

Wisconsin Electric Power Company
Formula Rate Wholesale Sales Tariff, FERC Electric Tariff Volume No. 9

WISCONSIN ELECTRIC POWER COMPANY

**Formula Rate Wholesale
Sales Tariff**

FERC Electric Tariff Volume No. 9

1.0 Availability

Wisconsin Electric Power Company (“Seller”) will provide wholesale electric service to any qualified buyer (“Buyer”) at the rates and pursuant to the terms and conditions contained in this Tariff. Seller will provide such wholesale electric service in the form of Load Following Service or Block Purchase Service, as further set forth herein and as agreed to between Seller and Buyer in the Service Agreement entered into hereunder. Such service shall be available for delivery solely to entities serving load within Wisconsin and the Upper Peninsula of Michigan.

2.0 Definitions

As used in this Rate Schedule, the following terms shall have the following meanings:

“**Accept**,” “**Accepted**” or “**Acceptance**” means all of the actions of Seller or its designated representative required to be taken under MISO rules in order to accept the MISO FinSched submitted by Buyer for a relevant Operating Day during the Delivery Period pursuant to this Tariff.

“**Actual Capacity Rate**” is the result of the true-up of the Estimated Capacity Rate as described in Section 3.1.D.

“**Actual Energy Rate Part I**” has the meaning given such term in Section 3.2.H.

“**Actual Energy Rate Part II**” has the meaning given such term in Section 3.2.I.

“**Affiliate**” means any Person directly or indirectly controlling or controlled by or under direct or indirect common control of a specified Person. For purposes of this definition, “control” means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise. For purposes of this Tariff, it shall be assumed that the direct or indirect owner of more than 50% of the outstanding stock or other equity interest of a Person has control of such Person. The terms “controlling” and “controlled” have meanings correlative to the foregoing.

“**ATC**” means American Transmission Company, LLC, or its successors.

“**Base Quantity**” has the meaning given such term in Section 2(e) of the Load Following Service Schedule.

“**Billing Cycle**” means each calendar month during the Delivery Period and any partial calendar month at the beginning or end of the Delivery Period.

“**Billing Dispute**” has the meaning given such term in Section 5.2.

“Block Purchase Service” means service provided by Seller pursuant to the terms of the Block Purchase Service Schedule that is for the delivery of a defined amount of Capacity and Energy associated with such Capacity as identified in the Service Agreement between Buyer and Seller.

“Business Day” means any day other than Saturday, Sunday or any other day on which commercial banks in Milwaukee, Wisconsin are required to be closed.

“Buyer” means any entity that enters into a Service Agreement to take electric service from Seller under this Tariff.

“Buyer’s Monthly Energy Usage” is equal to the sum of Buyer’s Monthly On-Peak Energy Usage and Buyer’s Off-Peak Energy Usage.

“Buyer’s Monthly Off-Peak Energy Usage” has the meaning given such term in Section 3.2.F.

“Buyer’s Monthly On-Peak Energy Usage” has the meaning given such term in Section 3.2.G.

“Capacity” means the capability to generate a particular amount of electrical energy at a particular time that meets the requirements for Capacity established by MISO.

“Capacity Amount” has the meaning given such term in Section 3.1.C.

“Capacity True-Up” has the meaning given such term in Section 3.1.D.

“Claims” means all claims or actions, threatened or filed and whether groundless, false, fraudulent or otherwise, that directly or indirectly relate to the subject matter of an indemnity, and the resulting losses, damages, expenses, reasonable attorneys’ fees and court costs.

“Commercial Pricing Node” or **“CPNode”** has the meaning given in the MISO Tariff.

“Confirmation Letter” means a letter substantially in the form of Appendix A to the Service Agreement, as amended or superseded from time to time. Seller may confirm service pursuant to this Tariff by forwarding to Buyer a confirmation (“Confirmation”) substantially in the form of Appendix A to the Service Agreement.

“Contract Year” shall be defined in the Service Agreement.

“Cost of Congestion” has the meaning given such term in the MISO Tariff.

“Cost of Losses” has the meaning given such term in the MISO Tariff.

“CPT” means Central Prevailing Time which, as of any particular time, is either Central Standard Time or Central Daylight Time, whichever is legally in effect in Milwaukee, Wisconsin.

“**Curtailment**” means any event or circumstance, including an event of Force Majeure, that causes Seller to shed, cut or otherwise curtail its Firm Load obligations.

“**Day**” means a 24-hour period beginning at 12:01 am CPT and ending at 12:00 am CPT.

“**Daily Energy Schedule**” has the meaning given to such term in the applicable Service Schedule.

