ~~C~~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 ~~C~~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 ~~represent an insignificant~~not be within a fiscal year more than 10% of the dollar amount of ~~intercompany services provided by the Providing~~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 ~~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).

~~1. **Operational Support - Electric Utility:** Provide services 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.~~

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<sup>1</sup>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.

~~2. **Operational Support - Gas Utility:** Provide services to operate and support gas utility operations, such as construction, design, operation and maintenance; field services.~~

~~1.2. 3. **Customer:** Provide customer service; support billing and payment processing; support credit and collections activity; energy conservation support; marketing and sales work; claims management.~~

~~1. 4. **Warehousing:** Provide materials and supplies, including storage, ordering, and inventory management.~~

### ~~Incidental Services~~

~~2.3. 1. **Fleet:** Maintain vehicles; transport materials and supplies.~~

~~4. 2**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.~~

~~5. Operational Support - Gas Utility: Provide services and training to operate and support gas utility 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.~~

~~3. 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.~~

~~3.1. 7**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).~~

~~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:

### ~~Incidental~~ 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).

~~2.1. Fleet: Maintain vehicles; transport materials and supplies.~~

2. ~~3.~~ **Project Assistance (IT):** Provide support for information technology projects, including those that will be capitalized as an asset of WBS.

~~3. 4.~~ **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

~~3.1.~~ **Customer:** Provide customer service; support billing and payment processing; support credit and collections activity; claims management.

~~2. Fleet: Maintain vehicles; transport materials and supplies.~~

~~4.3.~~ ~~5.~~ **Operational Support:** Provide services and training to operate and support energy operations.

~~4. Warehousing: Provide materials and supplies, including storage, ordering, and inventory management.~~

~~6. Warehousing: Provide materials and supplies, including storage, ordering, and inventory management.~~

III. In addition to providing and billing for the Services described ~~above~~ in this Appendix D and in Section ~~4~~ 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 ~~shall~~ 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.

## 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. 16-\_\_\_\_\_ 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

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.

- “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 inquiries (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.

- “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



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

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 an 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:** Provide services and training to operate and support gas utility operations, such as construction, design, operation and maintenance; field services; operational compliance.
- “Provide services and training to operate and support gas utility operations” means services that a gas 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.
  - “construction, design, operation and maintenance” means services needed to develop, maintain and operate gas utility infrastructure. These services include any service associated with the operation of a gas utility’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 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. 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 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 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 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**

**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, 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, 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 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.
- a)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 5b**

**MASTER REGULATED WEC ENERGY AFFILIATED INTEREST AGREEMENT**

~~This MASTER REGULATED Affiliated Interest Agreement (“Agreement”) is entered into this \_\_\_\_ day of \_\_\_\_\_, 2007, by and among Integrys Business Support, LLC, a Delaware limited liability company (“Integrys Support”) and all of the regulated subsidiaries of Integrys Energy Group, Inc. (“Integrys”) as listed and defined on Exhibit A. All of the parties to this Agreement shall be collectively referred to as “Parties,” and all of the Parties other than Integrys Support shall be collectively referred to as the “Client Companies.”~~

This WEC Energy Affiliated Interest Agreement (“Agreement”) is entered into this \_\_\_\_ day of \_\_\_\_\_, 2016, by and among WEC Energy Group, Inc. and its subsidiaries.

**RECITALS**

~~A. Each of the Client Companies is a state-regulated utility operating company, a wholly-owned subsidiary of Integrys, and an affiliated interest of the other Parties pursuant to the applicable public utility law of Wisconsin, Michigan, Minnesota, and Illinois.~~

~~B. In order to maximize~~ To optimize efficiencies and economies of scale, the Parties desire to plan and operate certain aspects of their ~~regulated utility~~ businesses with the integration of certain activities by sharing, providing, transferring, and receiving certain services, employees, properties, goods, assets, information systems, ~~property,~~ services rights, and/or anything else of ~~commercial value from a single centralized service company provider.~~

~~C. Integrys Support and the Client Companies desire to enter into this Agreement whereby Integrys Support agrees to provide, and the Client Companies agree to accept and pay~~



~~for, various services as described herein, with such payments by the Client Companies being at the fairly and equitably allocated costs as also provided herein.~~

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 subject to applicable state utility law.

~~D. From time to time Integrys Support will perform various services for or on behalf of the Client Companies, and further Integrys Support will make its property, employees and other things of value available to or for use by the Client Companies, all of which transactions are affiliated interest arrangements subject to the regulatory jurisdiction of the Public Service Commission of Wisconsin (“PSCW”), Michigan Public Service Commission (“MPSC”), Minnesota Public Utilities Commission (“MPUC”), and Illinois Commerce Commission (“ICC”) (collectively the “Commissions”) pursuant to applicable Wisconsin, Michigan, Minnesota, and Illinois law.~~

NOW, THEREFORE, ~~the Parties agree as follows:~~

#### ~~AGREEMENT~~

~~Integrys Support and the Client Companies, in consideration of the mutual promises made in~~ covenants and agreements set forth in this Agreement, the Parties agree as follows:

#### ~~1.0~~ Article I Definitions

“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. ~~Provision of Services by Integrys Support~~

~~1.1 The term “services” as used in this Agreement shall include management, supervisory, construction, engineering, accounting, legal, financial, human resources, information services, customer service, accounting, billing, operations and other administrative and general services, including without limitation the provision of any service or any other arrangement which among affiliates may require approvals, waivers or other authorizations under the applicable utility law of the states of Wisconsin, Michigan, Minnesota and/or Illinois.~~

~~1.2 Except as otherwise provided herein or required under applicable law, Integrys Support shall furnish to each Client Company services in those categories listed and described in Exhibit B. Integrys Support shall also furnish to each Client Company services in addition to those listed and described in Exhibit B, as may be requested by each such Client Company from time to time, provided that Integrys Support is reasonably able and willing to perform or provide such services, and further provided that if an additional category of services is requested by one or more Client Companies and is provided by Integrys Support hereunder, the Parties shall comply with the requirements of Section 7.3. In connection with its provision of services hereunder, Integrys Support may also from time to time provide or furnish property, assets, rights, interests, or other items of commercial value.~~

