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June 28, 2006

Mary Jo Kunkle
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way
Lansing, MI 48911

RE: Edison Sault Electric Company's 2006 PSCR Plan
MPSC Case No. U-14703

Dear Ms. Kunkle:

Attached please find the City of Mackinac Island's exhibits entered at the hearing on June 27, 2006. This submission is Part 1 of 2 and contains exhibits CMI-1, CMI-3 through CMI-7, and CMI-9 through CMI-12.

This is a E-File Paperless case, and therefore these exhibits will only be submitted electronically.

Thank you for your assistance. Should you have any questions, please feel free to contact my office.

Very truly yours,

FRASER TREBILCOCK DAVIS & DUNLAP, P.C.

Thomas J.
Waters

Digitally signed by Thomas J.
Waters
DN: CN = Thomas J. Waters, C =
US, O = Fraser Law Firm
Date: 2006.06.28 14:05:50 -04'00'

Thomas J. Waters

TJW/als
Attachments

AMENDMENT 1
TO THE
JOINT OPERATING AGREEMENT
BETWEEN
WISCONSIN ELECTRIC POWER COMPANY
AND
EDISON SAULT ELECTRIC COMPANY

Wisconsin Electric Power Company
First Revised Rate Schedule FERC No. 96
Superseding Original Rate Schedule FERC No. 96

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Issued by: James R. Keller, Director Policy Planning
Wisconsin Electric Power Company

Effective date: November 1, 2003

Issued on: October 16, 2003

AMENDMENT 1
TO THE
JOINT OPERATING AGREEMENT
BETWEEN
WISCONSIN ELECTRIC POWER COMPANY
AND
EDISON SAULT ELECTRIC COMPANY

THIS AMENDED AGREEMENT is made and entered into this ____ of ____, 2003, by and between Wisconsin Electric Power Company ("Wisconsin Electric") and Edison Sault Electric Company ("Edison Sault"), referred to collectively as "Parties" and singularly as "Party".

WHEREAS, Wisconsin Electric and Edison Sault intend to amend the Joint Operating Agreement dated October 16, 2000 in order to achieve a greater realization of economic benefits for their customers through the wholesale coordination of generation and/or purchasing of renewable energy; and

WHEREAS, Wisconsin Electric and Edison Sault either have in effect or are seeking approval from state regulatory commissions that have jurisdiction over their retail rates for the offering of voluntary renewable energy tariffs; and

WHEREAS, Wisconsin Electric and Edison Sault are currently the owners and operators of electric generation, transmission and distribution facilities with which they are engaged in the business of generating, transmitting and selling electric power and energy to the general public and to other electric utilities, including Cloverland Electric Cooperative; and

WHEREAS, Wisconsin Electric and Edison Sault have committed to transfer ownership and operational control of certain jurisdictional transmission facilities to the American Transmission

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Company LLC ("ATCLLC"), whereby ATCLLC will exercise control over these facilities until control is assumed by the Midwest Independent System Operator ("Midwest ISO") when the Midwest ISO commences operations in 2001; and

WHEREAS, on April 22, 1998, the Federal Energy Regulatory Commission ("FERC" or "Commission") approved the merger request by Wisconsin Energy Corporation and ESELCO, Inc., whereby Edison Sault and Wisconsin Electric became separate wholly-owned subsidiaries of Wisconsin Energy Corporation; and

WHEREAS, the Parties can achieve a greater realization of economic benefits for their customers through operation as a single integrated and centrally dispatched system, and through greater coordination of their electric supply activities, including planning, construction, operation and maintenance of their Generating Units; and

WHEREAS, the foregoing benefits will be economically achieved and their attainment will be facilitated by having certain services performed by Wisconsin Electric acting as Agent on behalf of Edison Sault; and

NOW, THEREFORE, in consideration of the covenants and premises herein set forth, the Parties mutually agree as follows:

ARTICLE I

DEFINITIONS

For the purpose of this Agreement, the following definitions shall apply:

- 1.01 Adequacy Operator shall mean the entity that has the ability and the obligation to supply the aggregate electrical demand and energy requirements of the load within a defined area at all times, taking into account scheduled and reasonably expected unscheduled outages of System elements.

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Wisconsin Electric Power Company

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- 1.02 Agent shall have the meaning set forth under Section 3.01 hereof.
- 1.03 Agreement shall be this Joint Operating Agreement between Wisconsin Electric and Edison Sault, including all attachments hereto, as the same may be amended, supplemented, or modified in accordance with its terms.
- 1.04 Capacity shall be the rate of doing work and shall be expressed in megawatts (MW).
- 1.05 Capacity Requirements shall mean the capacity requirements of a Party that: (1) arise after January 1, 2001; (2) cannot be satisfied by that Party's Embedded Capacity Resources; and (3) cannot be satisfied by Excess Capacity Resources belonging to the other Party.
- 1.06 CEO shall mean the Chief Executive Officer of the Wisconsin Energy Corporation.
- 1.07 Demand shall be the demand in MW of all retail and wholesale customers, for both firm and non-firm energy, on whose behalf the Party, by statute, franchise, regulatory requirements, or contract, has an obligation to supply electricity, integrated over a period of one Hour, plus the losses incidental to that service.
- 1.08 Economic Dispatch shall be the distribution of total generation requirements among alternative sources for system economy with due consideration of incremental generating costs, incremental transmission losses, and system reliability.
- 1.09 Embedded Capacity Resources shall mean those generating resources owned or acquired by each Party prior to July 1, 2000 to meet its Load Responsibility and Planning Reserve Level. Embedded Capacity Resources are set forth in Schedule B of this Agreement.
- 1.10 Energy shall be a measure of doing work expressed in megawatt hours (MWh).

- 1.11 Excess Capacity Resources shall mean those Embedded Capacity Resources that exceed the generating resources required to satisfy a Party's Load Responsibility and Planning Reserve Level.
- 1.12 Generating Unit shall be an electric generator, together with its prime mover, and all auxiliary and appurtenant devices and equipment designed to be operated as a unit for the production of Energy.
- 1.13 Good Utility Practice shall mean the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather includes all acceptable practices, methods, or acts generally accepted in the region.
- 1.14 Hour shall be a clock hour.
- 1.15 Joint Supply Plan shall be the formal documented plan developed from time to time for all future Generating Units of the Parties and other resources.
- 1.16 Load Responsibility shall be as follows:
- (a) Party Peak Demand; less
 - (b) Interruptible load including direct load control included in (a) above; plus
 - (c) The contractual amount of firm sales and exchanges including applicable reserves during the period to other systems; less

(d) The contractual amount of firm purchases and exchanges including applicable reserves during the period from other systems.

- 1.17 Month shall be a calendar month.
- 1.18 Off-System Purchases shall mean all purchases from a third party of Energy and/or Capacity.
- 1.19 Off-System Sales shall mean all wholesale sales to a third party of Energy and/or Capacity.
- 1.20 Peak Demand for a period shall be the highest Demand for any Hour during the period.
- 1.21 Planning Reserve Level shall be the MW amount of required Reserve Capacity for a Party, expressed as a percentage of its forecasted Load Responsibility.
- 1.22 Pooled Capacity Resources shall mean those generating resources, including those resources constructed in the future by either Party and those made available through purchases of capacity from third parties, acquired to satisfy the Capacity Requirements of both Parties. Pooled Capacity Resources shall be set forth in Schedule C of this Agreement.
- 1.23 Reserve Capacity shall be that amount in MW by which the Party or System Capability exceeds Party or System Load Responsibility.
- 1.24 System shall be the Generating Units and equipment related to operating the Generating Units, the interconnection equipment connecting the Generating Units to the transmission grid or the transmission grid to the distribution facilities, capacity and energy resources acquired by contract, the transmission contracts necessary to transmit the capacity and energy acquired by contract, and the distribution facilities

utilized to serve the load that are owned or operated by or for the benefit of the Parties.

- 1.25 System Capability shall be the arithmetical sum in MW of the individual Party capabilities.
- 1.26 Year shall be a calendar year.
- 1.27 Renewable Energy is generated from naturally replenishable resources, including wind, solar, hydroelectric, biomass, tidal or wave action, and geothermal to produce electricity with lower or no air emissions or solid waste compared to fossil fuels. Renewable Power specifically includes any and all Renewable Energy Credits and Emissions Credits/Allowances/Offsets associated with the electrical energy and capacity generated by Renewable Energy sources.
- 1.28 Emissions Credits/Allowances/Offsets shall mean any and all local, state, federal and/or international credits/allowances/offsets which may accrue as the result of the operation of Renewable Energy sources. Such credits/allowances/offsets would include, but not be limited to, carbon dioxide, sulfur oxide, nitrogen oxides, nitrous oxides, volatile organic compounds ("VOCs"), mercury, methane and any other greenhouse gases or other credits/allowances/offsets for any other environmental issues that may be resolved, in whole or in part, by or may accrue to the operation of Renewable Energy sources.
- 1.29 Renewable Energy Credits shall mean credits for energy generated at Renewable Energy sources that could qualify or do qualify for application toward compliance with any local, state, federal and/or international renewable energy portfolio standard or other renewable energy mandate or objective.

ARTICLE II

TERM OF AGREEMENT

2.01 This Agreement shall become effective at 12:00 a.m. E.S.T. on the later of (a) January 1, 2001, or (b) the day on which any required regulatory approvals are obtained, and shall continue in full force and effect Year to Year until terminated by one or both of the Parties upon twelve months written notice to the other Party. If any regulatory body revises or modifies any provision in a manner deemed unacceptable to either Party, this Agreement may be terminated by either Party.

ARTICLE III

AGENT

3.01 Designation of Agent

Wisconsin Electric will serve as the Agent of Edison Sault for the purpose of performing the duties set forth in Section 3.02. Those duties shall be performed in consultation with the Operating Committee, unless expressly stated otherwise in this Agreement.

3.02 Duties of Agent

In its capacity as Agent for Edison Sault, Wisconsin Electric shall perform the following duties:

- (a) Coordinate the Economic Dispatch of the System;
- (b) Act as Adequacy Operator and maintain the reliability of the combined System through monitoring and security assessments as is appropriate for generation control and load balancing;
- (c) Plan, coordinate and schedule Off-System Purchases and Off-System Sales;

- (d) Obtain transmission service, including ancillary services (through self supply or purchase);
- (e) Develop all Capacity and Energy bills and billing-related information between the Parties and with other wholesale transacting entities;
- (f) Engage in such other activities, or perform such other duties, as may be necessary or as assigned by the Parties or Operating Committee; and
- (g) Take such actions as are necessary to accommodate retail access as it may evolve in Michigan and Wisconsin.

3.03 Reporting to Edison Sault

Wisconsin Electric shall provide periodic summary reports of its activities under this Agreement to Edison Sault, and shall inform Edison Sault of situations or problems which may adversely affect the performance of Wisconsin Electric's duties under this Agreement. Wisconsin Electric shall also provide to Edison Sault, in such detail as is reasonably requested, reports on specific issues or projects arising out of its duties under this Agreement.

3.04 Compensation of Agent

Edison Sault shall compensate Agent for the services specified in this Agreement in accordance with Schedule A.

ARTICLE IV

OPERATING COMMITTEE

4.01 Establishment of Operating Committee

There shall be an Operating Committee, which shall consist of representatives of Wisconsin Electric and Edison Sault, as determined by the CEO. Each Party shall pay the expenses of its representatives on the Operating Committee.

Issued by: James R. Keller, Director Policy Planning
Wisconsin Electric Power Company

Effective date: November 1, 2003

Issued on: October 16, 2003

4.02 Duties of the Operating Committee

The Operating Committee shall have the following duties:

- (a) Assume responsibility for the development of any amendments to this Agreement;
- (b) Periodically review this Agreement to determine whether revisions are necessary to meet changing conditions;
- (c) Monitor the adequacy of reserves for the Parties;
- (d) Provide coordination of maintenance schedules for Generating Units;
- (e) Periodically review the Planning Reserve Level for each Party and recommend any modifications to the CEO;
- (f) Periodically review the Joint Supply Plan and recommend any modifications to the CEO; and
- (g) Explore annually the appropriate timing for a transition to a system-wide pool.

ARTICLE V

PLANNING

5.01 Responsibility for Adequate Resources

Each Party shall own, or have available to it under contract, such generating resources as are necessary to supply its Load Responsibility and its Planning Reserve Level.

5.02 Load Growth Forecasting

Each Party shall forecast and provide annually to the other a ten-year rolling forecast of load growth, and of the generating resources, including capacity purchased from third parties, necessary to meet its Load Responsibility and its Planning Reserve Level.

5.03 Joint Supply Plan

Agent shall prepare a Joint Supply Plan that will provide for the forecasted System Load Responsibility and the System Planning Reserve Level.

ARTICLE VI

CAPACITY

6.01 Designation and Pricing of Embedded Capacity Resources

The Embedded Capacity Resources of each Party are set forth in Schedule B of this Agreement. Each Party shall bear the cost of its Embedded Capacity Resources, and shall be entitled to receive the energy and capacity from its Embedded Capacity Resources, and shall pay for the energy that it receives.