“**Deadline**” has the meaning given such term in Section 9.2.

“**Delivery Point**” means the Commercial Pricing Node(s) or such other point(s) as determined by mutual consent of the Parties in the Confirmation Letter.

“**Designated Network Resource**” or “**DNR**” has the meaning given such term in the MISO Tariff.

“**Dispute**” has the meaning given such term in Section 9.

“**Energy**” has the meaning given such term in the MISO Tariff.

“**Energy Rate Part I True-Up**” has the meaning given such term in Section 3.2.H.

“**Energy Rate Part II True-Up**” has the meaning given such term in Section 3.2.I.

“**Estimated Capacity Rate**” has the meaning given such term in Section 3.1.A.

“**Estimated Energy Rate Part I**” has the meaning given such term in Section 3.2.C.

“**Estimated Energy Rate Part II**” has the meaning given such term in Section 3.2.D.

“**Federal Power Act**” means the Federal Power Act of 1935 (16 U.S.C. §§ 791 et seq.), as it may be amended or repealed from time to time.

“**FERC**” means the Federal Energy Regulatory Commission, or any successor agency.

“**FERC Form 1**” means the annual report filed at FERC by each public utility, as such form may be amended or superseded from time to time.

“**FERC Rate**” means the interest rate set and calculated by FERC pursuant to 18 C.F.R. § 35.19(a), as amended or superseded from time to time.

“**Force Majeure**” means any cause or occurrence beyond the reasonable control of and without the negligence of the Party claiming Force Majeure which causes the Party to be unable, or otherwise materially impairs its ability, to perform its obligations in whole or in part hereunder. Subject to the foregoing, such causes or occurrences may include any acts of God; acts of the public enemy; terrorism; wars; blockades; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; storms; floods; washouts; civil disturbances; strikes, lockouts or work stoppages; and any other cause, whether of the kind herein enumerated or otherwise, which, despite reasonable efforts of such Party to prevent or mitigate its effects, prevents or

delays the performance of a Party, or prevents the obtaining of the benefits of performance by the other Party, and is not within the control of the Party claiming excuse. The following acts, events or causes shall in no event constitute an event of Force Majeure: (i) any lack of profitability to a Party or any losses incurred by a Party or any other financial consideration of a Party; (ii) unavailability of funds or financing; or (iii) an event caused by conditions of national or local economics or markets.

“Generation Resources” means any source of Capacity and Energy associated with such Capacity that Buyer owns and which Buyer uses to serve its load. Generation Resources shall not include purchases of Capacity and/or Energy from any other sources, unless otherwise agreed to by Seller.

“Good Utility Practice” means any of 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 is 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, intended to include acceptable practices, methods, or acts generally accepted in the region, but not necessarily codified.

“Governmental Authority” means (i) the federal government of the United States, (ii) any state, county or local government, (iii) any regulatory department, body, political subdivision, commission, bureau, administration, agency, instrumentality, ministry, court, judicial or administrative body, taxing authority, (iv) any other authority of any of the foregoing (including any corporation or other entity owned or controlled by any of the foregoing), and (v) MISO, NERC, MRO and RFC; in each case in (i) - (v) above having jurisdiction over any or all of the Parties, this Tariff or the transmission system operated by MISO, whether acting under express or delegated authority.

“HE” means hour ending.

“Initial Daily Amount” means a dollar amount equal to:

[the Monthly Capacity Charge multiplied by the Capacity Amount (in kilowatts) multiplied by 12] divided by 365.

“Law” means any federal, state and local laws, statutes, regulations, rules, codes, orders, judgments, decrees or ordinances enacted, adopted, issued or promulgated by any Governmental Authority, including any Authorizations issued to a Party or by which a Party may be bound (including any of the foregoing pertaining to electrical, building, zoning, environmental and occupational safety and health requirements) or any published directive, guideline, tariff, requirement or other restriction of a Governmental Authority or any determination by, or interpretation of, any of the foregoing by any Governmental Authority, binding on a given Person in a relevant jurisdiction.

“Limitations Date” has the meaning given such term in Section 4.7.

“**LMP**” means the Locational Marginal Price as determined by MISO.

“**Load Following Service**” shall mean the delivery of Capacity and/or Energy as described and agreed to in the Service Agreement between Buyer and Seller.

“**Loss Factor**” has the meaning given such term in Sections 3.1.B and 3.2.E.

“**Market Participant**” has the meaning given such term in the MISO Tariff.

“**MISO**” means the Midwest Independent Transmission System Operator, Inc., or any successor organization.

“**MISO Auction Revenue Right**” or “**MISO ARR**” has the meaning given such term in the MISO Tariff and includes any financial transmission rights or other rights arising from or associated with such MISO Auction Revenue Right.