~~1.3 Integrys Support shall furnish to the Client Companies the services described in Section 1.2 in such manner as the Client Companies reasonably require from time to time, unless Integrys Support is not reasonably able to perform or provide such services or is unable to do so in a manner consistent with applicable law.~~

~~1.4 Notwithstanding any other provision of this Agreement, a Client Company shall, upon at least one hundred twenty (120) days prior written notice, have the right to~~

~~purchase the services described in Section 1.2 from a service provider other than Integrys Support if: (i) such third party service provider offers comparable services, (ii) the Client Company presents comparable internal and external costing and service data to demonstrate to Integrys Support that the third party services would be provided at a lower all-in price than the all-in price charged by Integrys Support for such services, and (iii) the Client Company presents comparable internal and external costing and service data to demonstrate to Integrys Support that provision of the services by a third party service provider will be of overall benefit to the Integrys holding company system. With respect to any such showing by a Client Company, all relevant information that is provided by any Client Company to Integrys Support shall be copied to all of the other Client Companies.~~

~~1.5 In the event that any Client Company appropriately refuses to take or accept any services from Integrys Support pursuant to Section 1.4, such refusal shall not otherwise affect any other right, duty or obligation of any Party hereunder.~~

~~1.6 The services described herein shall be directly assigned or allocated by activity, project, program, work order or other appropriate manner on a case-by-case basis. Each Client Company may establish and document with Integrys Support its expectations and requirements with respect to any particular service to be rendered hereunder, including the establishment of targeted service and performance levels and measures to determine whether such service level indicators are being achieved. A Client Company shall have the right from time to time to modify any activity, project, program or work order provided that (i) any such modification that results in a material change in the scope of the services to be performed or equipment to be provided is acceptable to Integrys Support, (ii)~~

~~the cost for the services covered by the activity, project, program or work order shall include any expense incurred by Integrys Support as a direct result of such modification of the activity, project, program or work order, and (iii) no modification of an activity, project, program or work order shall release a Client Company from liability for payment of all direct or allocable costs already incurred by or contracted for by Integrys Support pursuant to the activity, project, program or work order, regardless of whether the services associated with such costs have been completed prior to such modification taking effect.~~

~~2.0 Determination of Costs for Services.~~

~~2.1 All services provided by Integrys Support shall be at cost, as hereinafter defined.~~

~~It is the intent of the Parties that the payment for services rendered by Integrys Support to the Client Companies hereunder shall cover all of Integrys Support's costs of doing business (less the cost of services provided to affiliates not a party to this Agreement and to non-affiliated companies, and credits for miscellaneous income items), including, but not limited to, salaries and wages, office supplies and expenses, outside services employed, property insurance, injuries and damages, employee pensions and benefits, miscellaneous general expenses, rents, maintenance of structures and equipment, depreciation and amortization, payroll and other taxes, and compensation for use of capital (with a return on Integrys Support's net assets charged to each Client Company at a rate equal to the prevailing pre-tax weighted cost of capital (economic cost of capital) authorized by the Commission having jurisdiction over the rates of that Client Company).~~

1. 2.2 — As compensation to Integrys Support for the services rendered hereunder, each Client Company shall pay to Integrys Support all costs which are reasonably related to the services performed by Integrys Support for or on behalf of such Client Company. Integrys Support shall maintain a detailed cost accumulation and classification system, and shall allocate costs to each Client Company pursuant to the following methodology: (i) to the extent possible and prior to allocating costs pursuant to subsections (ii) and (iii) of this Section 2.2, costs associated with a service that is specifically performed for a single Client Company will be directly assigned and billed to that Client Company; all costs directly assigned and billed to any entity taking service from Integrys Support shall be deducted from the amount being allocated in subsections (ii) and (iii) of this Section 2.2; (ii) where more than one Client Company receives benefits from a service, such amounts shall be allocated among such Client Companies (and any other affiliates within the Integrys holding company system to whom the service is rendered by Integrys Support) pursuant to the applicable cost Allocation Factor(s) set forth in Exhibit C; and (iii) where a service provided by Integrys Support is of a general nature applicable to all Client Companies, costs incurred by Integrys Support with respect to such service shall be allocated among the Client Companies (and any other affiliates within the Integrys holding company system to whom applicable services are rendered by Integrys Support) pursuant to the applicable cost Allocation Factor

2. “Damages” has the meaning ascribed to it in Section VII.1.

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.
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.
15. “Regulated Party” means a Party identified on Appendix A and that is subject to rate regulation by a Commission.
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 ~~set forth in Exhibit C.~~

~~2.3 — The Allocation Factors set forth in Exhibit C shall be subject to periodic review by Integrys Support in connection with the studies required by Section 4.3, and may be reviewed more frequently if deemed appropriate by Integrys Support.~~

~~2.4 — The method of assignment or allocation of costs contemplated herein and in Exhibit C and/or the Allocation Factor or Factors assigned to any category of service in Exhibit B, may be modified or changed by Integrys Support, without amendment of this Agreement other than insertion of appropriate replacement Exhibits, provided that (i) all services rendered hereunder shall be at actual cost thereof, (ii) such costs are fairly and equitably assigned or allocated in a manner consistent with Section 2.2, and (iii) the Parties comply with the requirements of Section 7.3.~~

~~2.5 — With respect to any charges imposed by Integrys Support for services provided under~~

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;

(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.

~~1. this Agreement that are subject to the~~

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.

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 services available to the Regulated Party's customers, impede the Regulated Party's ability to provide utility services to its customers, or increase the costs to its customers of receiving utility 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.

(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.

~~jurisdiction of the FERC~~

(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 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, 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.

(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 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.

~~4.5.~~ **FERC Jurisdiction.** With respect to any charges imposed by WBS for Services provided under this Agreement that are subject to FERC's jurisdiction, no Party

~~shall~~will elect, or cause any affiliate to elect on ~~their~~its behalf, to have ~~the~~ 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 ~~Integrys Support~~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 ~~Integrys Support~~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.