6.02 Disposition of Excess Capacity Resources

All of a Party's Excess Capacity Resources shall be offered for sale to the other Party prior to being included in an Off-System Sale. Excess Capacity Resources shall be purchased by a Party at cost.

6.03 Pooling of Capacity Requirements

The Capacity Requirements of each Party over and above each Party's Embedded Capacity Resources shall be pooled, and shall be acquired by Agent on a combined and pooled basis.

6.04 Designation of Pooled Capacity Resources

All Pooled Capacity Resources shall be set forth in Schedule C of this Agreement, which shall be updated from time to time as required.

6.05 Pricing of Pooled Capacity Resources

Costs for Pooled Capacity Resources shall be combined and allocated to a Party based on that Party's share of the average cost of the total Pooled Capacity Resources acquired. Schedule D of this Agreement sets forth a formula and sample calculation for allocation of the costs of Pooled Capacity Resources.

6.06 Transition to System-Wide Pooling

Through the Operating Committee, the Parties shall annually explore a transition to a system-wide capacity pool.

ARTICLE VII

ENERGY

7.01 Scheduling of System Energy

Agent shall schedule System Energy consistent with the principles of Economic Dispatch. Each Party's identification of operating and security constraints affecting joint dispatch will conform with Good Utility Practice.

7.02 Energy from Embedded Capacity Resources

Each Party shall receive the benefit of Energy from its Embedded Capacity Resources, consistent with the principles of Economic Dispatch.

7.03 Energy from Other Resources

Agent will arrange for the scheduling and/or purchase of all Energy required to meet Edison Sault's load in excess of Energy available and scheduled from Edison Sault's Embedded Capacity

Resources. Edison Sault shall compensate Agent for this Energy in accordance with the method set forth in Schedule E.

7.04 Transition to System-Wide Pooling

Through the Operating Committee, the Parties shall annually explore a transition to a system-wide energy pool.

ARTICLE VIII

GENERAL

8.01 Regulatory Authorization

This Agreement is subject to certain regulatory approvals and each Party shall diligently seek all necessary regulatory authorization for this Agreement.

8.02 Effect on Other Agreements

This Agreement shall not modify the obligations of any Party under any agreement between the Parties and others not parties to this Agreement in effect at the date of this Agreement.

8.03 Schedules

The basis of compensation for the use of facilities and for the Capacity and Energy provided or supplied by a Party to another Party under this Agreement shall be in accordance with arrangements agreed upon from time to time among the Parties. Such arrangements shall be in the form of Schedules, each of which, when signed by the parties thereto and approved or accepted, where necessary, by appropriate regulatory authority, shall become a part of this Agreement.

8.04 Measurements

All quantities of Capacity and Energy exchanged or flowing between the systems of the Parties, shall be determined by meters installed at each interconnection, unless otherwise agreed to by the Parties.

8.05 Billings

Bills for services rendered hereunder shall be calculated in accordance with applicable Schedules, and shall be issued on a monthly basis for services performed during the preceding Month.

8.06 Waivers

Any waiver at any time by any Party of its right with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any subsequent default or matter. Any delay, short of the statutory period of limitation, in asserting or enforcing any right under this Agreement, shall not be deemed a waiver of such right.

8.07 Successors and Assigns

This Agreement shall inure to the benefit of and be binding upon the Parties only, and their respective successors and assigns, and shall not be assignable by any Party without the written consent of the other Party.

8.08 No Third Party Beneficiaries

This Agreement does not create rights of any character whatsoever in favor of any person, corporation, association, entity or power suppliers, other than the Parties, and the obligations herein assumed by the Parties are solely for the use and benefit of said Parties. Nothing in this Agreement shall be construed as permitting or vesting, or attempting to permit or vest, in any person, corporation, association, entity or power suppliers, other than the Parties, any rights hereunder or in any of the Generating Units or transmission plants owned by the Parties or the use thereof.

8.09 Amendment

It is contemplated by the Parties that it may be appropriate from time to time to change, amend or supplement this Agreement. This Agreement may be changed, amended, modified or supplemented by an instrument in writing executed by both of the Parties after requisite approval or acceptance for filing by the appropriate regulatory authorities.

8.10 Independent Contractors

It is agreed among the Parties that by entering into this Agreement the Parties shall not become partners, but as to each other and to third persons, the Parties shall remain independent contractors in all matters relating to this Agreement.

8.11 Liability and Indemnification

Subject to any applicable state or federal law which may specifically restrict limitations on liability, each Party shall defend, indemnify, hold harmless, and release the other Party, their directors, officers and employees from and against any and all liability for loss, damage, or expense alleged to arise from, or incidental to, injury to persons, and/or damage to property in connection with its facilities or the production or transmission of electric energy by or through such facilities, or related to performance or non-performance of this Agreement, including any negligence arising hereunder. In no event shall one Party be liable to the other Party for any indirect, special, incidental, or consequential damages with respect to any claim arising out of this Agreement.

8.12 Governing Law

The validity, interpretation and performance of this Agreement and each of its provisions shall be governed by the applicable laws of the State of Wisconsin.

8.13 Section Headings

The descriptive headings of the Articles and sections of this Agreement are used for convenience only, and shall not modify or restrict any of the terms and provisions thereof.

ARTICLE IX

RENEWABLE ENERGY

9.01 The Parties agree to coordinate their generation and/or purchase of power from Renewable Energy sources. Edison Sault shall compensate Agent for this Renewable Energy in accordance with the method set forth in Schedule F.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and attested by their duly authorized officers on the Day and Year first above written.

WISCONSIN ELECTRIC POWER
COMPANY

By: James R. Keller
James R. Keller
Director Policy and Planning

EDISON SAULT ELECTRIC COMPANY

By: Donald Sawruk
Donald Sawruk
President

Issued by: James R. Keller, Director Policy Planning
Wisconsin Electric Power Company

Effective date: November 1, 2003

Issued on: October 16, 2003

SCHEDULE A

Fee for Services Provided Under Article III

Edison Sault shall pay a percentage of Agent's operating budget for the Power Marketing Business Unit based upon Adjusted Annual Peak Demands. The Adjusted Annual Peak Demand for Edison Sault shall be its annual Peak Demand less the sum of Edison Sault's capacity from Hydro and power purchase agreements, identified in Schedule B. The Adjusted Annual Peak Demand for Wisconsin Electric shall be its annual Peak Demand less the sum of Wisconsin Electric's capacity from Point Beach, Hydro, and power purchase agreements, identified in Schedule B. The percentage to be paid by Edison Sault shall be the ratio of Edison Sault's Adjusted Annual Peak Demand over the sum of the Annual Peak Demands of Edison Sault and Wisconsin Electric.

Example:

$$APD_{ES} / (APD_{ES} + APD_{WE}) * B_{WE} = F$$

Where	APD_{ES}	=	Adjusted Annual Peak Demand for Edison Sault ¹
	APD_{WE}	=	Adjusted Annual Peak Demand for Wisconsin Electric
	B_{WE}	=	Operating Budget
	F	=	Fee paid by Edison Sault

SCHEDULE B

Embedded Capacity Resources

Current Rated Capacity (MW) of Existing WEPCo Units and Capacity Purchases

STEAM UNITS:

Point Beach 1	505
Point Beach 2	507
PB TOTAL NUCLEAR MW*****	1012

Oak Creek 5	261
Oak Creek 6	264
Oak Creek 7	298
Oak Creek 8	312
OC TOTAL MW*****	1135

Port Washington 1	80
Port Washington 2	80
Port Washington 3	80
Port Washington 4	80
Port Washington 5	0
PW TOTAL MW*****	320

Valley 1	140
Valley 2	140
Steam Load	-13
VP TOTAL MW*****	267

Pleasant Prairie 1	600
Pleasant Prairie 2	600
PP TOTAL MW*****	1200

EDGEWATER 5 (WE Share)*****	102
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Presque Isle 1	25
Presque Isle 2	37
Presque Isle 3	58
Presque Isle 4	58
Presque Isle 5	88
Presque Isle 6	90
Presque Isle 7	85

Presque Isle 8	88
Presque Isle 9	88
TOTAL PRESQUE ISLE MW*****	617
 MILWAUKEE COUNTY*****	 11
 FOSSIL STEAM TOTAL**	 3652
 COMBUSTION/DIESEL	
UNITS:	
Germantown 1	63
Germantown 2	63
Germantown 3	63
Germantown 4	63
Germantown 5	93
Concord 1	94
Concord 2	94
Concord 3	94
Concord 4	94
Paris 1	94
Paris 2	102
Paris 3	102
Paris 4	94
Point Beach 5G	16
Oak Creek 9	20
Port Washington 6	18
Valley Diesel	3
Pleasant Prairie Diesels	2
COMBUSTION/DIESEL TOTAL:	1172
 HYDRO: MEDIAN CONDITIONS	 63
 WE SYSTEM TOTAL:	 5899
 POWER PURCHASE AGREEMENTS:	 803
 TOTAL CAPACITY (MW)	 6702

Current Rated Capacity (MW) of Existing ESElCo Units and Capacity Purchases

COMBUSTION/DIESEL	
UNITS:	
Manistique 1	2.0
Manistique 2	2.8
Other ¹	11.0
COMBUSTION/DIESEL TOTAL:	16
Hydro: Median Conditions	27
ESE SYSTEM TOTAL:	43
POWER PURCHASE AGREEMENTS:	
US Hydro	17
Consumers Energy	25
WE	20
TOTAL CAPACITY PURCHASES:	62
TOTAL CAPACITY (MW)	105

¹ Includes Edison Sault's contractual rights to utilize combustion/diesel units of Cloverland Electric Cooperative and the Village of Newberry.

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Wisconsin Electric Power Company

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Wisconsin Electric Power Company
First Revised Rate Schedule FERC No. 96
Superseding Original Rate Schedule FERC No. 96

Case No.: U-14703
Exhibit No.: CMI-1
Witness: Leroy M. Baatz
Date: June 27, 2006
Page: 22 of 26

Original Sheet No. 20

SCHEDULE C

Pooled Capacity Resources

1. Contract for the purchase 98 MW of capacity, beginning on 10/1/2000, and ending on 9/30/2000.

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Wisconsin Electric Power Company

Effective date: November 1, 2003

Issued on: October 16, 2003

SCHEDULE E

Energy Pricing

The price of Energy delivered to Edison Sault as required to meet Edison Sault load in excess of Energy available and scheduled from Edison Sault Embedded Capacity Resources shall be based on the System Incremental Cost, plus applicable taxes. The price shall be calculated after-the-fact on an hourly basis. The load-weighted average of the price, for a Month, shall not exceed the greater of \$100/MWh, or a mutually acceptable index. Such an index must be selected and accepted by both Parties for the Year by November 15 of the previous Year.

System Incremental Cost for the Energy delivered to Edison Sault shall be evaluated based on actual Control Area operation (defined by generation and purchase amounts and costs for each Hour). The Energy delivered shall be determined on an hourly basis as Edison Sault's total load less the net generation of Edison Sault's Embedded Capacity Resources, shown in Schedule B, operating that Hour.

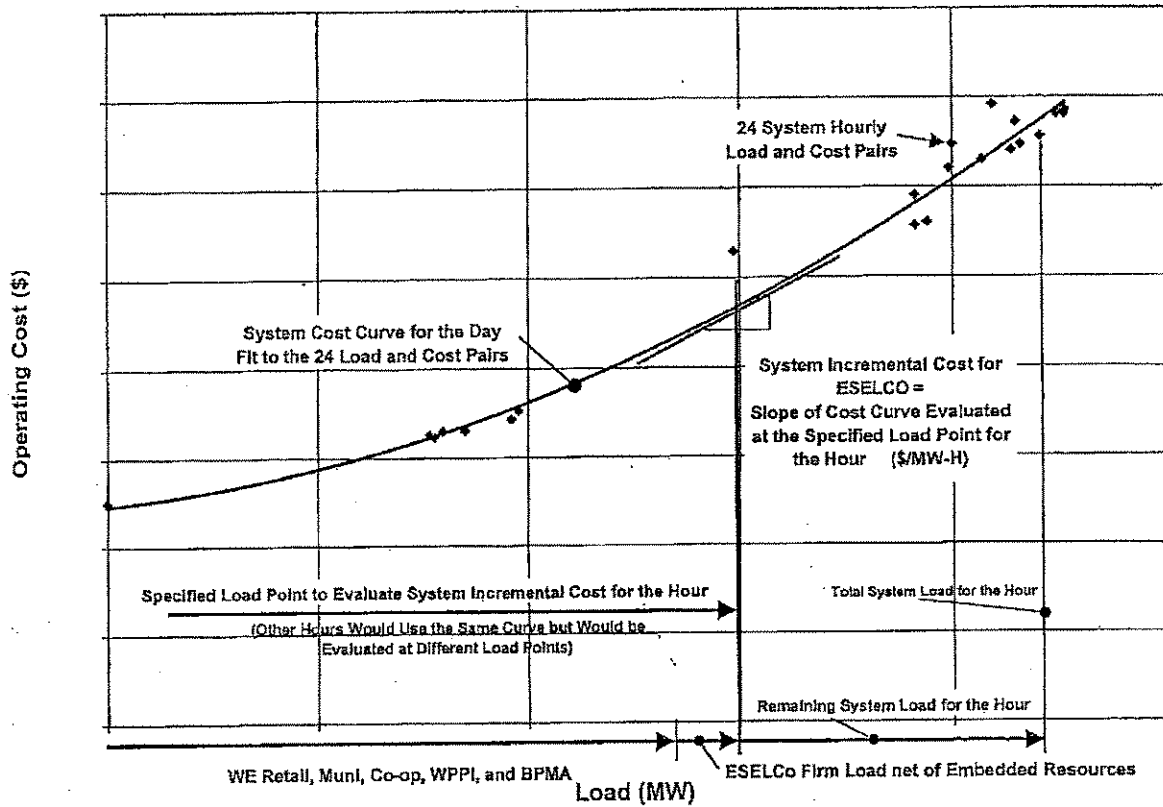
During periods when Edison Sault has resources in excess of its total Demand, Energy may be supplied to Wisconsin Electric. The price of Energy supplied to Wisconsin Electric shall be based on Edison Sault's incremental energy cost using Edison Sault's Embedded Capacity Resources. Incremental energy cost shall be determined hourly as the sum of the cost of any must-take energy in excess of Edison Sault's total load for that Hour. Energy delivered to Wisconsin Electric shall be the total of the net generation of Edison Sault Embedded Capacity Resources, less Edison Sault's total load for that Hour. The price shall be the incremental cost divided by the Energy delivered for that Hour plus applicable taxes.