“**MISO Day-Ahead Market**” means the Day-Ahead Market as defined in the MISO Tariff.

“**MISO FinSched**” means an Energy schedule as such term is defined in the MISO Tariff.

“**MISO Module E**” has the meaning given such term in the MISO Tariff.

“**MISO Tariff**” means the Open Access Transmission and Energy Market Tariff for the Midwest Independent Transmission System Operator, Inc., as amended from time to time, or any tariff of a successor to the MISO.

“**Monthly Capacity Charge**” has the meaning given such term in Section 3.1.

“**Monthly Energy Charge**” has the meaning given such term in Section 3.2.

“**Monthly Energy Rate**” means the energy rate for On-Peak periods or for Off-Peak periods, as applicable, for any particular month in question, calculated pursuant to Exhibit B.

“**Monthly System Peak Load**” shall mean Seller’s maximum 60 minute integrated demand during a month.

“**MPSC**” means the Michigan Public Service Commission, or its successor.

“**MRO**” means the Midwest Reliability Organization, or any successor organization.

“**MW**” means a megawatt.

“**MWh**” means a megawatt-hour.

“**NAESB**” means the North American Energy Standards Board, or any successor organization.

“**NERC**” means the North American Electric Reliability Corporation, including in its capacity as the Electric Reliability Organization appointed by FERC, or any successor organization.

“**Non-Market Participant**” means any entity that is not a Market Participant.

“**Off-Peak**” means all times that are not On-Peak.

“**Off-Peak Multiplier**” has the meaning given such term in Section 3.2.A.

“**On-Peak**” means HE 0900 CPT to and including HE 2000 CPT, Monday through Friday, excluding any day designated as a holiday by NERC until such time the NAESB is responsible for such designations, whereupon NAESB designations will control as to holidays.

“**On-Peak Multiplier**” has the meaning given such term in Section 3.2.B.

“**Operating Day**” has the meaning given such term in the MISO Tariff or related documents.

“**Party(ies)**” means Buyer and/or Seller, as applicable.

“**Performance Assurance**” means security or credit support in the form of cash, letter(s) of credit, or other collateral acceptable to Seller.

“**Person**” means any natural person, corporation, limited liability company, general partnership, limited partnership, proprietorship, other business organization, trust, union, association or Governmental Authority.

“**Planning Reserves**” means the amount of generation required to be maintained pursuant to the generation resource planning reserve margin requirements approved and administered by each Governmental Authority with respect to which Seller is obligated to meet generation resource planning reserve margin requirements.

“**Power the Future**” means Seller’s generation expansion project approved by the PSCW in Docket Nos. 05-CE-117 and 05-CE-130 designed to meet Wisconsin’s needs for reliable and reasonably priced energy now and in the future as such project may be revised and amended from time to time.

“**PSCW**” means the Public Service Commission of Wisconsin, or its successor.

“**Renewable Attributes**” means any and all renewable resource credits, emissions credits and any other credits granted by a Governmental Authority and attributed to the production of Energy from renewable power resources and included in the formulaic power production cost(s).

“**Revised Limitations Date**” the meaning given such term in Section 4.8.

“**RFC**” means the ReliabilityFirst Corporation, or any successor organization.

“**Schedule,**” “**Scheduled**” or “**Scheduling**” means all of the actions of Buyer or its designated representatives and/or Seller required to be taken under MISO rules in order to submit to MISO a MISO FinSched for a relevant Operating Day during the Delivery Period pursuant to this Tariff.

“**Service Agreement**” means an agreement for service signed by the Buyer that does not materially deviate from the Form of Service Agreement contained in Exhibit A.

“**Service Year**” is the calendar year in which electric service is provided.

“**Seller**” means Wisconsin Electric Power Company and its successors.

“**Senior Executives**” means the individuals within Buyer’s organization and Seller’s organization with sufficient decision-making authority to bind their respective organization to the terms of an agreement.

“**Subsequent Daily Amount**” means a dollar amount equal to the Initial Daily Amount multiplied by the return on equity specified in Exhibit B, Attachment A.

“**Tariff**” means the Seller’s “Formula Rate Wholesale Sales Tariff” as on file with the FERC, as revised or superseded from time to time.

“**Total Actual Annual Capacity Charge**” has the meaning given such term in Section 3.1.D.

“**Trued-Up Year**” has the meaning given such term in Section 4.1.

3.0 Rate.

Buyer shall make monthly payments to Seller for electric service taken under this Tariff, as described below.