### ~~3.0~~ — Article IV

#### Billing; and Payment; ~~Related Provisions.~~

- ~~1. — 3.1 — Integrys Support shall render a monthly bill to~~
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 Client Company reflecting the Receiving Party for charges for Services and property provided in the preceding month. Each bill shall include sufficient information and in sufficient such detail to will be the "bill." This detail will permit each Client Company Receiving Party to identify and, for a Regulated Party, to classify the charge charges in terms of the system

of accounts prescribed by the ~~regulatory authorities to which it is~~  
~~subject~~ Commission(s) having jurisdiction over the retail rates of the Regulated  
Party.

~~3.2~~ Upon receipt of a monthly bill for services rendered by Integrys Support  
hereunder, each Client Company shall promptly pay any undisputed portion of  
the bill within ten (10) business days.

~~3.~~ 3.3 Each Receiving Party will pay outstanding balances by the end of the  
month following the availability of detailed information about charges.

~~3.~~ If a Client Company disputes the calculation of any portion of a monthly bill it shall,  
when it pays the undisputed portion as contemplated by Section 3.2 or in any event no  
later than sixty (60) days after receiving the bill, inform Integrys Support in writing as to  
its reasons for its dispute. Integrys Support and the Client Company shall then meet to  
resolve in good faith the dispute, and shall involve the other Client Companies in the  
resolution of the dispute to the extent necessary and appropriate.

~~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.

~~4.0~~ Accounting and Recordkeeping; Annual FERC Reports; Cost Studies; Annual Client and  
Integrys Support Company Reports; Internal Audit.

~~4.1~~ All Article V  
Accounting; Records; Reports

1. Each Regulated Party will keep all its accounts and records ~~of Integrys Support~~  
~~shall be kept~~ in accordance with the relevant requirements promulgated by the

~~FERC from time to time, including without limitation Parts 367 and 368 of the FERC's regulations.~~ Commission(s) with jurisdiction. Without limiting the foregoing, ~~Integrys Support shall~~ each Regulated Party will maintain adequate books and records with respect to all of its transactions ~~hereunder,~~ under this Agreement and ~~shall~~ will record the costs to be allocated to the ~~Client Companies~~ other Parties in appropriate accounts in its general ledger system. ~~Integrys Support shall be responsible for maintaining~~ Each Regulated Party will maintain internal controls to ensure that it allocates and bills the costs associated with all transactions ~~hereunder are~~ under this Agreement properly and consistently ~~allocated and billed~~ in accordance with ~~the terms~~ this Agreement.

~~1. and provisions of 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 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.

~~2.3. 4.2~~ ~~Integrys Support shall~~ Each Regulated Party will provide the Commissions ~~and the Client Companies~~ a copy of ~~its~~ WBS' FERC Form No. 60, or such other annual report required by ~~the~~ FERC of centralized service companies ~~from time to~~

~~time~~, contemporaneous with its annual filing of such report with ~~the~~FERC.

~~Integrys Support shall~~Each Regulated Party will also file with the Commissions, contemporaneous with its annual filing of such report with ~~the~~FERC, the following schedules. These schedules ~~shall~~will list all costs incurred by ~~Integrys Support~~WBS and all costs allocated to all entities to ~~whom Integrys Support~~which WBS provides or provided services. In Illinois, these schedules ~~shall~~will be filed as supplemental schedules to ~~Form 21.~~the annual report to the Commission 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 ~~Exhibit B~~Appendix C. The report ~~shall~~will present the dollar amounts and percentages charged to each Party ~~to this Agreement~~ as listed in ~~Exhibit A~~Appendix C, as well as to all other entities that receive direct or indirect charges from ~~Integrys Support~~WBS for such functional areas.
- (b) A schedule providing a breakdown by subaccount of Account 923, Outside Services Employed. The schedule ~~shall~~will aggregate amounts paid to any one payee in each subaccount. If one subaccount is less than ~~\$100~~250,000, only the aggregate number and amount of all such payments included within the subaccount ~~shall~~will be shown. The schedule ~~shall~~will include subtotals for each type of service.



- (c) A schedule ~~providing a listing of~~ each pension and benefit program provided by ~~Integrus Support~~. WBS. Such listing ~~shall~~will be limited to amounts over \$~~100~~250,000.
- (d) A schedule ~~providing a listing of~~ 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 \$~~100~~250,000 applicable to a single payee, the schedule will show separately the name of the payee and the applicable aggregate amount ~~applicable thereto~~.
- (e) A schedule ~~providing a listing of~~ 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 ~~the~~ FERC's regulations.
- (f) A schedule providing an analysis of Account 408, Taxes Other Than Income. The report ~~shall~~will separate the analysis into two groups: (1) other than U.S. Government taxes, and (2) U.S. Government taxes. The report ~~shall~~will specify each of the various kinds of taxes and show the accounts ~~thereof~~. A subtotal ~~shall~~will be provided for each class of tax.
- (g) A schedule ~~providing a listing of~~ 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 \$~~100~~250,000 may be shown in lieu of details.

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

4. ~~4.3~~— Each year by May 1, each Regulated Party 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 accuracy of charges billed under this Agreement during the year. The Regulated Parties 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.

~~3.6.~~ At least once every three years, ~~Integrys Support shall~~ the Parties will conduct a new study of the cost of Services provided ~~hereunder~~ under this Agreement, for the purpose of testing compliance with the Agreement and to analyze the market price of Services provided. ~~The study shall be updated at least annually. Integrys Support shall provide each Client Company with a copy of each new study or update, as the case may be,~~ 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, ~~2008~~ of the year after this Agreement becomes effective, and shall be due on or before May 1, ~~2009~~ of the year following such December 31.