For the purposes of this Agreement, System Incremental Cost is defined as the slope (in \$/MWh) of a curve constructed daily of hourly load and cost pairs. The hourly cost portion (in dollars) shall be the sum of operating costs for Wisconsin Electric's and Edison Sault's resources that Hour including fuel, variable operating & maintenance, and emission allowances for generators and the energy cost, including emission allowances of purchases, plus the cost of load reduction incentives (such as the dollars for power or power market incentives programs). The hourly load portion (in MW) shall be the sum of Wisconsin Electric net generation and purchases with Edison Sault's net generation¹ and purchases for that Hour.

The slope of the curve shall be evaluated each Hour, at a load equal to the sum of Wisconsin Electric's retail customer load, with wholesale municipal, and co-op firm loads under the contracts existing on June 1, 2000, and the Edison Sault firm load, less Edison Sault net generation and purchases, all for that Hour.

¹ Shall include Cloverland Electric Co-op and town of Newberry resources available to Edison Sault, in operation that Hour, as directed by the Agent.

Example Calculation of System Incremental Cost for ESELCo Billing
 for One Hour of a Day



Issued by: James R. Keller, Director Policy Planning
 Wisconsin Electric Power Company

Effective date: November 1, 2003

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SCHEDULE F

Renewable Energy Pricing

Edison Sault shall monthly advise Wisconsin Electric of the amount of Renewable Energy that it needs to purchase as a result of a state regulatory commission approved voluntary renewable pricing program, state or federal legislation, or negotiations with any wholesale customer served by Edison Sault. Each month during the term of the Agreement, Wisconsin Electric will calculate its actual Renewable Energy costs for the available Renewable Energy resources that provided energy to Edison Sault, and will charge Edison Sault the same amount for any Renewable Energy provided during such month.

For billing purposes only, Wisconsin Electric will calculate a Renewable Energy adder to be applied to any Renewable Energy purchased by Edison Sault each month. For all Renewable Energy MWH purchased by Edison Sault during such month, as described above, Wisconsin Electric will subtract the cost of energy calculated in Schedule E of this Agreement from its cost of supplying Renewable Energy to Edison Sault in order to determine the Renewable Energy adder, as follows:

$$\begin{aligned}\text{Renewable Energy adder} &= \text{Actual cost of Renewable Energy supplied to ESE} \\ &\quad - \text{Energy cost calculated in Schedule E} \\ &= \text{Renewable Energy adder}\end{aligned}$$

Wisconsin Electric will maintain supporting documentation that the volume of requested Renewable Energy has been obtained from renewable sources, and will convey the ownership right of such documentation (i.e., "Renewable Energy Credits") to Edison Sault.

This Schedule F shall become effective upon the later of November 1, 2003, or the day on which any required regulatory approvals are obtained, and the provisions of this Schedule F shall continue in full force and effect Year to Year until terminated by one or both of the Parties upon twelve months written notice to the other Party. If any regulatory body revises or modifies any provision in a manner deemed unacceptable to either Party, this Schedule F may be terminated by either Party.

There is no Exhibit CMI-2

City's Second Discovery Request 11

How many meetings of the Operating Committee created under Article IV section 401 of the JOA have been held since the JOA began? Please provide copies of any minutes, notes, or reports produced as a result of meetings of the committee.

Response

Edison Sault objects to this request as not relevant to the extent it seeks information outside the scope of Edison Sault's 2006 PSCR Plan. Without waiving its objection, Edison Sault states that the operating committee has conducted an annual meeting for each year during the period 2001 through 2005, or a total of 5 annual meetings. Copies of minutes, notes and reports from those meetings are attached as discovery request 11 of the City's Second Discovery Request, documents 1 through 4. A copy of the JOA report from the 2005 annual meeting was previously provided.

In addition to the annual meeting, other discussions have been held from time to time by phone, teleconference or in person as needed for such items as amending the JOA to include renewable energy or recognize the start up of the MISO markets. The results of those discussions would be the amendments the JOA, copies of which were provided in response to Discovery Request 1 of the City's First Discovery Request.

Respondent

Lee Baatz

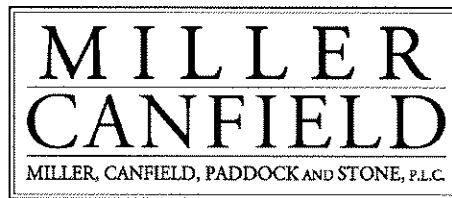
How is Plant Ops Affected?

MISO will dispatch units region-wide based on market selections

Marginal units may run more (or less) than our present operations dictate - could be a market power issue if we are seen as "withholding" generation

Properly bidding our units will be critical to maximizing profits, and will be heavily dependent on accurate cost estimates

Founded in 1852
by Sidney Davy Miller



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RONALD W. BLOOMBERG
TEL: (517) 483-4972
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Lansing, Michigan 48933
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www.millercanfield.com

Case No.: U-14703
Exhibit No.: CMI-4
Witness: Leroy M. Baatz
Date: June 27, 2006
Page: 1 of 5

May 11, 2006

Mary Jo Kunkle
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way, Suite 7
Lansing, MI 48911

Re: Wisconsin Electric Power Company
2006 PSCR Plan and Factors
MPSC Case No. U-14707

Dear Ms. Kunkle:

Attached hereto for filing, please find the hearing exhibits entered at the hearing in the above-referenced matter on April 26, 2006. Specifically, please find attached Exhibits A-1 through A-17. Should you have any questions, please advise.

Very truly yours,

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

Ronald W.
Bloomberg

Digitally signed by Ronald W.
Bloomberg
DN: CN = Ronald W. Bloomberg,
C = US, O = Miller, Canfield,
Paddock Stone, PLC
Date: 2006.05.11 09:31:04 -04'00'

Ronald W. Bloomberg

RWB/lab

Wisconsin Electric Power Company
2006 FUEL RUN

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
FOSSIL STEAM (ELECTRIC ONLY)													
OAK CREEK													
OC ENERGY (MWH)	498,230	470,320	480,730	543,330	488,306	651,855	614,450	618,450	609,860	717,785	616,625	488,645	6,879,555
OC \$ - TOTAL	6,525,048	6,372,510	6,352,829	8,886,869	6,821,083	8,086,768	8,618,859	8,712,025	8,594,843	10,091,619	8,720,389	6,991,140	95,784,784
\$/MWh	13.07	13.55	13.79	13.81	13.97	13.98	14.03	14.09	14.09	14.06	14.14	14.31	13.92
PLEASANT PRAIRIE													
P4 ENERGY (MWH)	889,575	791,454	728,831	376,858	661,882	716,838	735,380	899,680	824,435	442,255	493,710	804,910	8,135,888
P4 \$ - TOTAL	10,129,335	9,358,015	8,827,108	4,618,040	8,172,551	8,904,133	9,175,737	10,836,484	7,814,258	5,574,725	6,383,688	10,184,226	99,989,595
\$/MWh	11.39	11.82	12.11	12.26	12.35	12.42	12.48	12.46	12.51	12.61	12.93	12.67	12.29
PRESQUE ISLE 1-6 (EASTERN COAL)													
PIE ENERGY (MWH)	131,131	94,438	133,065	152,726	143,124	133,836	155,136	151,882	104,204	114,533	129,388	152,915	1,597,358
PIE \$ - TOTAL	2,774,727	1,955,642	2,774,227	3,750,105	3,822,546	3,828,714	4,645,099	4,550,007	3,091,868	3,466,526	3,993,983	4,680,248	43,334,092
\$/MWh	21.16	20.71	20.85	24.55	26.71	28.61	29.75	29.96	29.67	30.27	30.87	30.61	27.13
PRESQUE ISLE 7-9 (WESTERN COAL)													
PIW ENERGY (MWH)	162,479	148,398	134,348	117,188	109,431	158,163	174,213	170,891	151,413	156,250	153,955	140,146	1,776,675
PIW \$ - TOTAL	2,247,182	2,036,124	1,800,418	1,590,576	1,519,887	2,232,570	2,462,890	2,420,173	2,165,582	2,239,487	2,229,925	2,109,934	25,014,858
\$/MWh	13.83	13.72	13.40	13.23	13.89	14.12	14.14	14.18	14.30	14.33	14.48	15.08	14.08
VALLEY													
VA ENERGY (MWH)	132,569	108,854	136,984	64,970	86,231	119,781	142,217	140,434	114,860	130,829	131,857	95,871	1,405,557
VA \$ - TOTAL	3,817,916	3,016,122	3,813,647	2,255,047	3,167,147	4,368,646	5,140,887	5,110,503	4,277,055	4,811,417	4,840,573	3,727,877	48,146,037
\$/MWh	27.27	27.71	27.84	34.71	36.73	36.47	36.14	36.39	37.24	36.78	36.71	38.88	34.25
EDGEWATER 5 (WE SHARE)													
EDG5 ENERGY (MWH)	13,451	10,111	19,471	70,526	72,501	73,542	76,632	71,988	71,564	0	26,920	73,520	579,926
EDG5 \$ - TOTAL	184,729	140,340	271,891	988,500	1,019,660	1,037,309	1,083,841	1,016,362	1,016,601	0	383,249	1,047,129	8,189,711
\$/MWh	13.73	13.88	13.96	14.02	14.06	14.10	14.14	14.18	14.21	-	14.24	14.24	14.12
MILLW COUNTY PP													
MC ENERGY (MWH)	872	242	2,611	3,099	2,703	3,177	3,563	3,746	3,025	3,314	3,269	2,852	32,273
MC \$ - TOTAL	19,955	8,867	88,130	107,602	96,823	116,313	132,833	141,705	115,919	128,083	127,594	112,294	1,196,119
\$/MWh	28.70	36.64	33.75	34.72	35.82	36.61	37.28	37.83	38.32	38.65	39.03	39.37	37.06
SO2 Allowances (ACCT. 508)													
	2,124	1,903	1,497	2,374	2,255	2,413	3,524	4,083	3,412	4,106	3,988	4,029	35,708
TOTAL FOSSIL STEAM (Electric Only)													
MWH	1,829,207	1,623,817	1,616,140	1,428,897	1,564,178	1,857,192	1,902,581	2,026,531	1,879,361	1,584,966	1,555,724	1,758,859	20,407,262
\$	25,501,016	22,890,522	23,929,746	22,160,212	24,622,251	29,586,863	31,262,969	32,791,341	27,079,347	26,316,362	26,683,398	28,866,876	321,680,904
\$/MWh	13.94	14.10	14.81	15.51	15.74	15.93	16.43	16.18	16.12	16.82	17.15	16.41	15.76