3.1 Monthly Capacity Charge. Buyer’s Monthly Capacity Charge during a Service Year is determined in accordance with the formula below:

$$\text{Monthly Capacity Charge} = (\text{Estimated Capacity Rate} \times \text{Loss Factor} \times \text{Capacity Amount}) + \text{Capacity True-Up}$$

The terms in the formula are described below.

- A. Estimated Capacity Rate. The Estimated Capacity Rate during the Service Year shall be determined in accordance with the formula in Exhibit B, Attachment A. The Estimated Capacity Rate used during the months of January through April of the Service Year shall be based upon FERC Form 1 information for the year that is two years prior to the Service Year. The Estimated Capacity Rate used during the months of May through December of the Service Year shall be based upon FERC Form 1 information for the year preceding the Service Year. To minimize

true-ups, the Estimated Capacity Rate will be based upon calendar year-end rate base balances instead of average balances. In addition, the Estimated Capacity Rate will include Seller's best estimate of Power the Future costs for the Service Year rather than the actual Power the Future costs from prior years.

- B. Loss Factor. The Loss Factor accounts for losses, incurred or avoided, by delivering power to the Delivery Point as specified in the Service Agreement between Buyer and Seller. The Loss Factor shall be 1.0 for a Delivery Point consisting of 90% of the WEC.S Commercial Pricing Node and 10% of the WEC.N Commercial Pricing Node. For Buyers that are interconnected at a distribution level, losses on the distribution system will be addressed in an appropriate wholesale distribution service agreement.
- C. Capacity Amount. The Capacity Amount for any particular month is determined in accordance with the Service Agreement between Buyer and Seller.
- D. Capacity True-Up. Prior to rendering a bill in June, for services provided in May, in the year following the Service Year, Seller shall calculate its actual costs for the Service Year based upon cost and load information reported in the FERC Form 1 for the Service Year. The calculation will use average rate base balances and actual Power the Future costs for the Service Year. From this actual cost, Seller shall develop an Actual Capacity Rate. Seller shall multiply the Actual Capacity Rate x Loss Factor x the sum of the monthly Capacity Amounts for the Service Year to calculate the Total Actual Annual Capacity Charge that should have been collected during the Service Year.

(i) Any difference between the sum of the Monthly Capacity Charges for the Service Year based upon the Estimated Capacity Rates and the Total Actual Annual Capacity Charges for the Service Year based upon the Actual Capacity Rate shall be refunded to or collected from Buyer in equal amounts in the monthly bills rendered in June through December of the calendar year following the Service Year. The refund or collection may be paid in one lump sum at the payer's option. Any such refund by Seller or payment by Buyer shall be increased by interest at the FERC Rate.

(ii) Major Assets - If Seller purchases or sells a major electric production asset with a gross plant-in-service value of \$100,000,000 or more during a Service Year, the Actual Capacity Rate formula for the Service Year shall employ a 13-month average balance for such an asset for the specified items instead of an average of beginning and end-of-calendar year balances. The specified items shall consist of plant-in-service, depreciation reserve, deferred taxes and CWIP in rate base.

3.2 Monthly Energy Charge. Buyer's Monthly Energy Charge during a Service Year is determined in accordance with the formula below:

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$[(\text{On-Peak Multiplier} \times \text{Estimated Energy Rate Part I}) + \text{Estimated Energy Rate Part II}] \times \text{Loss Factor} \times \text{Buyer's Monthly On-Peak Energy Usage}$

plus

$[(\text{Off-Peak Multiplier} \times \text{Estimated Energy Rate Part I}) + \text{Estimated Energy Rate Part II}] \times \text{Loss Factor} \times \text{Buyer's Monthly Off-Peak Energy Usage}$

plus

Energy Rate Part I True-up + Energy Rate Part II True-up.

The terms in the formula are described below:

- A. Off-Peak Multiplier. The Off-Peak Multiplier converts the Energy Rate Part I to an Off-Peak rate based on the relationship of Off-Peak energy costs to average energy costs. The Off-Peak Multiplier is 0.90.
- B. On-Peak Multiplier. The On-Peak Multiplier converts the Energy Rate Part I to an On-Peak rate based on the relationship of On-Peak energy costs to average energy costs. The On-Peak Multiplier is 1.14.
- C. Estimated Energy Rate Part I. The Estimated Energy Rate Part I to be applied with respect to a particular calendar month shall be determined in such calendar month by inputting estimated cost and energy data into Energy Rate Part I Formula in Exhibit B, Attachment B.
- D. Estimated Energy Rate Part II. The Estimated Energy Rate Part II for each month shall be determined in accordance with the Energy Rate Part II Formula in Exhibit B, Attachment B. The Estimated Energy Rate Part II for energy used during the months of January through April of the Service Year shall be based upon FERC Form 1 information for the year that is two years prior to the Service Year. The Estimated Energy Rate Part II for energy used during the months of May through December of the Service Year shall be based upon FERC Form 1 information for the year preceding the Service Year.
- E. Loss Factor. The Loss Factor accounts for losses, incurred or avoided, by delivering power to the Delivery Point as specified in the Service Agreement between Buyer and Seller. The Loss Factor shall be 1.0 for a Delivery Point consisting of 90% of the WEC.S Commercial Pricing Node and 10% of the WEC.N Commercial Pricing Node. For Buyers that are interconnected at a distribution level, losses on the distribution system will be addressed in an appropriate wholesale distribution service agreement.