~~4.4 — Each year there shall be an internal audit of Integrys Support's transactions involving each of the Client Companies for the purpose of testing compliance~~

~~with the Agreement. In addition, the audit will include a review of transactions involving other entities to whom Integrys Support provides service as well as the verification that all direct billings to regulated and non-regulated affiliates as well as unaffiliated parties, if applicable, were properly deducted prior to the allocations being calculated. The Client Companies shall 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. In Illinois, the report shall be submitted to the ICC's Manager of the Accounting Department or any successor. The first such audit report shall pertain to the period ending December 31, 2008, and shall be due on or before July 1, 2009.~~

~~4.5 Each year by May 1, the Client Companies shall file with their respective Commissions, and submit a copy to the person or department designated by the Commissions or the Commissions' staffs, billing reports showing monthly charges by Integrys Support to each of the Client Companies. These reports shall show all costs incurred by Integrys Support and all costs allocated to all entities to whom Integrys Support provides services. In Illinois, the report shall be submitted to the ICC's Manager of the Accounting Department or any successor.~~

#### ~~5.0~~ Article VI

### Representations and Warranties of the Parties and Other Obligations of WBS

#### ~~1. 5.1~~ Each Party

#### 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) ~~5.2~~—~~Each Party~~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) ~~5.3~~—the fulfillment of obligations ~~hereunder~~under this Agreement will not constitute a material violation of any existing applicable law, rule, regulation, or order of any governmental authority. ~~The Parties acknowledge that all or portions of this Agreement may be challenged before regulatory agencies or a court of competent jurisdiction by other persons or entities not Parties hereto. In such event, the Parties agree that each will use its best efforts before such agencies and courts to support the pursuit and accomplishment of the Parties' mutual endeavors hereunder.~~

~~6.0~~—~~Additional Representations, Warranties and Covenants of Integrys Support.~~

2. ~~6.1~~—In its performance of services ~~hereunder, Integrys Support:~~under this Agreement, WBS: (i) ~~shall~~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 ~~Client Company~~other Party with another; (ii) ~~shall~~will not give one or more ~~Client Companies~~other Parties, or any other affiliate within the ~~Integrys~~WEC Energy holding company system, a competitive advantage in relevant markets; and (iii) ~~shall~~will not subsidize any ~~Client Company~~other Party and ~~shall~~will not cause any ~~Client Company~~other Party to subsidize any of its affiliates.

~~3. 6.2~~ ~~IntegrYS Support shall~~ WBS will make readily available to each Commission, FERC and ~~for~~ any other governmental or regulatory agency with jurisdiction under applicable law, (an "agency") reasonable access to its books and records (including ~~without limitation~~ the basis for its computation of cost allocations) as may be necessary for each ~~Commission or other~~ agency to review ~~IntegrYS Support's~~ WBS's transactions with each ~~Client Company~~ other Party within such ~~Commission's or~~ agency's jurisdiction. ~~Without limiting the foregoing,~~

### Article VII Liability and Indemnity

~~1. each Commission shall have full access to the books and records of IntegrYS Support as contemplated under applicable law, which access shall be made readily available to each Commission in their respective states.~~

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. ~~7.0~~ — 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:**

1. ~~7.1~~ — This Agreement ~~shall~~will become effective ~~upon~~on the ~~issuance~~first day of ~~approvals~~the fiscal quarter following approval or waivers ~~as might be required by law, from each and all of the Commissions, and upon execution of the Agreement by all of the Parties.~~ Once effective, this Agreement ~~shall~~will continue in full force and effect until and unless modified or terminated as provided ~~herein~~in this Agreement.
- ~~2. ~~7.2~~ — This Agreement may be amended or modified at any time by mutual agreement of the Parties~~
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. ~~in writing. this Agreement~~~~

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.

~~4. , and any rights hereunder, may not be assigned without the written consent of all Parties hereto. Except as otherwise provided herein or under applicable law, any such modification, amendment or assignment shall not become effective until receipt of approvals or waivers by the Commissions as might be required by law.~~

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.

~~5.6.~~ The addition of a Party to this Agreement, or the termination of this Agreement as to a Party, ~~shall~~ will not require the ~~prior approval of the Commissions, but in either case Integrys Support shall provide~~ approval or waiver of the Commissions ~~at least sixty (60) days prior written notice of such event,~~ but the Regulated Parties will give written notice to the Commissions of changes to Appendix A or Appendix B reflecting the current Parties to this Agreement.



~~7.3 — At least sixty (60) days prior to any change to (i) Exhibit A reflecting the current Parties to this Agreement, (ii) Exhibit B reflecting the services and categories of service provided by Integrys Support hereunder, and/or (iii) Exhibit C reflecting all Allocation Factors in use hereunder, Integrys Support shall provide to the Client Companies, and the Client Companies shall file with the Commissions and, if appropriate, the FERC, a revised version of such Exhibit(s) to be changed along with an indication of what change(s) will be made.~~

7. ~~7.4 — At least sixty (60) days prior to~~ Any change to Appendix C or Appendix D will not require the prior approval of the Commissions but the Regulated Parties 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.

~~6. — leaving the Integrys holding company system, a Client Company shall provide written notice to Integrys Support, and Integrys Support will then copy the other Parties and the Commissions as soon as practicable upon receipt of any such notice. — Any such~~

~~Client Company may continue to receive Services from Integrys Support for a reasonable transitional period of time following such departure from the Integrys holding company system.~~

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.

~~7.11. 7.5~~—In providing ~~all services, Integrys Support~~Services, any Providing Party may arrange, where it deems appropriate, for the services of ~~such~~ third party experts, consultants, attorneys, advisers, or other contractors or agents with necessary qualifications as may be required for or pertinent to the performance of Services for the ~~Client Companies hereunder~~Parties.

~~8.12. 7.6~~—Each Party ~~shall~~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 ~~with which they use~~that it uses to protect ~~their~~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~~will not be communicated to any person other than the Parties, and ~~shall~~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 ~~shall~~will take reasonable steps to make such disclosure confidential under the rules of such governmental authority. Information provided ~~hereunder~~ ~~shall~~under this Agreement will remain the sole property of the Party providing such information. The requirements of this Section ~~7.6 shall~~VIII.12 will not apply with respect to information that ~~(i)~~ 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) ~~is or becomes available~~ to the public other than as a result of disclosure by such Party or its agents.