Wisconsin Electric Power Company
2006 FUEL RUN

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
<u>OTHER POWER GENERATION FUEL EXPENSE</u>													
PORT WASHINGTON GENERATING STATION													
PWGS ENERGY (MWH)	56,159	123,256	88,817	216,888	114,940	139,560	244,754	245,629	155,504	208,125	0	0	1,591,432
PWGS \$ - TOTAL	6,408,673	11,759,667	8,496,952	15,835,411	8,734,235	10,295,427	17,207,433	17,636,467	11,541,022	14,936,317	1,033,059	1,030,488	124,715,172
\$/MWh	114.12	95.41	97.87	72.18	75.98	73.77	70.31	71.80	74.22	71.77	-	-	78.37
CONCORD													
CON ENERGY (MWH)	44,450	44,450	44,450	44,450	54,910	19,723	49,624	17,905	5,280	0	0	0	92,533
CON \$ - TOTAL	-	-	-	-	-	2,730,053	6,894,757	2,570,492	800,376	44,450	44,450	44,450	13,371,738
\$/MWh	-	-	-	-	-	138.42	138.94	143.55	151.59	-	-	-	144.51
GERMANTOWN													
GTN ENERGY (MWH)	1,050	1,050	1,050	1,050	5,390	5,501	15,434	8,684	182	1,356	516	456	33,139
GTN \$ - TOTAL	-	-	-	-	-	742,344	1,846,467	1,035,937	42,456	157,902	69,312	57,893	3,962,901
\$/MWh	-	-	-	-	-	114.19	119.64	119.41	233.27	115.59	134.33	126.96	119.58
PARIS													
PRS ENERGY (MWH)	21,950	21,950	21,950	21,950	42,410	18,809	40,973	15,989	2,796	44	0	0	78,611
PRS \$ - TOTAL	-	-	-	-	-	2,357,896	5,205,141	2,088,231	406,323	31,510	21,950	21,950	10,274,310
\$/MWh	-	-	-	-	-	125.90	127.06	130.60	145.32	716.13	-	-	130.70
OTHER CTS (OC S. & PB5G)													
OCT ENERGY (MWH)	-	-	-	-	-	-	-	-	-	-	-	-	0
OCT \$ - TOTAL	-	-	-	-	-	-	-	-	-	-	-	-	0
\$/MWh	-	-	-	-	-	-	-	-	-	-	-	-	0.00
TOTAL OTHER PRODUCTION													
MWh	56,159	123,256	88,817	216,888	114,940	184,593	350,785	288,208	163,782	209,535	516	456	1,795,715
\$	6,476,123	11,827,117	8,564,412	15,702,861	8,846,945	18,135,821	31,194,797	23,332,127	12,790,176	15,170,179	1,168,771	1,154,791	162,324,121
\$/MWh	115.32	95.96	98.65	72.47	76.97	87.41	88.81	80.96	78.10	72.40	2,265.06	2,532.44	84.83
HYDRO													
HYDRO GENERATION	28,691	29,538	28,661	45,738	26,799	27,880	31,775	41,023	43,886	36,646	29,107	21,120	391,074
TOTAL FOSSIL (ELECTRIC ONLY) & HYDRO													
MWh	1,914,057	1,778,611	1,731,816	1,691,123	1,705,917	2,069,664	2,285,151	2,355,762	1,887,019	1,811,147	1,585,347	1,780,435	22,594,051
\$	31,977,139	34,717,639	32,494,158	37,863,073	33,469,196	45,722,684	62,417,766	56,123,468	39,869,523	41,466,541	27,852,170	30,021,867	474,015,025
\$/MWh	16.71	19.54	18.76	22.39	19.82	22.09	27.31	23.82	21.13	22.91	17.57	16.86	20.98
NUCLEAR FUEL EXPENSE													
POINT BEACH													
PB ENERGY (MWH)	765,676	691,488	764,959	737,176	757,920	554,331	757,920	745,248	360,515	403,982	740,880	765,576	8,045,551
PB \$ - TOTAL	3,655,673	3,294,917	3,671,736	3,551,180	3,569,173	3,451,886	3,569,173	3,569,173	2,436,781	1,868,414	3,248,783	3,626,971	39,514,840
\$/MWh	4.78	4.76	4.80	4.82	4.71	6.23	4.71	4.79	6.76	4.63	4.39	4.74	4.91
TOTAL GENERATION													
MWh	2,679,633	2,488,099	2,486,777	2,428,299	2,463,837	2,823,995	3,043,071	3,101,010	2,247,534	2,215,109	2,326,227	2,546,011	30,639,602
\$	35,633,812	38,012,556	36,165,894	41,414,223	37,038,369	49,174,560	65,986,939	59,892,841	42,306,304	43,354,955	31,100,953	33,646,638	513,523,865
\$/MWh	13.30	15.40	14.48	17.05	15.03	18.74	21.68	19.25	18.82	19.57	13.37	13.22	16.76

Case No.: U-14703
Exhibit No.: CMI-4
Witness: Leroy M. Baatz
Date: June 27, 2006
Page: 4 of 5

Case No.: U-14707
Exhibit A-3 (TPL-3)
Witness: Thomas P. Lorden
Date: September, 2005
Page: 3 of 4

Wisconsin Electric Power Company
2006 FUEL RUN

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
PURCHASES													
LS POWER													
MWh	33,680	14,548	3,808	27,864	14,933	53,382	75,876	64,698	32,370	74,364	66,028	24,785	488,172
\$	5,628,056	4,651,897	3,937,159	5,166,669	4,444,047	6,571,384	7,830,414	7,233,126	5,424,570	7,773,126	7,682,501	5,177,897	71,421,164
\$/MWh	167.10	312.87	1,034.46	185.30	296.61	123.10	103.47	111.85	167.58	104.53	111.30	208.92	146.00
ALLIANT-NEENAH													
MWh	9,878	9,227	-	-	-	46,854	80,910	64,236	20,584	65,516	66,718	6,364	380,287
\$	1,907,206	1,743,102	1,212,250	1,212,250	1,236,469	5,125,774	7,443,439	6,661,237	2,851,846	6,388,250	5,975,657	1,950,147	43,737,840
\$/MWh	193.08	278.93	-	-	-	109.40	92.00	103.70	140.01	97.51	100.06	305.43	121.40
ZION ENERGY													
MWh	4,022	5,235	1,091	-	-	44,964	78,016	81,692	11,306	1,766	6,111	4,573	218,777
\$	2,640,142	2,763,114	2,294,577	2,183,243	2,183,243	8,743,583	12,043,165	10,492,555	3,350,736	2,385,851	2,838,119	2,700,351	54,648,688
\$/MWh	656.43	531.53	2,103.19	-	-	194.48	154.37	170.08	297.25	1,350.99	464.43	590.50	249.78
AMEREN - ELGIN													
MWh	-	-	-	-	-	3,908	8,868	3,388	571	-	-	-	16,735
\$	450,760	450,760	450,760	450,760	450,760	1,581,746	2,181,232	1,518,224	507,733	431,860	431,860	431,860	9,318,375
\$/MWh	-	-	-	-	-	399.63	245.97	448.12	889.20	-	-	-	556.82
MISO MARKET PURCHASES													
Market - MWh	2,773,294	2,502,953	2,661,272	2,461,893	2,624,127	2,827,621	3,183,866	3,126,263	2,696,020	2,652,595	2,546,200	2,789,115	32,858,200
Market - Energy \$	120,836,761	101,288,312	96,426,773	112,139,742	102,784,816	150,145,301	201,205,222	182,764,837	119,137,470	138,733,139	131,981,938	108,009,393	1,565,455,704
Market - \$/MWh	43.57	40.47	36.23	45.55	39.17	53.10	63.20	58.41	44.19	51.72	51.83	39.01	47.84
MISO MARKET SALES													
Market - MWh	2,723,191	2,488,874	2,500,584	2,456,183	2,478,820	2,724,232	3,199,656	3,229,914	2,300,488	2,354,989	2,454,971	2,577,160	31,489,051
Market - Energy \$	116,145,828	98,988,427	88,998,717	110,310,122	94,849,033	142,052,108	199,863,682	184,880,237	100,612,822	119,425,753	124,745,765	97,422,378	1,478,254,872
Market - \$/MWh	42.65	39.77	35.56	44.91	38.26	52.14	62.46	57.24	43.74	50.71	50.81	37.80	46.95
NET MISO TRANSACTIONS													
Market - MWh	50,103	14,079	180,688	5,700	145,307	103,389	(15,790)	(100,651)	395,532	327,596	91,229	191,955	1,366,139
Market - Energy \$	4,690,933	2,269,885	7,470,056	1,829,620	7,935,783	8,093,193	1,341,540	(2,116,400)	18,524,648	19,307,386	7,236,174	10,587,015	87,200,832
Market - \$/MWh	93.63	163.38	48.49	320.68	54.61	78.28	(84.96)	21.02	46.83	58.94	79.32	55.15	63.69
RENEWABLE PURCHASES													
Renewable Energy - MWh	33,034	28,837	33,034	31,968	33,034	31,968	33,034	33,034	31,968	33,034	31,968	32,893	387,805
Renewable - Energy \$	1,668,544	1,505,266	1,606,544	1,812,784	1,666,544	1,621,100	1,675,137	1,675,137	1,621,100	1,672,137	1,621,100	1,697,960	19,671,393
Renewable - Energy \$/MWh	50.45	52.20	50.45	50.45	50.45	50.71	50.71	50.71	50.71	50.62	50.71	50.71	50.72
Other Purchases - Fixed Pmts - \$	220,833	220,833	220,833	240,033	256,473	259,473	278,673	278,673	259,473	240,033	220,833	220,833	2,920,000
Point-to-Point Transmission - \$	928,000	928,000	928,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	3,090,000
Total Purchases													
MWh	130,717	68,927	198,619	65,552	193,324	284,465	260,714	128,367	492,331	503,276	258,052	260,570	2,841,916
\$	18,132,565	14,482,657	16,180,179	12,729,559	16,210,319	32,010,252	32,827,602	25,777,822	32,614,206	38,232,963	26,040,264	22,770,213	292,008,302
\$/MWh	138.72	210.12	91.53	194.19	54.20	112.53	126.91	203.99	66.24	76.12	100.91	87.39	102.75

Wisconsin Electric Power Company
2006 FUEL RUN

SALES	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Non-Firm Sales to PJM Market													
MWh	4,022	5,236	1,091	-	-	48,872	86,884	65,080	11,877	1,768	6,111	4,573	235,512
\$	478,319	622,858	134,321	-	-	4,901,765	8,740,270	6,585,032	1,207,941	191,810	644,812	506,538	24,013,468
\$/MWh	118.93	118.96	123.12	-	-	100.30	100.60	101.18	101.70	108.61	105.48	110.77	101.95
Sales to Edison Sault under JOA													
JOA Total Energy - MWh	37,184	30,294	26,959	23,141	21,092	19,542	19,281	16,852	17,628	22,212	24,918	26,845	285,548
JOA Total Purchase - \$	1,952,712	1,849,535	1,536,557	1,375,046	1,301,234	1,455,924	1,454,378	1,347,366	1,171,744	1,367,394	1,469,822	1,547,900	17,629,612
JOA Total Purchase - \$/MWh	52.51	54.45	57.00	59.42	61.68	74.50	75.43	80.91	66.47	61.56	58.99	56.09	61.74
FIRM SALE TO EDISON SAULT													
Firm Edison Sault MWh	14,880	13,440	14,880	14,400	14,880	14,400	14,880	14,880	14,400	14,880	14,400	14,880	175,200
Firm Edison Sault - \$	758,891	657,066	653,849	744,890	660,941	818,792	991,497	918,010	725,765	872,953	850,561	891,424	9,354,648
Firm Edison Sault - \$/MWh	51.00	48.89	43.94	51.73	44.76	56.86	66.63	61.89	50.40	58.67	59.07	46.47	53.45
Total Sales													
MWh	56,086	48,970	42,930	37,541	35,972	82,814	121,045	95,612	43,905	38,858	45,429	40,088	696,260
\$	3,189,922	2,929,459	2,324,727	2,119,936	1,982,175	7,176,481	11,166,115	8,850,408	3,105,450	2,432,197	2,964,985	2,745,852	51,007,727
\$/MWh	56.86	59.82	54.15	56.47	55.10	86.66	92.41	91.81	70.73	62.59	65.27	59.57	73.26
Net Output													
MWh	2,754,264	2,488,056	2,652,466	2,456,310	2,621,189	2,825,646	3,182,739	3,130,765	2,695,960	2,678,527	2,538,850	2,760,484	32,785,258
Total \$	50,576,455	49,565,754	52,021,346	52,023,846	53,265,514	74,008,351	87,628,428	78,620,055	71,815,050	79,155,420	54,176,222	53,672,980	754,530,439
\$/MWh	18.35	19.82	19.61	21.18	20.32	26.19	27.53	24.47	26.64	29.55	21.34	19.44	23.01
MISO Energy Market Costs													
Less MISO - FTR - Allocations	4,233,796	4,233,796	4,233,796	4,233,796	4,233,796	4,233,796	4,233,796	4,233,796	4,233,796	4,233,796	4,233,796	4,233,796	50,805,550
MISO - Losses	4,176,331	3,164,832	2,421,017	2,751,994	2,779,136	4,536,899	6,879,596	5,419,954	3,078,644	4,098,270	4,280,274	3,286,412	46,832,347
Less MISO - Loss Distribution	3,476,294	2,634,342	2,015,205	2,290,704	2,313,296	3,776,423	5,726,429	4,510,628	2,562,601	3,378,022	3,562,814	2,735,543	38,982,302
MISO - Total Upfront Costs	4,181,436	4,181,436	4,181,436	4,181,436	4,181,436	4,181,436	4,181,436	4,181,436	4,181,436	4,181,436	4,181,436	4,181,436	50,177,230
MISO - Administrative Costs	588,730	529,827	584,508	522,339	557,346	601,559	678,524	665,603	572,517	569,337	539,841	587,638	6,977,211
Total Open Market (MISO) Costs	1,234,408	1,007,856	917,960	931,288	970,625	1,309,715	1,779,322	1,522,560	1,036,800	1,197,224	1,204,941	1,086,148	14,188,935
Total NET OUTPUT and Open Market Costs													
MWh	2,754,264	2,488,056	2,652,466	2,456,310	2,621,189	2,825,646	3,182,739	3,130,765	2,695,960	2,678,527	2,538,850	2,760,484	32,785,258
Total \$	51,810,862	50,573,711	52,939,306	52,955,115	54,237,339	75,318,066	89,407,748	78,142,624	72,851,860	80,352,644	55,381,163	54,759,138	768,729,375
\$/MWh	18.81	20.33	19.96	21.56	20.69	26.66	28.09	24.96	27.02	30.00	21.81	19.84	23.45
NETWORK TRANSMISSION SERVICES													
Total \$	12,676,917	12,676,917	12,676,917	12,676,917	12,676,917	12,676,917	12,676,917	12,676,917	12,676,917	12,676,917	12,676,917	12,676,917	152,123,000
NOX REDUCTION COSTS													
Total \$	2,475,785	2,466,330	2,537,488	2,524,889	2,512,280	2,511,977	2,542,847	2,563,565	2,572,550	2,569,669	2,546,590	2,533,480	30,367,490
TOTAL POWER SUPPLY COSTS													
MWh	2,754,264	2,488,056	2,652,466	2,456,310	2,621,189	2,825,646	3,182,739	3,130,765	2,695,960	2,678,527	2,538,850	2,760,484	32,785,258
Total \$	68,963,564	65,736,957	68,153,720	68,156,921	69,426,536	90,508,960	104,627,512	93,383,105	88,101,127	95,589,250	70,604,670	69,969,545	851,219,865
\$/MWh	24.31	26.42	25.69	27.75	26.49	32.03	32.87	29.83	32.68	35.69	27.81	25.35	28.01

Discovery Request 36

Provide copies of any internal or external audits or reviews of the costs incurred by Edison Sault under the WEPCo, JOA.