- F. Buyer's Monthly Off-Peak Energy Usage. Buyer's Monthly Off-Peak Energy Usage is the amount of energy, in kilowatt-hours, delivered to Buyer during the month in the Off-Peak hours.
- G. Buyer's Monthly On-Peak Energy Usage. Buyer's Monthly On-Peak Energy Usage is the amount of energy, in kilowatt-hours, delivered to Buyer during the month in the On-Peak hours.
- H. Energy Rate Part I True-up. Any true-up of the Estimated Energy Rate Part I for each calendar month shall be made at the time of a billing of the subsequent calendar month. The Actual Energy Rate Part I for the prior calendar month shall be determined using the Energy Rate Part I Formula in Exhibit B, Attachment B and actual costs and energy for that month.

The Energy Rate Part I True-up =

[On-Peak Multiplier x (Actual Energy Rate Part I for the previous calendar month less the Estimated Energy Rate Part I for the previous calendar month) x Loss Factor x Buyer's Monthly On-Peak Energy Usage for the previous calendar month] plus

[Off-Peak Multiplier x (Actual Energy Rate Part I for the previous calendar month less the Estimated Energy Rate Part I for the previous calendar month) x Loss Factor x Buyer's Monthly Off-Peak Energy Usage for the previous calendar month] plus

interest at the FERC Rate.

- I. Energy Rate Part II True-up. Prior to rendering a bill in June, for services provided in May, in the year following the Service Year, Seller shall calculate the Actual Energy Rate Part II for the Service Year based upon cost and load information reported in the FERC Form 1 for the Service Year.

The Energy Rate Part II True-Up =

(Actual Energy Rate Part II x Loss Factor x sum of the twelve months of Buyer's Monthly Energy Usage during the Service Year) minus

[the sum over the twelve months of the Service Year of (Estimated Energy Rate Part II for each month x Loss Factor x Buyer's Monthly Energy Usage for the month)].

The Energy Rate Part II True-Up shall be refunded or collected in equal amounts in the monthly bills rendered in June through December of the calendar year following the Service Year. The refund or collection may be paid in one lump sum at the

payer's option. Any such refund by Seller or payment by Buyer shall be increased by interest at the FERC Rate.

3.3 Taxes.

3.3.1 Seller's Taxes. Seller is liable for and shall pay, or cause to be paid, or reimburse Buyer if Buyer has paid, all taxes applicable to any transaction arising out of this Tariff prior to the Delivery Point. Seller shall indemnify, defend and hold harmless Buyer from any Claims for such taxes applicable prior to the Delivery Point. Notwithstanding the foregoing, Buyer shall be liable for all gross receipts taxes related to service provided under this Tariff.

3.3.2 Buyer's Taxes. Buyer is liable for and shall pay, or cause to be paid, or reimburse Seller if Seller has paid, all taxes applicable to (a) any transaction arising out of this Tariff at or after the Delivery Point and (b) any and all Renewable Attributes transferred from Seller to Buyer, if applicable. Buyer shall indemnify, defend and hold harmless Seller from any Claims for such taxes.

3.3.3 Certificate of Tax Exemption. A Party that is exempt from any taxes shall, upon written request of the other Party, provide a certificate of exemption or other reasonably satisfactory evidence of exemption.

3.4 Transmission Service and Ancillary Services.

Buyer shall be responsible for the costs of all transmission, distribution and ancillary services.

3.4.1 Market Participant. If Buyer is a Market Participant, Buyer shall be responsible for all transmission and ancillary services and costs as required by any Governmental Authority for Buyer's load designated in the Service Agreement between Buyer and Seller. If Buyer ceases to be a Market Participant at any time during the term of its Service Agreement between Buyer and Seller, Buyer shall inform Seller 90 days prior to this change and amend such Service Agreement as necessary.