~~9.13.~~ ~~7.7~~—The Parties agree and acknowledge that any legal advice or legal services provided, or arranged to be provided, by or on behalf of ~~Integrus Support to one or more of the Client Companies~~any Providing Party under this Agreement will be for the direct or indirect benefit or common interest of all of the ~~Client Companies,~~ ~~and~~Receiving Parties. It is ~~therefore~~ the intention of all Parties ~~hereto~~ to maintain all privileges that may apply to any communications related to the provision or receipt of such legal advice or services.

~~10.14.~~ ~~7.8~~—The ~~Client Companies~~Parties hereby appoint ~~Integrus Support~~all Providing Parties as ~~agent~~their agents to represent them in ~~performing~~providing services for or on their behalf ~~of the Client Companies.~~under this Agreement. The ~~Client Companies~~Parties also authorize ~~Integrus Support~~all Providing Parties to purchase (i.e., take title to) various commodities, goods and assets in connection with ~~its~~

~~performance~~their provision of Services ~~hereunder~~, and to ~~resell~~sell (i.e., convey title to) such commodities, goods and assets to the ~~Client Companies~~ ~~if necessary~~Parties, including to Receiving Parties, in ~~the course of performing services hereunder~~their provision of Service. Any ~~resale~~sale of such commodities, goods and assets by ~~Integrus Support to the Client Companies~~Providing Parties to Receiving Parties and/or any use of such commodities, goods ~~and/or~~ assets by ~~Integrus Support~~Providing Parties in ~~its~~the provision of Services ~~hereunder, shall~~will be at the costs incurred by ~~Integrus Support, such~~Providing Parties, to be allocated among the ~~Client Companies~~Receiving Parties pursuant to the methodologies prescribed ~~herein~~in this Agreement. ~~The~~Providing Parties will be accountable for all funds advanced or collected on behalf of a ~~Client Company~~Receiving Party in connection with any transaction in respect of which ~~Integrus Support~~a Providing Party provides Services. ~~The~~A Providing Party's provision of Services ~~by Integrus Support hereunder shall~~will in all cases and notwithstanding anything ~~herein~~in this Agreement to the contrary be subject to any limitations contained in authorizations, rules or regulations of those governmental agencies having jurisdiction over ~~Integrus Support~~a Providing Party or its provision of Services ~~hereunder~~.

~~11.15.7.9~~ ~~In the event that~~If any amendment to this Agreement does not receive any approval or waiver ~~of approval~~ by all Commissions that may be required ~~from time to time~~, then the Parties ~~shall~~will promptly negotiate in good faith new provisions

to restore such amendment, as nearly as possible, to its original intent and effect, and ~~thereafter~~ file for approval or ~~waiver of approval~~ waivers of the Commissions.

~~12.16. 7.10~~—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 ~~shall~~will not be affected thereby and ~~shall~~will continue in full force and effect. In the event any provision of this Agreement is so held invalid, the Parties ~~hereto shall~~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.

~~13.17. 7.11~~—No course of dealing or course of performance ~~between~~among the Parties ~~shall~~will be construed to alter the terms ~~hereof~~of this Agreement.

~~14.18. 7.12~~—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.

~~15.19. 7.13~~—This Agreement ~~shall~~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 ~~Client Company shall~~Regulated Party 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 ~~Client Company~~Regulated Party conducts its state-regulated utility operations.

~~16.20.7.14~~—This Agreement may be executed in any number of counterparts, each of which when executed and delivered ~~shall~~will be deemed to be an original and all of which counterparts taken together ~~shall~~will constitute ~~but~~ one and the same instrument.

IN WITNESS WHEREOF, each of the Parties ~~hereto~~ has caused this Agreement to be executed on its behalf ~~by its officers thereunto duly authorized~~ as of the day and year first above written.

~~INTEGRYS BUSINESS SUPPORT, LLC~~ ~~WISCONSIN PUBLIC SERVICE~~  
WEC ENERGY GROUP, INC. WEC BUSINESS SERVICES LLC  
[for itself and on behalf of all Non-Regulated  
Parties other than WEC Business Services LLC]

~~CORPORATION~~

By	By
Name	Name
Title	Title

~~UPPER PENINSULA POWER COMPANY~~ ~~MICHIGAN GAS UTILITIES~~ THE  
PEOPLES GAS LIGHT AND COKE  
CORPORATION COMPANY

By	By
Name	Name
Title	Title

MINNESOTA ENERGY RESOURCES ~~THE PEOPLES GAS LIGHT AND~~  
COKE WISCONSIN ELECTRIC POWER COMPANY  
CORPORATION

By	By
Name	Name
Title	Title

NORTH SHORE GAS COMPANY WISCONSIN GAS, LLC

By	<u>By</u>
Name	<u>Name</u>

Title

Title





**Exhibit** \_\_\_\_\_

By \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

\_\_\_\_\_

Appendix A

~~Client Company Parties to the  
Master Regulated Affiliated Interest Agreement~~  
Regulated Parties

**Michigan Gas Utilities Corporation**

~~a Delaware incorporated~~ a Michigan public utility ~~headquartered in Green Bay, Wisconsin,~~ engaged in the business of providing natural gas service

**Minnesota Energy Resources Corporation**

~~a Delaware incorporated~~ a Minnesota public utility ~~headquartered in Green Bay, Wisconsin,~~ engaged in the business of providing natural gas service

**North Shore Gas Company**

an Illinois public utility ~~corporation headquartered in Chicago, Illinois,~~ engaged in the business of providing natural gas service

**The Peoples Gas Light and Coke Company**

an Illinois public utility ~~corporation headquartered in Chicago, Illinois,~~ engaged in the business of providing natural gas service

~~Upper Peninsula~~ Wisconsin Electric Power Company

a Wisconsin and Michigan public utility ~~corporation headquartered in Houghton, Michigan,~~ engaged in the business of providing ~~regulated~~ electric and natural gas service

~~Wisconsin Public Service Corporation~~  
Wisconsin Gas Company LLC

a Wisconsin public utility ~~corporation headquartered in Green Bay, Wisconsin,~~ engaged in the business of providing ~~regulated~~ natural gas service

Wisconsin Public Service Corporation

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

**Exhibit**

**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 ~~services~~

“Administrative ~~services represent~~” means facility management services for owned and leased facilities and grounds, ~~excluding power plants~~. This includes operations and maintenance of structures, capital improvements, interior space planning, printing services ~~(including customer bills and inserts)~~, 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 ~~Office Moves~~; (3) ~~FTE Work Estimate~~; (4) ~~Number of~~ Employees; (5) 3 Dollars Associated with Number of Imprints; (6) 4 Composite Allocator; (7) 5 Number of Customers.