Response

A copy of a document from a September 27, 2005 operating committee meeting reviewing the costs incurred under the JOA is attached as discovery request 36, document 1.

Respondent

Lee Baatz

Pooled Capacity Resources

■ Six capacity contracts to be included for 2006 JOA capacity

1. Zion Units 1, 2 and 3 (450 MW)
2. Elgin Unit 3 (116 MW)
3. Ameren system purchase (50 MW)
4. Whitewater excess (12 MW)
5. Port Washington Generating Station (545 MW)
6. Dynegy 100 MW purchase (being negotiated)

■ Estimated price of pooled capacity resources for Edison Sault in 2006 is \$2.37 million (\$5.64/kW-month)

- ☐ Includes elimination of PJM point-to-point transmission service charges as of April 1, 2006.

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)
EDISON SAULT ELECTRIC COMPANY for)
authority to implement a power supply cost)
recovery plan for the 12 month period ending)
December 31, 2006.)

Case No. U-14703

**EDISON SAULT ELECTRIC COMPANY'S
RESPONSES TO THE CITY OF MACKINAC ISLAND'S
FIFTH DISCOVERY REQUEST**

Edison Sault Electric Company (Edison Sault) responds to the City of Mackinac Island's Fifth Discovery Request as follows:

CONTINUING OBJECTIONS

1. Edison Sault's discovery requests are provided without waiving or intending to waive (a) all questions as to competency, relevancy, materiality, privilege or admissibility in whole or in part into evidence in any proceeding; and/or (b) the right to revise, correct, add to or clarify any of the responses.

2. Edison Sault objects to discovery requests to the extent the requests seek information and/or documents protected from discovery by the attorney-client and/or work product doctrine, and/or information and/or documents that are otherwise privileged or protected from discovery.

Discovery Request 1 of the City's Fifth Discovery Request

Please provide the work papers for the calculation of the estimated \$2,370,000 price of pooled capacity in 2006.

Response

The \$2.37 million represents We Energies' forecast of the estimated price of pooled capacity resources for Edison Sault in 2006 as presented in the JOA Operating Committee meeting of September 27, 2005. (See Edison's response to ABATE's Discovery Request 36, Document 1, page 28) The \$2.37 million amount was derived using an estimate of capacity costs averaging \$5.64/kW per month and 35 MW of purchased capacity. ($\$5.64/\text{kW}/\text{month} * 35,000 \text{ kW} * 12 \text{ months} = \$2,368,800$). A work paper showing the calculation of the 2006 average capacity cost per kW-month is attached hereto as Discovery Request 5, document 1.

The JOA capacity costs included in Edison Sault's 2006 PSCR Plan were based upon an Edison Sault's independent projection that 2006 capacity costs would average \$6/kW per month for 35 MW, with 3.9 MW of the capacity allocated to Cloverland Electric Cooperative. (See Edison's response to ABATE's discovery request 15, document 1, numbered lines 61, 161, 195, 199, and 303.)

Respondent Lee Baatz

Case No.: U-14703
Exhibit No.: CMI-6
Witness: Leroy M. Baatz
Date: June 27, 2006
Page: 3 of 4

2006 Edison Sault JOA Capacity Cost Estimate

CAPACITY COSTS - \$/kW-month		Capacity Cost (\$/kW-month)											
Contract	Capacity (MW)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Zion Energy Units 1 & 2	300	3,070	3,070	3,070	3,070	3,070	3,070	3,070	3,070	3,070	3,070	3,070	3,070
Zion Energy Unit 3	150	3,265	3,265	3,265	3,265	3,265	3,265	3,265	3,265	3,265	3,265	3,265	3,265
Ameren system purchase	50	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417
Ameren Elgin PPA	116	3,822	3,822	3,822	3,822	3,822	3,822	3,822	3,822	3,822	3,822	3,822	3,822
PWGS	545	7,344	7,344	7,344	7,344	7,344	7,344	7,344	7,344	7,344	7,344	7,344	7,344
LSP Whitewater excess	12	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Dynegy	100	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Weighted avg. cost per kW-month		\$4,820	\$4,820	\$4,820	\$4,789	\$4,805	\$7,328	\$7,347	\$7,347	\$4,799	\$4,829	\$4,814	\$4,814

CAPACITY COSTS - \$/month		Capacity Cost (\$/month)											
Contract	Capacity (MW)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Zion Energy Units 1 & 2	300	921,000	921,000	921,000	921,000	921,000	2,630,100	2,630,100	2,630,100	928,200	928,200	928,200	928,200
Zion Energy Unit 3	150	489,750	489,750	489,750	489,750	489,750	1,398,450	1,398,450	1,398,450	493,650	493,650	493,650	493,650
Ameren system purchase	50	70,850	70,850	70,850	70,850	70,850	70,850	70,850	70,850	70,850	70,850	70,850	70,850
Ameren Elgin PPA	116	443,400	443,400	443,400	443,400	444,128	1,042,956	1,042,956	1,042,956	424,831	424,831	424,831	424,831
PWGS	545	4,002,495	4,002,495	4,002,495	4,002,495	4,002,495	4,002,795	4,002,795	4,002,795	4,002,795	4,002,795	4,002,795	4,002,795
LSP Whitewater excess	12	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Dynegy	100	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Total Cost per Month		\$6,077,495	\$6,077,495	\$6,077,495	\$6,096,895	\$6,116,861	\$9,352,991	\$9,352,991	\$9,352,991	\$6,108,966	\$6,070,326	\$6,070,326	\$6,070,326

TRANSMISSION COSTS		Point-to-Point Transmission Cost (total cost per month)											
Contract	Trans. Cap.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Zion Energy Units 1 & 2 (PJM)	300	\$ 471,000	\$ 471,000	\$ 471,000	\$ 471,000	\$ 471,000	\$ 471,000	\$ 471,000	\$ 471,000	\$ 471,000	\$ 471,000	\$ 471,000	\$ 471,000
Zion Energy Unit 3 (PJM)	150	\$ 235,500	\$ 235,500	\$ 235,500	\$ 235,500	\$ 235,500	\$ 235,500	\$ 235,500	\$ 235,500	\$ 235,500	\$ 235,500	\$ 235,500	\$ 235,500
Ameren system (PJM)	50	\$ 70,850	\$ 70,850	\$ 70,850	\$ 70,850	\$ 70,850	\$ 70,850	\$ 70,850	\$ 70,850	\$ 70,850	\$ 70,850	\$ 70,850	\$ 70,850
Ameren Elgin PPA (PJM)	130	\$ 182,120	\$ 182,120	\$ 182,120	\$ 182,120	\$ 182,120	\$ 182,120	\$ 182,120	\$ 182,120	\$ 182,120	\$ 182,120	\$ 182,120	\$ 182,120
PWGS (NONE)	0	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000
Whitewater excess (NONE)	0	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000
Dynegy (PJM)	100	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Total Cost per Month		\$ 888,520	\$ 888,520	\$ 888,520	\$ 888,520	\$ 888,520	\$ 888,520	\$ 888,520	\$ 888,520	\$ 888,520	\$ 888,520	\$ 888,520	\$ 888,520

TOTAL COSTS		Total Cost per Month											
Contract	Capacity (MW)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Zion Energy Units 1 & 2	300	1,392,000	1,392,000	1,392,000	1,392,000	1,392,000	2,630,100	2,630,100	2,630,100	928,200	928,200	928,200	928,200
Zion Energy Unit 3	150	725,250	725,250	725,250	725,250	725,250	1,398,450	1,398,450	1,398,450	493,650	493,650	493,650	493,650
Ameren system purchase	50	70,850	70,850	70,850	70,850	70,850	70,850	70,850	70,850	70,850	70,850	70,850	70,850
Ameren Elgin PPA	116	625,520	625,520	625,520	625,520	625,520	1,042,956	1,042,956	1,042,956	424,831	424,831	424,831	424,831
PWGS	545	4,002,485	4,002,485	4,002,485	4,002,485	4,002,485	4,002,795	4,002,795	4,002,795	4,002,795	4,002,795	4,002,795	4,002,795
LSP Whitewater excess	12	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Dynegy	100	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Total Cost per Month		\$6,966,115	\$6,966,115	\$6,966,115	\$6,966,115	\$6,966,115	\$9,352,991	\$9,352,991	\$9,352,991	\$6,108,966	\$6,070,326	\$6,070,326	\$6,070,326

Average cost per kW-month	\$5.52	\$5.52	\$5.52	\$5.52	\$4.79	\$4.81	\$7.53	\$7.35	\$7.35	\$4.80	\$4.81	\$4.81	\$4.81
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2006 Average Capacity Cost per kW-mo. \$5.638

Objections prepared by,

DYKEMA GOSSETT PLLC

Christine

Mason Soneral

Digitally signed by Christine
Mason Soneral
DN: cn=Christine Mason Soneral,
o=US, o=Dykema Gossett PLLC
Date: 2006.03.30 15:47:43 -05'00'

Dated: March 30, 2006

Albert Ernst (P24059)
Christine Mason Soneral (P58820)
Stewart A. Binke (P47149)
DYKEMA GOSSETT PLLC
124 W. Allegan St., Suite 800
Lansing, Michigan 48933
(517) 374-9100

LAN01\154695.1
ID\CMMA

INTERROGATORY NO. 3: If the price at which the Pooled Capacity Resource was offered for sale into MISO was lower than LMP, please fully describe the disposition of all monies represented by the difference between those two amounts.

RESPONSE: With respect to the Joint Operating Agreement (JOA) between Edison Sault and WEPCo, Edison Sault has no rights to the energy directly produced by Pooled Capacity Resources. Therefore there is no impact if the generator offer is lower than the LMP. The price paid by Edison Sault for energy provided under the JOA is clearly described in Schedule E of the JOA. The Pooled Capacity Resources are those capacity resources contracted for by WEPCo to meet the capacity requirements of WEPCo and Edison Sault. While the capacity contracts that WEPCo has for the Pooled Capacity Resources do contain energy provisions, the cost of energy from these resources are not relevant to the JOA energy calculation. This was also the case prior to the start-up of the MISO market.

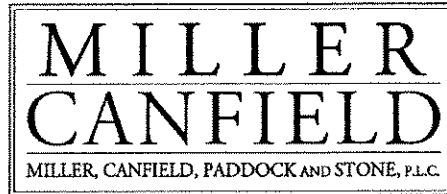
Respondent

David Sims

Case No.: U-14703
Exhibit No.: CMI-7
Witness: Leroy M. Baatz
Date: June 27, 2006
Page: 1 of 1

There is no Exhibit CMI-8

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May 11, 2006

Case No.: U-14703
Exhibit No.: CMI-9
Witness: Leroy M. Baatz
Date: June 27, 2006
Page: 1 of 3

Mary Jo Kunkle
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way, Suite 7
Lansing, MI 48911

Re: Wisconsin Electric Power Company
2006 PSCR Plan and Factors
MPSC Case No. U-14707

Dear Ms. Kunkle:

Attached hereto for filing, please find the hearing exhibits entered at the hearing in the above-referenced matter on April 26, 2006. Specifically, please find attached Exhibits A-1 through A-17. Should you have any questions, please advise.