3.4.2 Non-Market Participant. If Buyer is a Non-Market Participant, Seller may, if necessary, acquire transmission and ancillary services as required by any Governmental Authority for Buyer's load. In such event, Seller will bill, and Buyer shall pay, Seller for transmission and ancillary services and other costs as determined by any Governmental Authority during each Billing Cycle.

3.5 Congestion and Losses. Seller shall be responsible for Cost of Congestion and Cost of Losses up to the Delivery Point. Buyer shall be responsible for Cost of Congestion and Cost of Losses from and after the Delivery Point. To the extent Seller is charged for the Cost of Congestion and/or the Cost of Losses after the Delivery Point, Seller will bill, and Buyer shall pay, Seller for such costs during each Billing Cycle.

3.6 Title. Title to and risk of loss of all Energy sold and purchased hereunder shall transfer from Seller to Buyer at the Delivery Point. Seller warrants that it will deliver to Buyer such Energy free and clear of all liens and encumbrances.

3.7 Planning Reserves. Seller will use commercially reasonable efforts to plan its system to provide Planning Reserves associated with the Capacity purchased hereunder. The purchase of Capacity and Energy under this Tariff shall not give Buyer any entitlement to any Capacity or Energy beyond the Capacity Amount for the applicable Contract Year(s).

3.8 Formula Rate Adjustments. To the extent that Buyer is paying or receiving credit for the MISO energy market charge types identified in Exhibit C as a result of being a Market Participant or as a result of some other contractual arrangement, the charges or credits associated with the charge types identified in Exhibit C shall be removed from the formula in Exhibit B.

4.0 Buyer's Audit Rights

4.1 Audit. On or about May 31 of each year, Seller shall meet, at its offices in Milwaukee, Wisconsin, with Buyer and provide to Buyer its formula rate true-up for the prior calendar year Trued-Up Year. The purpose of the meeting will be to (a) review the formula calculations and the resulting actual rates for the Trued-up Year; and (b) review the formula calculations and the resulting estimated rates, subject to true-up and finalized true-up, that will apply for the remainder of the current calendar year (*i.e.*, from May through December of the current year) and for January through April of the next calendar year.

4.2 Information. At the true-up meeting, Seller will:

- a. provide sufficient information¹ to enable Buyer to replicate the calculation of formula results from Form 1 or other applicable accounting inputs and to compare that calculation to that of prior years; items to be provided include the following:
 - i. a live electronic spreadsheet of the calculations;
 - ii. a copy of the Seller's FERC Form 1 for the Trued-Up Year, if it is not otherwise readily available;
 - iii. identification of any changes in the formula's references to the FERC Form 1 from the previous year;
 - iv. identification of all adjustments made to FERC Form 1 data in determining formula inputs, including relevant footnotes to the FERC Form 1 and any adjustments not shown in a FERC Form 1 footnote;
 - v. identification of all instances in which differences between state commission (PSCW or MPSC) and FERC ratemaking affected the Seller's FERC Form 1 accounting and thereby affected formula inputs;

¹ As appropriate, competitively sensitive information may be provided only pursuant to a confidentiality agreement.

- vi. breakdowns of the monthly peak demands shown on page 401b of the Form 1 and of the monthly peak demands used in the denominator of the capacity formula, sufficiently detailed to enable transparent reconciliation of these two demand measures, and including the following:
 - Generation under the Seller's control in the Seller's balancing area, control area, or sub-area, if the Seller operates one;
 - Firm purchased power by the Seller;
 - Aggregated tie-line information;
 - Actual interruptible/curtailable load available at the time of the Seller's monthly system peak as reported in the FERC Form 1; and
 - Actual interruptible/curtailable load included in the Seller's monthly system peak as reported in the FERC Form 1.
- vii. an itemization for each of the following accounts (including sub-accounts) of the Uniform System of Accounts. (This listing does not prevent Buyer from obtaining itemization of other accounts, or other relevant information, as part of the audit process.):
 - a/c 105 Property Held for Future Use (Production)
 - a/c 107 Pollution Control CWIP
 - a/c 190 Accumulated Deferred Income Tax
 - a/c 282 Accumulated Deferred Income Tax – Other Property
 - a/c 283 Accumulated Deferred Income Tax – Other
 - a/c 404 Amortization of Limited Term Electric Plant
 - a/c 407 Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs
 - a/c 454 Rent From Electric Property
 - a/c 456 Other Electric Revenue
- b. identify any respects in which the formula rate's application to the Trued-Up Year materially differed from its application in the preceding year (*e.g.*, due to changes in accounting procedures, the purchase or sale of major assets, or other such significant changes) and describe how such altered application has affected the formula output;
- c. identify the major reason(s) for the differences, if any, between (1) the trued-up rate and the estimated rate for the Trued-up Year and (2) the trued-up rate and the preceding year's trued-up rate;
- d. provide the average monthly coal inventory for Seller's coal plant(s) and for Seller in the aggregate for the prior year and projections for the next year (the inventory to be expressed as a multiple of the average daily burn - *i.e.*, in days of burn at the applicable average burn rate).