#### Communications

#### ~~2. Corporate development~~

~~Corporate development refers to strategic planning, merger and acquisition analysis and support, market intelligence, project management, business and quality improvement processes, business development, asset analysis and divestiture, and resource allocation. It also consists of work performed to determine, implement and track corporate performance goals, initiatives and measures.~~

#### 2.

“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.

#### ~~3. Corporate secretary~~

~~Corporate secretary refers to those services required of a publicly held corporation, including shareholder, board of director and related committee meetings, consents, resolutions, minutes, and records.~~

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

#### 4. Environmental

~~“Environmental refers to”~~ means the performance of assessments, investigations, remediation and other activities ~~as~~ required to ensure compliance with applicable environmental ~~statutes~~ 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 services refers to”~~ means the executive management and oversight activities performed by officers ~~of the company~~ and other senior executives of a Party. Such activities ~~involve~~ 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. Governmental Relations, Corporate External Affairs

##### 6. “External Affairs” means administering the Parties’ ~~Communications, and Regulatory Processes~~

~~Governmental Relations, Corporate Communications, and Regulatory Processes refer to the preparation and dissemination of information to employees, customers, government officials, the public and the media. It also involves administering the company’s 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. Financial services~~

##### 7. ~~Financial services refers to~~ 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, ~~and~~ communicate with the investment community, and procure and manage insurance.

Allocation Factors—: (1) Number of ~~Invoices Processed;~~ (2) ~~Number of~~ Transactions; (3) ~~Total Property, Plant and Equipment;~~ (4) ~~Number of Employees;~~ (5) ~~FTE Work Estimate;~~ (6) ~~General/Corporate.~~

## 8. Human Resources

“Human Resources refers to” 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~~ 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 refers to” means telecommunications and electronic data processing services such as computer operations, software development and maintenance, network support, end-user support, database administration and information systems security. It also includes infrastructure and application architecture services, website and hosting services, and disaster recovery services.

Allocation Factors—: (1) ~~Number of Personal Computers~~ General/Corporate; (2) Number of ~~Clicks;~~ (3) ~~Number of Phone Lines;~~ (4) ~~Number of~~ Employees; (5) ~~Application Allocator;~~ (6) ~~Mainframe~~ 4 CPU and Disk Storage; (7) ~~Number of Devices;~~ (8) ~~Number of Meters;~~ (9) ~~Call Volume;~~ (10) ~~Square Footage;~~ (11) ~~Number of Radios;~~ (12) ~~Number of Mobile Data Devices;~~ (13) ~~Number of~~ 7 Number of Customers; (14) ~~Composite Allocator.~~

## ~~10. Legal services~~

## 10. Legal and Governance

“Legal services refers to 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. ~~In addition, services are also provided to functional areas responsible for insurance (procurement, management~~



~~and general advice), claims management,~~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 ~~compliance (compliance with laws, ethics and code of conduct).~~records.

Allocation Factors—: (1) General/Corporate.

## 11. Supply Chain

~~“Supply Chain refers to”~~ 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. ~~The category also encompasses~~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 ~~Inventory~~ Transactions; (4) Composite Allocator.

## 12. ~~Engineering~~ II. Services

~~Engineering services refers primarily to~~ engineering 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 ~~gas~~utility distribution operations. Such support includes designing and monitoring the construction and maintenance of ~~gas~~ distribution lines and ensuring that construction activity is consistent with plans. It ~~also involves~~includes coordinating the planning and operation of ~~gas~~ distribution systems, performing operational reviews of completed construction, maintenance work of ~~gas~~ distribution lines and operating meter shops. ~~In addition to these gas services the Engineering group provides~~It includes geospatial services, locate system support, damage prevention, and contract administration to all ~~Integrys~~ regulated gas and electric affiliates. ~~Engineering~~It includes providing services ~~will also provide competitive excellence stewardship and training to operate and~~ support gas and electric utility 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 ~~for gas distribution projects.~~

Allocation Factors—: (1) Feet of Installed/Replaced Pipeline; (2) Number of Meters Repaired; (3) FTE Work Estimate; (4) Number of ~~Union~~-Employees; (5) Project Specific Allocator; (6) MW.

### ~~13. Gas supply~~

#### 2. Gas supply refers to 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 ~~natural gas~~ deliveries; acquiring, selling, releasing and managing ~~pipeline transportation capacity or storage capacity~~; gas control operations (including ~~measurement of gas quality and gas control~~ compliance with applicable state and federal operating requirements); and operating utility-owned underground natural gas storage fields. This function excludes all functions that are not ministerial in nature and excludes contract ownership, as each ~~Client Company~~Party will continue to hold ~~gas~~ supply and capacity contracts in its own name.

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

### ~~14. Customer relations~~

~~Customer relations refers to 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 and customer strategy. 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 Transportation Customers.~~

#### Project Services

#### for Services that WBS May Provide

~~Project services refers to provide project management functions throughout the project life cycle from problem definition and concept development to project execution and performance validation. Offerings to affiliates include participation in business planning, Project Support Office services, problem solving and concept development, business case development, competitive excellence process improvement services, portfolio management, project management, and Dam safety program management.~~

~~Allocation Factors – (1) Hydro MW Distribution; (2) FTE work estimate; (3) Specific Project Assignment.~~

## Exhibit C

~~Costs~~WBS will ~~be allocated~~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 ~~and foremost~~, 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 ~~one entity~~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 ~~specific type of~~particular Service to the ~~customers~~Party receiving ~~such 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.