Very truly yours,

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

Ronald W.
Bloomberg

Digitally signed by Ronald W. Bloomberg
DN: CN = Ronald W. Bloomberg,
C = US, O = Miller, Canfield,
Paddock Stone, PLC
Date: 2006.05.11 09:31:04 -04'00'

Ronald W. Bloomberg

RWB/lab

WISCONSIN ELECTRIC POWER COMPANY
PSCR PLAN COST COMPARISON

	PSCR Plan 2006			PSCR Plan 2006			Change from prior plan		
	Cost	Generation	Cost	Cost	Generation	Cost	Cost	Generation	Cost
Electric Utility:									
Valley	27,014,624	984,707	\$/MWH	48,181,745	1,405,557	\$/MWH	21,167,121	410,850	7.12
Oak Creek	71,108,857	5,965,625	11.92	95,764,784	6,879,585	13.92	24,674,927	913,960	2.00
Pleasant Prairie	79,665,274	7,814,278	10.19	99,989,595	8,135,888	12.29	20,324,321	321,609	2.10
Edgewater 5	7,413,267	568,498	12.43	8,189,711	579,926	14.12	776,444	(16,573)	1.69
Milw. County	1,272,228	53,906	23.60	1,196,119	32,273	37.06	(76,109)	(21,633)	13.46
Presque Isle	45,934,427	2,789,465	16.41	68,348,950	3,374,033	20.26	22,414,523	574,588	3.85
Total Steam	232,409,677	18,224,481	12.75	321,690,804	20,407,262	15.76	89,281,227	2,182,781	3.01
Port Washington	52,786,072	1,077,385	48.99	124,715,172	1,591,432	78.37	71,929,100	514,047	28.38
Germanstown	3,567,107	33,453	106.83	3,962,901	33,139	119.58	395,794	(314)	12.95
Concord	2,192,284	15,680	139.81	13,371,738	92,533	144.51	11,179,454	76,853	4.70
Paris	3,992,617	38,892	102.66	10,274,310	78,611	130.70	6,281,693	38,719	28.04
Other CT	1,339,487	16,007	83.66	-	-	#DIV/0!	(1,339,487)	(18,007)	#DIV/0!
Total Turbine	63,877,567	1,181,417	54.07	152,324,121	1,795,715	84.83	88,446,554	614,288	30.76
Nuclear	34,292,598	7,363,165	4.66	39,514,840	8,045,551	4.91	5,222,242	682,386	0.25
Hydro	-	404,954	-	-	381,074	-	-	(13,880)	-
Total Fuel	330,579,842	27,174,017	12.17	513,529,865	30,639,602	16.76	182,950,023	3,465,585	4.59
LS Power	80,504,404	748,041	107.62	71,421,184	489,172	146.00	(9,083,220)	(258,869)	38.38
Neenah	48,617,861	409,217	118.81	43,737,840	360,287	121.40	(4,880,021)	(48,930)	2.59
Zion & Elgin	59,594,044	417,089	142.89	63,967,084	235,512	271.61	4,373,020	(181,557)	128.72
Other	167,304,903	4,868,675	34.36	109,792,215	1,756,945	62.48	(57,512,688)	(3,111,730)	28.13
Subtotal Purchases	358,021,212	6,443,002	55.26	288,918,303	2,841,916	101.66	(67,102,909)	(3,601,086)	46.40
MISO Energy Market	-	-	-	14,188,935	-	-	14,188,935	-	-
Point-to-Point Transm.	13,090,530	-	-	3,060,000	-	-	(10,000,530)	-	-
Total Purchases	369,111,742	6,443,002	57.29	306,207,238	2,841,916	107.75	(62,904,504)	(3,601,086)	50.46
Fuel & Purchases	699,691,584	33,617,019	20.81	819,737,103	33,481,518	24.48	120,045,519	(135,501)	3.67
Less: Opportunity Sales	44,147,838	959,357	48.02	51,007,727	696,260	73.26	6,859,889	(263,097)	27.24
Net Output	655,543,746	32,657,662	20.07	768,729,376	32,785,258	23.45	113,185,630	127,596	3.38
Network Transmission	148,293,149	32,657,662	4.54	152,123,000	32,785,258	4.94	3,829,851	-	0.10
NOx Reduction costs	32,398,187	32,657,662	0.99	30,367,490	32,785,258	0.93	(2,030,707)	-	(0.06)
TOTAL System Costs	836,235,092	32,657,662	25.61	951,219,666	32,785,258	29.01	114,984,774	127,596	3.40
Loss Factor	-	-	1.06	-	-	1.06	-	-	1.06
Total PSCR Costs	27.15	-	-	30.75	-	-	-	-	3.60
Less: PSCR Base (Adjusted for losses)	14.62	-	-	14.82	-	-	-	-	-
PSCR Factor (adjusted for losses)	12.53	-	-	16.13	-	-	-	-	-

WISCONSIN ELECTRIC POWER COMPANY
Projected NOx Reduction Expense for Year 2006

	January (\$)	February (\$)	March (\$)	April (\$)	May (\$)	June (\$)	July (\$)	August (\$)	September (\$)	October (\$)	November (\$)	December (\$)	2005 Total (\$)
Monthly Carrying Cost Amount	1,098,854	1,108,399	1,119,754	1,107,145	1,094,536	1,094,233	1,103,051	1,107,239	1,102,146	1,089,132	1,076,033	1,062,933	13,164,455
Monthly Depreciation Amount	1,314,948	1,314,948	1,355,761	1,355,761	1,355,761	1,355,761	1,377,813	1,394,343	1,408,420	1,408,573	1,408,573	1,408,573	16,459,235
Monthly O&M Expense	178,650	178,650	178,650	178,650	178,650	178,650	178,650	178,650	178,650	178,650	178,650	178,650	2,143,800
Total Company Revenue Requirement	2,592,452	2,602,997	2,654,165	2,641,556	2,628,947	2,628,644	2,659,514	2,690,232	2,689,216	2,676,355	2,663,256	2,650,156	31,767,490
Less: Amount in Base Rates	116,667	116,667	116,667	116,667	116,667	116,667	116,667	116,667	116,667	116,667	116,667	116,663	1,400,000
NET NOx REDUCTION EXPENSE	2,475,785	2,486,330	2,537,498	2,524,889	2,512,280	2,511,977	2,542,847	2,563,565	2,572,549	2,559,688	2,546,589	2,533,493	30,367,490

Discovery Request 1 of the MPSC Staff

Does Edison Sault expect to pay an estimated \$2,370,000 for pooled capacity in 2006?

Response

The JOA capacity costs included in Edison Sault's 2006 PSCR Plan were based upon an Edison Sault's projection that 2006 JOA capacity costs would average \$6/kW per month for 35 MW ($35,000 \text{ kW} * \$6/\text{kW}/\text{mo.} * 12 \text{ months} = \$2,520,000$), with 3.9 MW of the capacity allocated to Cloverland Electric Cooperative ($3,900 \text{ kW} * \$6/\text{kW}/\text{mo.} * 12 \text{ months} = \$280,800$). (See ABATE's discovery request 15, document 1, numbered lines 61, 161, 195, 199, and 303.)

The \$2.37 million, as referenced in the discovery request, represents a separate forecast of 2006 pooled capacity resources for Edison Sault, as presented in the JOA Operating Committee meeting of September 27, 2005. (ABATE's Discovery Request 36, Document 1, page 28) The \$2.37 million amount was derived using an estimate of capacity costs averaging \$5.64/kW per month and 35 MW of purchased capacity. ($\$5.64/\text{kW}/\text{month} * 35,000 \text{ kW} * 12 \text{ months} = \$2,368,800$).

In November 2005, We Energies provided Edison Sault an updated estimate that pooled capacity costs for 2006 would average \$5.842/kW/mo, resulting in annual JOA capacity payments totaling \$2,454,000. Based on these various projections (and the \$2,597,055 amount paid in 2005, see discovery response number 5), and since the PSCR costs are subject to a reconciliation proceeding, Edison Sault believes that the JOA capacity costs as included in its 2006 PSCR plan are reasonable.

Respondent

Lee Baatz

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)
EDISON SAULT ELECTRIC COMPANY for)
authority to implement a power supply cost) Case No. U-14703
recovery plan for the 12 month period ending)
December 31, 2006.)

EDISON SAULT ELECTRIC COMPANY'S
RESPONSES TO THE CITY OF MACKINAC ISLAND'S
SIXTH DISCOVERY REQUEST

Edison Sault Electric Company (Edison Sault) responds to the City of Mackinac Island's Sixth Discovery Request as follows:

CONTINUING OBJECTIONS

1. Edison Sault's discovery requests are provided without waiving or intending to waive (a) all questions as to competency, relevancy, materiality, privilege or admissibility in whole or in part into evidence in any proceeding; and/or (b) the right to revise, correct, add to or clarify any of the responses.

2. Edison Sault objects to discovery requests to the extent the requests seek information and/or documents protected from discovery by the attorney-client and/or work product doctrine, and/or information and/or documents that are otherwise privileged or protected from discovery.

Discovery Request 1 of the City's Sixth Discovery Request

For the period from January 1, 2005 through March 31, 2005, on a unit by unit basis for each of the following Pooled Capacity Resources, please identify (i) the total number of hours that each of the Pooled Capacity Resources operated; (ii) the total revenues that were received for operating the Pooled Capacity Resources during the hours identified in item i; (iii) the total variable costs that were incurred in operating the Pooled Capacity Resources during the hours identified in item i; and (iv) the reservation fee or total fixed costs that were incurred to have the Pooled Capacity Resources available to operate:

1. Zion Units 1, 2 and 3 (450 MW)
2. Elgin Unit 3 (116 MW)
3. Ameren system purchase (50 MW)
4. Whitewater excess (12 MW)
5. Port Washington Generating Station (545 MW)
6. Dynegy 100 MW purchase (begin negotiated)

Response: Edison Sault objects to this request as requiring information outside of Edison Sault's personal knowledge and not relevant to the extent it seeks information outside the scope of Edison Sault's 2006 PSCR Plan. Edison Sault also objects to the request because it seeks confidential information. Without waiving its objections, Edison states:

(i) Pooled Capacity Resources are not directly utilized to supply energy under the JOA. Under the JOA, capacity and energy are separate products. Wisconsin Electric Power Company (WEPCo) purchases capacity to provide adequate capacity to itself and to Edison Sault under the terms of the JOA. The Pooled Capacity Resources are made up of some of these purchases and are specifically identified to calculate the price of capacity under the JOA, but these resources do not supply energy to Edison Sault. The number of hours that Pooled Capacity resources operated is shown below.

Combined Resources	Combined Number of Hours Operated
Ameren system purchase, Dynegy 100 MW purchase ^{1 2}	1,248

1 – The Whitewater Excess contract is for the period of April through October each year so it is not applicable.

2 – The Port Washington Generating station began commercial operation on July 16, 2005 so it is not applicable.

(ii) No sales revenue was received from any of the Pooled Capacity Resources, as no sales were made by WEPCo that directly utilized these resources.

(iii) The total variable costs incurred by WEPCo during the hours identified in item (i) above area as follows:

Combined Resources	Combined Variable Cost
Ameren system purchase, Dynegy 100 MW purchase	\$5,296,903

(iv) The capacity charges incurred by Edison Sault associated with the Pooled Capacity Resources are not invoiced on a unit-by-unit basis. Instead, the weighted average of the capacity costs for the Pooled Capacity Resources is utilized to calculate a single capacity cost to Edison Sault for forty (40) megawatts of capacity that were provided under the JOA. For this period, the average cost per kW-month was \$3.90. Therefore the total capacity costs for the Pooled Capacity during this period = \$3.90 x 40,000 kw x 3 months = \$468,000.

Discovery Request 2 of the City's Sixth Discovery Request

For the period from April 1, 2005 through December 31, 2005, on a unit by unit basis for each of the following Pooled Capacity Resources, please identify (i) the total number of hours that each of the Pooled Capacity Resources operated;2 (ii) the total revenues that were received for operating the Pooled Capacity Resources during the hours identified in item i; (iii) the total variable costs that were incurred in operating the Pooled Capacity Resources during the hours identified in item i; and (iv) the reservation fee or total fixed costs that were incurred to have the Pooled Capacity Resources available to operate:

1. Zion Units 1, 2 and 3 (450 MW)
2. Elgin Unit 3 (116 MW)
3. Ameren system purchase (50 MW)
4. Whitewater excess (12 MW)
5. Port Washington Generating Station (545 MW)
6. Dynegy 100 MW purchase (begin negotiated)

Response: Edison Sault objects to this request as requiring information outside of Edison Sault's personal knowledge and not relevant to the extent it seeks information outside the scope of Edison Sault's 2006 PSCR Plan. Edison Sault also objects to the request because it seeks confidential information and because the term "revenue" is not defined. Without waiving its objections, Edison Sault states:

(i) Pooled Capacity Resources are not directly utilized to supply energy under the JOA. Under the JOA, capacity and energy are separate products. WEPCo

purchases capacity to provide adequate capacity to itself and to Edison Sault under the terms of the JOA. The Pooled Capacity Resources are made up of some of these purchases and are specifically identified to calculate the price of capacity. The requested data is provided below.