4.3 Estimated Rates. The results of the true-up will establish the estimated rates that will apply as the basis for initial bills, subject to Sections 4.5 through 4.11 below and absent contrary agreement, for the remainder of the current calendar year (*i.e.*, from May 1 through December 31 of the current year) and for January 1 through April 30 of the next calendar year. However, the Seller and Buyer may, by mutual agreement, modify the estimated rates so as to more closely approximate the expected true-up rate(s) and thereby minimize future true-up adjustment(s).

4.4 Final Rates. Subject to the provisions of this Section 4, the results of the true-up will establish the final rates for the Trued-Up Year.

4.5 Audit of Trued-Up Year. Buyer shall have the right to audit the actual Trued-Up Year data to verify the formula inputs, calculations, and resulting rates, and to verify that all formula inputs have been adjusted as appropriate so that the formula output reflects the fully allocated average embedded cost. Buyer shall be entitled to request Seller to adjust the true-up rates. Seller shall issue a refund or a surcharge bill to account for any differences in the event (i) there is a discrepancy between the data employed by Seller in performing the true-up and the actual data for the Trued-Up Year, (ii) Seller developed the true-up in a manner inconsistent with this rate schedule, (iii) Seller has not reasonably applied the terms of the formula rate and the applicable procedures (*e.g.*, has made a discretionary accounting decision that is neither precluded nor mandated by the Uniform System of Accounts and its instructions, but which results in the formula output not reflecting the fully allocated average embedded cost), or (iv) Seller has addressed issues that were or should have been identified pursuant to Section 4.2.b or 4.2.c above in a manner that does not yield the fully allocated average embedded cost. Seller will provide such information as Buyer may reasonably request in order to understand Seller's true-up calculations.

4.6 Timing. The audit period of any audit conducted pursuant to the provisions of this Section, with respect to billings for a particular Trued-Up Year, shall be completed by the second October 31 that follows the end of the Trued-Up Year, unless extended by written mutual agreement. During such audit, Seller shall make a good faith effort to respond to information requests within 15 business days of receipt of such requests. Each Trued-Up Year shall be subject to audit only once.

4.7 Limitations Date. Buyer shall submit all concerns to Seller, in writing, by the Limitations Date, which shall be the second December 30th that follows the end of the Trued-up Year. If Buyer does not object to the true-up to the Seller by the Limitations Date, the Seller's costs for the Trued-Up Year shall be deemed final, shall not be subject to further dispute or challenge as to that Buyer, and shall not be subject to refund.

4.8 Exception to Limitations Date. For good cause and before the Limitations Date, the Seller may inform Buyer that the true-up as billed (a) was more or less than it should have been for consistency with this rate schedule and its procedures and (b) should be adjusted. Any such notice must be in writing, and accompanied by an explanation of the adjustment. Buyer shall have full rights to audit any such adjustment. Issuance of such a notice will open a new 17-

month audit period (and a Revised Limitations Date, which shall be 60 days following the end of such 17-month audit period) as to any such adjustment. As to each Buyer to which the Seller does not submit such a notice by the Revised Limitations Date, the Seller's charges for the Trued-Up Year shall not be subject to upwards adjustment.

4.9 Complaint. If any objection made pursuant to Section 4.7 or notice provided pursuant to Section 4.8 is not resolved within 60 days of being submitted, the aggrieved party may then file with FERC pursuant to Federal Power Act ("FPA") Sections 205 or 206. Any such filing shall specify the portion(s) of the actual or sought revenue collection that is subject to dispute. Such filings may be made earlier than such date if attempts at informal resolution are at an impasse. In any such proceeding, Seller shall bear the burden of proving that it has reasonably applied the terms of the formula rate; that the resultant rate is just, reasonable, and not unduly discriminatory; and that it followed the applicable procedures herein. In the event a party other than Seller seeks to modify the formula rate in any respect, that party shall bear the burden of proving that the formula rate is no longer just and reasonable without such modification and that the proposed modification is just, reasonable, and consistent with the original intent of the formula rate.

4.10 The following example illustrates the timeline contemplated by the preceding provisions. Pursuant to the preceding provisions, dates and estimated rate levels used for pre-true-up billing may be subject to change by mutual agreement.