~~Number of Customers—Based on the average number of customers (electric and/or gas) over the most recent 12 months at the time the budget is prepared.~~ The numerator of which is for a ~~Client Company~~Party and the denominator of which is for all ~~Client Companies (Parties~~ or specific ~~Client Companies~~Parties receiving the Service allocated per this factor, if not all ~~Companies~~Parties are receiving the Service-). This ratio will be determined annually ~~and/or at such time as may be~~or more frequently if required due to a significant change in circumstances.

~~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 Client Company and the denominator of which is for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service.) This ratio will be determined annually and/or at such time as may be required due to a significant change in circumstances.~~

~~Number of Union Employees – Call Volume – Based on the average number of union employees over~~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 prepared. The numerator of which is for a ~~Client Company~~Party and the denominator of which is for all ~~Client Companies (Parties~~ or specific ~~Client Companies~~Parties receiving the Service allocated per this factor, if not all ~~Companies~~Parties are receiving the Service-). This ratio will be determined annually ~~and/or at such time as may be~~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 at the time the budget is prepared. The~~

~~numerator of which is for a Client Company and the denominator of which is for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service.) This ratio will be determined annually and/or at such time as may be 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

~~*Number of Invoices Processed*—Based on the average number of invoices processed during the most recent 12 months at the time the budget is prepared. The numerator of which is for a Client Company and the denominator of which is for all Client Companies (or specific Client Companies Parties or specific Parties receiving the Service allocated per this factor, if not all Companies Parties are receiving the Service.). This ratio will be determined annually and/or at such time as may be 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 at the time the budget is prepared. The numerator of which is for a Client Company and the denominator of which is for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service.) This ratio will be determined annually and/or at such time as may be required due to a significant change in circumstances.~~

~~*Number of Personal Computers*—Based on the number of personal computers at the time the budget is prepared. The numerator of which is for a Client Company and the denominator of which is for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service.) This ratio will be determined annually and/or at such time as may be required due to a significant change in circumstances.~~

~~*Number of Phone Lines*—Based on the number of phone lines at the time the budget is prepared. The numerator of which is for a Client Company and the denominator of which is for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service.) This ratio will be determined annually and/or at such time as may be required due to a significant change in circumstances.~~

~~*Mainframe* 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 mainframe 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 Client Company Party and the denominator of which is for all Client Companies (Parties or specific Client Companies Parties receiving the Service allocated per this factor, if not all Companies Parties are receiving the Service.)<sub>2</sub>. This ratio will be determined annually and/or at such time as may be or more frequently if required due to a significant change in circumstances.

~~*Number of Clicks* — Based on the average number of clicks on the website page during the most recent 12 months at the time the budget is prepared. The numerator of which is for a Client Company and the denominator of which is for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service.) This ratio will be determined annually and/or at such time as may be required due to a significant change in circumstances.~~

~~*Number of Devices* — Based on the number of devices at the time the budget is prepared. The numerator of which is for a Client Company and the denominator of which is for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service.) This ratio will be determined annually and/or at such time as may be required due to a significant change in circumstances.~~

~~*Number of Mobile Data Devices* — Based on the number of mobile data devices at the time the budget is prepared. The numerator of which is for a Client Company and the denominator of which is for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service.) This ratio will be determined annually and/or at such time as may be required due to a significant change in circumstances.~~

~~*Number of Radios* — Based on the number of radios at the time the budget is prepared. The numerator of which is for a Client Company and the denominator of which is for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service.) This ratio will be determined annually and/or at such time as may be 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 Client Company Party and the denominator of which is for all Client Companies (Parties or specific Client Companies Parties receiving the Service allocated per this factor, if not all Companies Parties are receiving the Service.)<sub>2</sub>. This ratio will be determined annually and/or at such time as may be or more frequently if required due to a significant change in circumstances.

~~Number~~Feet of ~~Office Moves~~Installed/Replaced Pipeline – Based on ~~the~~ average number of ~~office moves~~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 ~~Client Company~~Party and the denominator of which is for all ~~Client Companies~~(Parties or specific ~~Client Companies~~Parties receiving the Service allocated per this factor, if not all ~~Companies~~Parties are receiving the Service.). This ratio will be determined annually ~~and/or at such time as may be~~or more frequently if required due to a significant change in circumstances.

~~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 at the time the budget is prepared. The numerator of which is for a Client Company and the denominator of which is for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service.) This ratio will be determined annually and/or at such time as may be 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 at the time the budget is prepared. The numerator of which is for a Client Company and the denominator of which is for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service.) This ratio will be determined annually and/or at such time as may be required due to a significant change in circumstances.

~~Square Footage~~ – Based on average square footage occupied for the most recent 12 months at the time the budget is prepared. The numerator of which is for a Client Company and the denominator of which is for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service.) This ratio will be determined annually and/or at such time as may be required due to a significant change in circumstances.

~~Call Volume~~ – Based on average call volume during the most recent calendar year at the time the budget is prepared. The numerator of which is for a Client Company and the denominator of which is for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service.) This ratio will be determined annually and/or at such time as may be required due to a significant change in circumstances.

~~Application Allocator~~ – Based on the allocation of the specific application being worked on. The numerator of which is for a Client Company and the denominator of which is for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service.) This ratio will be determined



~~annually and/or at such time as may be required due to a significant change in circumstances.~~

~~*Specific Project Assignment* – This indicates that Project Services is allowed to use any one of the existing allocation factors in this Exhibit C, such that costs associated with Project Services are allocated based on the nature of the project they are supporting.~~

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

~~*Composite Allocator Gas Throughput* – Based on *Total Historical Billings for an IBS functional service as defined* gas throughput in *Exhibit B* – ~~Based on the total O&M billings~~ 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 ~~or total O&M billings for the previous calendar year.~~ The numerator of which is for a Client Company Party and the denominator of which is for all Client Companies (Parties or specific Client Companies Parties receiving the Service allocated per this factor, if not all Companies Parties are receiving the Service-). This ratio will be determined annually ~~and/or such time as may be~~ more frequently if required due to a significant change in ~~circumstance~~ 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 Client Company Party and the denominator of which is for all Client Companies (Parties or specific Client Companies Parties receiving the Service allocated per this factor, if not all Companies Parties are receiving the Service-). This ratio will be determined annually ~~and/or at such time as may be~~ more frequently if required due to a significant change in circumstances.