Combined Resources	Combined Number of Hours Operated
Zion Units 1, 2 and 3, Elgin Unit 3, Whitewater Excess ¹ , Port Washington Generating Station ²	2,377

(ii) It is assumed that "revenue" refers to payments made to the resource by MISO for participation in the MISO day ahead and real-time energy markets, which commenced on April 1, 2005, for resources 3 through 6. For resources 1 and 2, "revenue" is assumed to equate to payments made to the resource by PJM for participation in the PJM real-time energy market starting in June 2005. Given these assumptions, revenue is as follows:

Combined Resources	Combined Revenue
Zion Units 1, 2 and 3, Elgin Unit 3, Whitewater Excess, Port Washington Generating Station	\$62,064,102

(iii) The total variable costs incurred during the hours identified in item (i) above are as follows:

Combined Resources	Combined Variable Cost
Zion Units 1, 2 and 3, Elgin Unit 3, Whitewater Excess, Port Washington Generating Station	\$48,161,561

It is important to note that "revenue" minus "variable cost" does not equate to "profit." WEPCo also pays MISO to serve its load, and revenue from generation typically offsets the costs to serve load.

(iv) As explained in response (iv) to Interrogatory 1, the weighted average of the capacity costs for the Pooled Capacity Resources is utilized to calculate a single capacity cost to Edison Sault for capacity under the JOA. For the 9-month period, the average capacity cost was \$5.90. Therefore the total capacity costs for the Pooled Capacity during this period = \$5.90 x 40,000 kw x 9 months = \$2,124,000.

Discovery Request 3 of the City's Sixth Discovery Request

For the period from January 1, 2005 through December 31, 2005, on a unit by unit basis for each of the following Pooled Capacity Resources, please identify (i) the total number of hours that each of the following units operated under any contract with ESE or WEPCO whether as a Pooled Capacity Resource or otherwise.

1. Zion Units 1, 2 and 3 (450 MW)
2. Elgin Unit 3 (116 MW)
3. Ameren system purchase (50 MW)
4. Whitewater excess (12 MW)
5. Port Washington Generating Station (545 MW)
6. Dynegy 100 MW purchase (begin negotiated)

Response: Edison Sault objects to this request as requiring information outside of Edison Sault's personal knowledge and not relevant to the extent it seeks information outside the scope of Edison Sault's 2006 PSCR Plan. Edison Sault also objects to the request because it seeks confidential information. Without waiving its objections, Edison Sault states that there is no distinction made by WEPCo when Pooled Capacity Resources are utilized for energy, since they do not supply energy to Edison Sault under the JOA. Therefore, the total number of hours operated by these resources for the 12-month period is the sum of the hours identified in the responses to Interrogatories 1 and 2 above.

Objections prepared by,

DYKEMA GOSSETT PLLC

Dated: June 28, 2006

Albert Ernst (P24059)
Christine Mason Soneral (P58820)
Stewart A. Binke (P47149)
DYKEMA GOSSETT PLLC
Capitol View
201 Townsend, Suite 900
Lansing, Michigan 48933
(517) 374-9100

Case No.: U-14703
Exhibit No.: CMI-12
Witness: Leroy M. Baatz
Date: June 27, 2006
Page: 1 of 22

**JOINT
OPERATING
AGREEMENT
BETWEEN
WISCONSIN ELECTRIC POWER COMPANY
AND
EDISON SAULT ELECTRIC COMPANY**

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JOINT OPERATING AGREEMENT
BETWEEN
WISCONSIN ELECTRIC POWER COMPANY
AND
EDISON SAULT ELECTRIC COMPANY

THIS AGREEMENT is made and entered into this 15th of Oct, 2000, by and between Wisconsin Electric Power Company ("Wisconsin Electric") and Edison Sault Electric Company ("Edison Sault"), referred to collectively as "Parties" and singularly as "Party".

WHEREAS, Wisconsin Electric and Edison Sault are currently the owners and operators of electric generation, transmission and distribution facilities with which they are engaged in the business of generating, transmitting and selling electric power and energy to the general public and to other electric utilities, including Cloverland Electric Cooperative; and

WHEREAS, Wisconsin Electric and Edison Sault have committed to transfer ownership and operational control of certain jurisdictional transmission facilities to the American Transmission Company LLC ("ATCLLC"), whereby ATCLLC will exercise control over these facilities until control is assumed by the Midwest Independent System Operator ("Midwest ISO") when the Midwest ISO commences operations in 2001; and

WHEREAS, on April 22, 1998, the Federal Energy Regulatory Commission ("FERC" or "Commission") approved the merger request by Wisconsin Energy Corporation and ESELCO, Inc., whereby Edison Sault and Wisconsin Electric became separate wholly-owned subsidiaries of Wisconsin Energy Corporation; and

WHEREAS, the Parties can achieve a greater realization of economic benefits for their customers through operation as a single integrated and centrally dispatched system, and through greater coordination of their electric supply activities, including planning, construction, operation and maintenance of their Generating Units;

WHEREAS, the foregoing benefits will be economically achieved and their attainment will be facilitated by having certain services performed by Wisconsin Electric acting as Agent on behalf of Edison Sault;

NOW, THEREFORE, in consideration of the covenants and premises herein set forth, the Parties mutually agree as follows:

ARTICLE I

DEFINITIONS

For the purpose of this Agreement, the following definitions shall apply:

- 1.01 Adequacy Operator shall mean the entity that has the ability and the obligation to supply the aggregate electrical demand and energy requirements of the load within a defined area at all times, taking into account scheduled and reasonably expected unscheduled outages of System elements.
- 1.02 Agent shall have the meaning set forth under Section 3.01 hereof.
- 1.03 Agreement shall be this Joint Operating Agreement between Wisconsin Electric and Edison Sault, including all attachments hereto, as the same may be amended, supplemented, or modified in accordance with its terms.
- 1.04 Capacity shall be the rate of doing work and shall be expressed in megawatts (MW).
- 1.05 Capacity Requirements shall mean the capacity requirements of a Party that: (1) arise after January 1, 2001; (2) cannot be satisfied by that Party's Embedded Capacity Resources; and (3) cannot be satisfied by Excess Capacity Resources belonging to the other Party.
- 1.06 CEO shall mean the Chief Executive Officer of the Wisconsin Energy Corporation.
- 1.07 Demand shall be the demand in MW of all retail and wholesale customers, for both firm and non-firm energy, on whose behalf the Party, by statute, franchise, regulatory

requirements, or contract, has an obligation to supply electricity, integrated over a period of one Hour, plus the losses incidental to that service.

- 1.08 Economic Dispatch shall be the distribution of total generation requirements among alternative sources for system economy with due consideration of incremental generating costs, incremental transmission losses, and system reliability.
- 1.09 Embedded Capacity Resources shall mean those generating resources owned or acquired by each Party prior to July 1, 2000 to meet its Load Responsibility and Planning Reserve Level. Embedded Capacity Resources are set forth in Schedule B of this Agreement.
- 1.10 Energy shall be a measure of doing work expressed in megawatt hours (MWh).
- 1.11 Excess Capacity Resources shall mean those Embedded Capacity Resources that exceed the generating resources required to satisfy a Party's Load Responsibility and Planning Reserve Level.
- 1.12 Generating Unit shall be an electric generator, together with its prime mover, and all auxiliary and appurtenant devices and equipment designed to be operated as a unit for the production of Energy.
- 1.13 Good Utility Practice shall mean the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather includes all acceptable practices, methods, or acts generally accepted in the region.

- 1.14 Hour shall be a clock hour.
- 1.15 Joint Supply Plan shall be the formal documented plan developed from time to time for all future Generating Units of the Parties and other resources.
- 1.16 Load Responsibility shall be as follows:
- (a) Party Peak Demand; less
 - (b) Interruptible load including direct load control included in (a) above; plus
 - (c) The contractual amount of firm sales and exchanges including applicable reserves during the period to other systems; less
 - (d) The contractual amount of firm purchases and exchanges including applicable reserves during the period from other systems.
- 1.17 Month shall be a calendar month.
- 1.18 Off-System Purchases shall mean all purchases from a third party of Energy and/or Capacity.
- 1.19 Off-System Sales shall mean all wholesale sales to a third party of Energy and/or Capacity.
- 1.20 Peak Demand for a period shall be the highest Demand for any Hour during the period.
- 1.21 Planning Reserve Level shall be the MW amount of required Reserve Capacity for a Party, expressed as a percentage of its forecasted Load Responsibility.
- 1.22 Pooled Capacity Resources shall mean those generating resources, including those resources constructed in the future by either Party and those made available through purchases of capacity from third parties, acquired to satisfy the Capacity Requirements of both Parties. Pooled Capacity Resources shall be set forth in Schedule C of this Agreement.

- 1.23 Reserve Capacity shall be that amount in MW by which the Party or System Capability exceeds Party or System Load Responsibility.
- 1.24 System shall be the Generating Units and equipment related to operating the Generating Units, the interconnection equipment connecting the Generating Units to the transmission grid or the transmission grid to the distribution facilities, capacity and energy resources acquired by contract, the transmission contracts necessary to transmit the capacity and energy acquired by contract, and the distribution facilities utilized to serve the load that are owned or operated by or for the benefit of the Parties.
- 1.25 System Capability shall be the arithmetical sum in MW of the individual Party capabilities.
- 1.26 Year shall be a calendar year.

ARTICLE II

TERM OF AGREEMENT

2.01 This Agreement shall become effective at 12:00 a.m. E.S.T. on the later of (a) January 1, 2001, or (b) the day on which any required regulatory approvals are obtained, and shall continue in full force and effect Year to Year until terminated by one or both of the Parties upon twelve months written notice to the other Party. If any regulatory body revises or modifies any provision in a manner deemed unacceptable to either Party, this Agreement may be terminated by either Party.

ARTICLE III

AGENT

3.01 Designation of Agent

Wisconsin Electric will serve as the Agent of Edison Sault for the purpose of performing the duties set forth in Section 3.02. Those duties shall be performed in consultation with the Operating Committee, unless expressly stated otherwise in this Agreement.

3.02 Duties of Agent

In its capacity as Agent for Edison Sault, Wisconsin Electric shall perform the following duties:

- (a) Coordinate the Economic Dispatch of the System;
- (b) Act as Adequacy Operator and maintain the reliability of the combined System through monitoring and security assessments as is appropriate for generation control and load balancing;
- (c) Plan, coordinate and schedule Off-System Purchases and Off-System Sales;
- (d) Obtain transmission service, including ancillary services (through self supply or purchase);
- (e) Develop all Capacity and Energy bills and billing-related information between the Parties and with other wholesale transacting entities;
- (f) Engage in such other activities, or perform such other duties, as may be necessary or as assigned by the Parties or Operating Committee; and
- (g) Take such actions as are necessary to accommodate retail access as it may evolve in Michigan and Wisconsin.

3.03 Reporting to Edison Sault

Wisconsin Electric shall provide periodic summary reports of its activities under this Agreement to Edison Sault, and shall inform Edison Sault of situations or problems which may

adversely affect the performance of Wisconsin Electric's duties under this Agreement. Wisconsin Electric shall also provide to Edison Sault, in such detail as is reasonably requested, reports on specific issues or projects arising out of its duties under this Agreement.

3.04 Compensation of Agent

Edison Sault shall compensate Agent for the services specified in this Agreement in accordance with Schedule A.

ARTICLE IV

OPERATING COMMITTEE

4.01 Establishment of Operating Committee

There shall be an Operating Committee, which shall consist of representatives of Wisconsin Electric and Edison Sault, as determined by the CEO. Each Party shall pay the expenses of its representatives on the Operating Committee.

4.02 Duties of the Operating Committee

The Operating Committee shall have the following duties:

- (a) Assume responsibility for the development of any amendments to this Agreement;
- (b) Periodically review this Agreement to determine whether revisions are necessary to meet changing conditions;
- (c) Monitor the adequacy of reserves for the Parties;
- (d) Provide coordination of maintenance schedules for Generating Units;
- (e) Periodically review the Planning Reserve Level for each Party and recommend any modifications to the CEO;
- (f) Periodically review the Joint Supply Plan and recommend any modifications to the CEO; and

- (g) Explore annually the appropriate timing for a transition to a system-wide pool.

ARTICLE V

PLANNING

5.01 Responsibility for Adequate Resources

Each Party shall own, or have available to it under contract, such generating resources as are necessary to supply its Load Responsibility and its Planning Reserve Level.

5.02 Load Growth Forecasting

Each Party shall forecast and provide annually to the other a ten-year rolling forecast of load growth, and of the generating resources, including capacity purchased from third parties, necessary to meet its Load Responsibility and its Planning Reserve Level.

5.03 Joint Supply Plan

Agent shall prepare a Joint Supply Plan that will provide for the forecasted System Load Responsibility and the System Planning Reserve Level.

ARTICLE VI

CAPACITY

6.01 Designation and Pricing of Embedded Capacity Resources

The Embedded Capacity Resources of each Party are set forth in Schedule B of this Agreement. Each Party shall bear the cost of its Embedded Capacity Resources, and shall be entitled to receive the energy and capacity from its Embedded Capacity Resources, and shall pay for the energy that it receives.

6.02 Disposition of Excess Capacity Resources

All of a Party's Excess Capacity Resources shall be offered for sale to the other Party prior to being included in an Off-System Sale. Excess Capacity Resources shall be purchased by a Party at cost.

6.03 Pooling of Capacity Requirements

The Capacity Requirements of each Party over and above each Party's Embedded Capacity Resources shall be pooled, and shall be acquired by Agent on a combined and pooled basis.