~~*Gas Throughput* – Based on gas throughput in dekatherms (sales and transportation) for~~ 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 Client CompanyParty and the denominator of which is for all Client Companies (Parties or specific Client CompaniesParties receiving the service allocated per this factor, if not all CompaniesParties are receiving the service.). This ratio will be determined annually and/or at such time as may be 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.

~~*Feet of Installed/Replaced Pipeline*~~Number of Devices – Based on ~~average number of feet installed/replaced for the most recent 12 months~~number of devices or a forecast at the time the budget is prepared. The numerator of which is for a Client CompanyParty and the denominator of which is for all Client Companies (Parties or specific Client CompaniesParties receiving the service allocated per this factor, if not all CompaniesParties are receiving the service.). This ratio will be determined annually and/or at such time as may be 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 Inventory Transactions~~Employees - Based on the ~~number of inventory transactions for the most recent 12 months at the time~~average number of employees included in the budget that is being prepared. The numerator of which is for a Client CompanyParty and the denominator of which is for all Client Companies (Parties or specific Client CompaniesParties receiving the service allocated per this factor, if not all CompaniesParties are receiving the service.). This ratio will be determined annually and/or at such time as may be 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 time the budget is prepared. The numerator of which is for a Client CompanyParty and the denominator of which is for all Client Companies (Parties or specific Client CompaniesParties receiving the service allocated per this factor, if not all CompaniesParties are receiving the service.). This ratio will be determined annually and/or at such time as may be more frequently if required due to a significant change in circumstances.

~~*Hydro MW Distribution*~~—Based on the percentage per hydro region of rated generation in megawatts (MW), The numerator of which is for an individual hydro region and the denominator of which is for all hydro regions. This ratio will be revised annually at budget time if there are additions or deletions of hydro units, or changes in ownership percentages of existing hydro units, within the hydro regions.—

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 ~~Client Company~~Party and the denominator of which is for all ~~Client Companies~~(Parties or specific ~~Client Companies~~Parties receiving the service allocated per this factor, if not all ~~Companies~~Parties are receiving the service-). This ratio will be determined annually ~~and/or at such time as may be~~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 ~~Client Company~~Party and the denominator of which is for all ~~Client Companies~~(Parties or specific ~~Client Companies~~Parties receiving the service allocated per this factor, if not all ~~Companies~~Parties are receiving the service-). This ratio will be determined annually ~~and/or at such time as may be~~or more frequently if required due to a significant change in circumstances.

~~Number of Transportation Customers~~Square Footage – Based on ~~the average number of transportation customers-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 ~~Client Company~~Party and the denominator of which is for all ~~Client Companies~~(Parties or specific ~~Client Companies~~Parties receiving the service allocated per this factor, if not all ~~Companies~~Parties are receiving the service-). This ratio will be determined annually ~~and/or at such time as may be~~or more frequently if required due to a significant change in circumstances.

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 D<sup>1</sup>.

“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;

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<sup>1</sup>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.

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

5. **Operational Support - Gas Utility:** Provide services and training to operate and support gas utility 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.

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.

## 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. 16-\_\_\_\_\_ 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

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.



- “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 inquiries (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.

- “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

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

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 an 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:** Provide services and training to operate and support gas utility operations, such as construction, design, operation and maintenance; field services; operational compliance.
- “Provide services and training to operate and support gas utility operations” means services that a gas 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.
  - “construction, design, operation and maintenance” means services needed to develop, maintain and operate gas utility infrastructure. These services include any service associated with the operation of a gas utility’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 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. 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 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 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 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**

**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, 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, 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 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.
- a)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 6**



## CERTIFICATE OF SERVICE

IN THE MATTER OF THE PETITION FOR  
APPROVAL OF THE WEC ENERGY GROUP  
AFFILIATED INTEREST AGREEMENT OF  
MINNESOTA ENERGY RESOURCES  
CORPORATION

MPUC DOCKET No. G011/AI-16-\_\_\_\_\_

Jill N. Yeaman hereby certifies that on the 1<sup>st</sup> day of April, 2016, she served copies of:

1. Summary of Filing; and
2. Petition for Approval of Affiliated Interest 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  
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St. Paul, MN 55101  
[dan.wolf@state.mn.us](mailto:dan.wolf@state.mn.us)

Julia Anderson  
Office of the Attorney General - DOC  
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[Julia.Anderson@ag.state.mn.us](mailto:Julia.Anderson@ag.state.mn.us)

John Lindell  
Office of the Attorney General – RUD  
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[agorud.ecf@ag.state.mn.us](mailto: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](mailto: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/ Jill N. Yeaman*

\_\_\_\_\_  
Jill N. Yeaman

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
Seth	DeMerritt	ssdemerritt@integrysgroup.com	MERC (Holding)	700 North Adams P.O. Box 19001 Green Bay, WI 543079001	Electronic Service	No	GEN_SL_Minnesota Energy Resources Corporation_General Service List
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500  Saint Paul, MN 551012198	Electronic Service	No	GEN_SL_Minnesota Energy Resources Corporation_General Service List
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Amber	Lee	ASLee@minnesotaenergyresources.com	Minnesota Energy Resources Corporation	2665 145th St W  Rosemount, MN 55068	Electronic Service	No	GEN_SL_Minnesota Energy Resources Corporation_General Service List
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	No	GEN_SL_Minnesota Energy Resources Corporation_General Service List
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Andrew	Moratzka	apmoratzka@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Energy Resources Corporation_General Service List
Colleen	Sipiorski	ctsipiorski@integrysgroup.com	Minnesota Energy Resources Corporation	700 North Adams Street  Green Bay, WI 54307	Electronic Service	No	GEN_SL_Minnesota Energy Resources Corporation_General Service List
Kristin	Stastny	kstastny@briggs.com	Briggs and Morgan, P.A.	2200 IDS Center 80 South 8th Street Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Energy Resources Corporation_General Service List

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