6.04 Designation of Pooled Capacity Resources

All Pooled Capacity Resources shall be set forth in Schedule C of this Agreement, which shall be updated from time to time as required.

6.05 Pricing of Pooled Capacity Resources

Costs for Pooled Capacity Resources shall be combined and allocated to a Party based on that Party's share of the average cost of the total Pooled Capacity Resources acquired. Schedule D of this Agreement sets forth a formula and sample calculation for allocation of the costs of Pooled Capacity Resources.

6.06 Transition to System-Wide Pooling

Through the Operating Committee, the Parties shall annually explore a transition to a system-wide capacity pool.

ARTICLE VII

ENERGY

7.01 Scheduling of System Energy

Agent shall schedule System Energy consistent with the principles of Economic Dispatch. Each Party's identification of operating and security constraints affecting joint dispatch will conform with Good Utility Practice.

7.02 Energy from Embedded Capacity Resources

Each Party shall receive the benefit of Energy from its Embedded Capacity Resources, consistent with the principles of Economic Dispatch.

7.03 Energy from Other Resources

Agent will arrange for the scheduling and/or purchase of all Energy required to meet Edison Sault's load in excess of Energy available and scheduled from Edison Sault's Embedded Capacity Resources. Edison Sault shall compensate Agent for this Energy in accordance with the method set forth in Schedule E.

7.04 Transition to System-Wide Pooling

Through the Operating Committee, the Parties shall annually explore a transition to a system-wide energy pool.

ARTICLE VIII

GENERAL

8.01 Regulatory Authorization

This Agreement is subject to certain regulatory approvals and each Party shall diligently seek all necessary regulatory authorization for this Agreement.

8.02 Effect on Other Agreements

This Agreement shall not modify the obligations of any Party under any agreement between the Parties and others not parties to this Agreement in effect at the date of this Agreement.

8.03 Schedules

The basis of compensation for the use of facilities and for the Capacity and Energy provided or supplied by a Party to another Party under this Agreement shall be in accordance with arrangements agreed upon from time to time among the Parties. Such arrangements shall be in the form of Schedules, each of which, when signed by the parties thereto and approved or accepted, where necessary, by appropriate regulatory authority, shall become a part of this Agreement.

8.04 Measurements

All quantities of Capacity and Energy exchanged or flowing between the systems of the Parties, shall be determined by meters installed at each interconnection, unless otherwise agreed to by the Parties.

8.05 Billings

Bills for services rendered hereunder shall be calculated in accordance with applicable Schedules, and shall be issued on a monthly basis for services performed during the preceding Month.

8.06 Waivers

Any waiver at any time by any Party of its right with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any subsequent default or matter. Any delay, short of the statutory period of limitation, in asserting or enforcing any right under this Agreement, shall not be deemed a waiver of such right.

8.07 Successors and Assigns

This Agreement shall inure to the benefit of and be binding upon the Parties only, and their respective successors and assigns, and shall not be assignable by any Party without the written consent of the other Party.

8.08 No Third Party Beneficiaries

This Agreement does not create rights of any character whatsoever in favor of any person, corporation, association, entity or power suppliers, other than the Parties, and the obligations herein assumed by the Parties are solely for the use and benefit of said Parties. Nothing in this Agreement shall be construed as permitting or vesting, or attempting to permit or vest, in any person, corporation, association, entity or power suppliers, other than the Parties, any rights hereunder or in any of the Generating Units or transmission plants owned by the Parties or the use thereof.

8.09 Amendment

It is contemplated by the Parties that it may be appropriate from time to time to change, amend or supplement this Agreement. This Agreement may be changed, amended, modified or supplemented by an instrument in writing executed by both of the Parties after requisite approval or acceptance for filing by the appropriate regulatory authorities.

8.10 Independent Contractors

It is agreed among the Parties that by entering into this Agreement the Parties shall not become partners, but as to each other and to third persons, the Parties shall remain independent contractors in all matters relating to this Agreement.

8.11 Liability and Indemnification

Subject to any applicable state or federal law which may specifically restrict limitations on liability, each Party shall defend, indemnify, hold harmless, and release the other Party, their directors, officers and employees from and against any and all liability for loss, damage, or expense alleged to arise from, or incidental to, injury to persons, and/or damage to property in connection with its facilities or the production or transmission of electric energy by or through such facilities, or related to performance or non-performance of this Agreement, including any negligence arising hereunder. In no event shall one Party be liable to the other Party for any indirect, special, incidental, or consequential damages with respect to any claim arising out of this Agreement.

8.12 Governing Law

The validity, interpretation and performance of this Agreement and each of its provisions shall be governed by the applicable laws of the State of Wisconsin.

8.13 Section Headings

The descriptive headings of the Articles and sections of this Agreement are used for convenience only, and shall not modify or restrict any of the terms and provisions thereof.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and attested by their duly authorized officers on the Day and Year first above written.

WISCONSIN ELECTRIC POWER
COMPANY

By: James R Keller
James R. Keller
Director, Power Marketing

EDISON SAULT ELECTRIC COMPANY

By: Donald Sawruk
Donald Sawruk
President

SCHEDULE A

Fee for Services Provided Under Article III

Edison Sault shall pay a percentage of Agent's operating budget for the Power Marketing Business Unit based upon Adjusted Annual Peak Demands. The Adjusted Annual Peak Demand for Edison Sault shall be its annual Peak Demand less the sum of Edison Sault's capacity from Hydro and power purchase agreements, identified in Schedule B. The Adjusted Annual Peak Demand for Wisconsin Electric shall be its annual Peak Demand less the sum of Wisconsin Electric's capacity from Point Beach, Hydro, and power purchase agreements, identified in Schedule B. The percentage to be paid by Edison Sault shall be the ratio of Edison Sault's Adjusted Annual Peak Demand over the sum of the Annual Peak Demands of Edison Sault and Wisconsin Electric.

Example:

$$APD_{ES} / (APD_{ES} + APD_{WE}) * B_{WE} = F$$

Where	APD_{ES}	=	Adjusted Annual Peak Demand for Edison Sault
	APD_{WE}	=	Adjusted Annual Peak Demand for Wisconsin Electric
	B_{WE}	=	Operating Budget
	F	=	Fee paid by Edison Sault

SCHEDULE B

Embedded Capacity Resources

Current Rated Capacity (MW) of Existing WEPCo Units and Capacity Purchases

STEAM UNITS:

Point Beach 1	505
Point Beach 2	507
PB TOTAL NUCLEAR MW*****	1012

Oak Creek 5	261
Oak Creek 6	264
Oak Creek 7	298
Oak Creek 8	312
OC TOTAL MW*****	1135

Port Washington 1	80
Port Washington 2	80
Port Washington 3	80
Port Washington 4	80
Port Washington 5	0
PW TOTAL MW*****	320

Valley 1	140
Valley 2	140
Steam Load	-13
VP TOTAL MW*****	267

Pleasant Prairie 1	600
Pleasant Prairie 2	600
PP TOTAL MW*****	1200

EDGEWATER 5 (WE Share)*****	102
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Presque Isle 1	25
Presque Isle 2	37
Presque Isle 3	58
Presque Isle 4	58
Presque Isle 5	88
Presque Isle 6	90
Presque Isle 7	85
Presque Isle 8	88
Presque Isle 9	88
TOTAL PRESQUE ISLE MW*****	617

MILWAUKEE COUNTY*****	11
FOSSIL STEAM TOTAL**	3652
COMBUSTION/DIESEL	
UNITS:	
Germantown 1	63
Germantown 2	63
Germantown 3	63
Germantown 4	63
Germantown 5	93
Concord 1	94
Concord 2	94
Concord 3	94
Concord 4	94
Paris 1	94
Paris 2	102
Paris 3	102
Paris 4	94
Point Beach 5G	16
Oak Creek 9	20
Port Washington 6	18
Valley Diesel	3
Pleasant Prairie Diesels	2
COMBUSTION/DIESEL TOTAL:	1172
HYDRO: MEDIAN CONDITIONS	63
WE SYSTEM TOTAL:	5899
POWER PURCHASE AGREEMENTS:	803
TOTAL CAPACITY (MW)	6702

Current Rated Capacity (MW) of Existing ESEL Co Units and Capacity Purchases

COMBUSTION/DIESEL

UNITS:

Manistique 1	2.0
Manistique 2	2.8

Other ¹	11.0
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COMBUSTION/DIESEL TOTAL:	16
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Hydro: Median Conditions	27
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ESE SYSTEM TOTAL:	43
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POWER PURCHASE AGREEMENTS:

US Hydro	17
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Consumers Energy	25
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WE	20
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TOTAL CAPACITY PURCHASES:	62
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TOTAL CAPACITY (MW)	105
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¹ Includes Edison Sault's contractual rights to utilize combustion/diesel units of Cloverland Electric Cooperative and the Village of Newberry.

SCHEDULE C

Pooled Capacity Resources

1. Contract for the purchase 98 MW of capacity, beginning on 10/1/2000, and ending on 9/30/2000.

SCHEDULE D

Pricing of Pooled Capacity Resources

The price of Pooled Capacity Resources for the coming Year shall be determined by the Agent by November 15 of the current Year. The price to Edison Sault shall be the Agent's annual cost for the Pooled Capacity Resources multiplied by the ratio of Edison Sault's Capacity Requirement for the coming Year to the sum of Wisconsin Electric's and Edison Sault's Capacity Requirements for the coming Year. Included in the price shall be any applicable taxes and transmission costs.

In the event additional Pooled Capacity Resources are required during the Year, the annual price shall be recalculated to reflect all annual Pooled Capacity Resource costs proportioned as above, using the annual Capacity Requirements determined at that time.

Examples:

1. Annual Capacity Requirement for Edison Sault = 20 MW
Annual Capacity Requirement for Wisconsin Electric = 180 MW
Annual cost of Pooled Capacity Resources = \$18 M (including taxes & transmission)
Annual price to Edison Sault = $\$18 \text{ M} \times 20 \text{ MW} / (20 \text{ MW} + 180 \text{ MW})$
= \$1.8 M
2. As above, but during the year Wisconsin Electric's Capacity Requirements increase to 200 MW, and annual cost of Pooled Capacity Resources increases to \$22 M.
Annual price to Edison Sault = $\$22 \text{ M} \times 20 \text{ MW} / (20 \text{ MW} + 200 \text{ MW})$
= \$2.0 M
3. As above, but during the year Wisconsin Electric's Capacity Requirements decrease to 160 MW, and annual cost of Pooled Capacity Resources decreases to \$14 M.
Annual price to Edison Sault = $\$14 \text{ M} \times 20 \text{ MW} / (20 \text{ MW} + 160 \text{ MW})$
= \$1.6 M

SCHEDULE E

Energy Pricing

The price of Energy delivered to Edison Sault as required to meet Edison Sault load in excess of Energy available and scheduled from Edison Sault Embedded Capacity Resources shall be based on the System Incremental Cost, plus applicable taxes. The price shall be calculated after-the-fact on an hourly basis. The load-weighted average of the price, for a Month, shall not exceed the greater of \$100/MWh, or a mutually acceptable index. Such an index must be selected and accepted by both Parties for the Year by November 15 of the previous Year.

System Incremental Cost for the Energy delivered to Edison Sault shall be evaluated based on actual Control Area operation (defined by generation and purchase amounts and costs for each Hour). The Energy delivered shall be determined on an hourly basis as Edison Sault's total load less the net generation of Edison Sault's Embedded Capacity Resources, shown in Schedule B, operating that Hour.

During periods when Edison Sault has resources in excess of its total Demand, Energy may be supplied to Wisconsin Electric. The price of Energy supplied to Wisconsin Electric shall be based on Edison Sault's incremental energy cost using Edison Sault's Embedded Capacity Resources. Incremental energy cost shall be determined hourly as the sum of the cost of any must-take energy in excess of Edison Sault's total load for that Hour. Energy delivered to Wisconsin Electric shall be the total of the net generation of Edison Sault Embedded Capacity Resources, less Edison Sault's total load for that Hour. The price shall be the incremental cost divided by the Energy delivered for that Hour plus applicable taxes.

For the purposes of this Agreement, System Incremental Cost is defined as the slope (in \$/MWh) of a curve constructed daily of hourly load and cost pairs. The hourly cost portion (in dollars) shall be the sum of operating costs for Wisconsin Electric's and Edison Sault's resources that Hour including fuel, variable operating & maintenance, and emission allowances for generators and the energy cost, including emission allowances of purchases, plus the cost of load reduction incentives (such as the dollars for power or power market incentives programs). The hourly load portion (in MW) shall be the sum of Wisconsin Electric net generation and purchases with Edison Sault's net generation¹ and purchases for that Hour.

The slope of the curve shall be evaluated each Hour, at a load equal to the sum of Wisconsin Electric's retail customer load, with wholesale municipal, and co-op firm loads under the contracts existing on June 1, 2000, and the Edison Sault firm load, less Edison Sault net generation and purchases, all for that Hour.

¹ Shall include Cloverland Electric Co-op and town of Newberry resources available to Edison Sault, in operation that Hour, as directed by the Agent.