- i. Service Year: January 1, 2008 through December 31, 2008.
- ii. Basis for estimated-rate billing, prior to true-up:
 - (a) January 1, 2008 through April 30, 2008, formula applied to calendar 2006 Form 1 data; and
 - (b) May 1, 2008 through December 31, 2008, formula applied to calendar 2007 Form 1 data.
- iii. Basis for trued-up billing: Formula applied to calendar 2008 Form 1 data.
- iv. Filing of Form 1 that will be used as basis for trued-up billing: April 2009.
- v. True-up provided by the Seller, subject to audit: On or before May 31, 2009.
- vi. End of audit period: October 31, 2010.
- vii. Limitations Date: December 30, 2010.
- viii. Any ensuing filing pursuant to FPA Sections 205 or 206: Upon impasse, but not later than March 1, 2011, or reasonable period thereafter.

4.11 If the Buyer disputes the true-up rates, the Buyer shall continue to pay its total bill on a monthly basis. If a refund is determined to be due to the Buyer, it shall be paid to the Buyer with interest at the FERC Rate.

4.12 Filings to Change the Formula. The formula rate is intended to yield practicably administrable unit rates that, as true-up, will reflect the fully allocated embedded cost in a manner that is just, reasonable, and not unduly discriminatory. The following provisions are intended to support formula results that accord with that intent while also providing for FERC review of any changes to the filed rate formula.

a. Seller or Buyer may file under FPA Section 205 or 206, as applicable, in order to change the formula rate so that it reflects the fully allocated embedded cost in a manner that is just, reasonable, and not unduly discriminatory. If such a filing is made before the affected Service Year(s) or Trued-Up Year(s) becomes final under Sections 4.7 or 4.8 above, and a change to the formula, made to achieve that intent, is found by the FERC to be appropriate, the effective date for such a change will be retroactive so as to encompass the entirety of the affected, non-finalized year(s). To qualify for such retroactivity pursuant to this provision, the filing must (a) address material changes in the formula rate application that were (or, in the case of a filing by Buyer, were or should have been) identified pursuant to Sections 4.2.b-c above for a True-Up Year; (b) fit within Section 4.5(i.), (ii), (iii), or (iv) above; (c) be directed to ensuring that the formula rate as applied to those issues yields a result that reflects fully allocated average embedded cost; (d) be made before the end of the third calendar month following the month that includes the Limitations Date for that True-Up Year; and, (e) result in a final determination to change the formula rate.

b. No changes may be made to the formula absent a FPA Section 205 or 206 filing with FERC. If the formula must be changed to conform with changes in the format of FERC Form 1, the format of the Uniform System of Accounts, or other reasons of a similar ministerial nature, Seller shall, absent extraordinary circumstances, provide Buyer(s) with 30 days notice of the Seller's intent to file to change the formula and a full explanation of the changes. If such notice is given and no Buyer(s) presents a good faith, written objection in response, the Buyer(s) will be deemed to have consented to the filing and the effective date necessary, including a retroactive effective date, to implement the formula as originally intended.

5.0 Billing and Payment

5.1 General. Seller shall send a billing statement to Buyer on or before the 10th day after the end of each Billing Cycle stating the Monthly Capacity Payment and the Monthly Energy Payment. Buyer shall pay such amount to Seller within 20 days after the date of the billing statement in immediately available funds through wire transfer to an account designated by Seller. Any amounts due and payable and not paid by the due date will be deemed delinquent and will accrue interest at the FERC Rate, such interest to be calculated from and including the due date but excluding the date the delinquent amount is paid in full.

5.2 Billing Disputes. In the event that either Party disagrees with the amount of any bill, such disagreement shall be deemed a Billing Dispute, but only to the extent that the disputing Party notifies the other Party of the amount in dispute. In any event, Buyer shall pay

to Seller the full amount of such bill on or prior to the applicable due date, as identified in Section 5.1, notwithstanding such Dispute. Upon resolution of such Billing Dispute, in the event a refund is owed by Seller to Buyer, Seller shall pay, with interest computed at the FERC Rate, from and including the date the disputed payment was made, but excluding the date the refund payment is made, any refund amount ultimately found to be due to Buyer. Upon resolution of such Billing Dispute, in the event an additional payment is owed by Buyer to Seller, Buyer shall pay, with an interest charge computed at the FERC Rate from and including the date the disputed payment was made, but excluding the date the additional payment is made, any additional payment ultimately found to be due to Seller.

5.3 Netting. Netting means the process of offsetting, as of a particular day, all amounts owed by Seller to Buyer and *vice versa*, so that only the excess of Buyer's and Seller's mutual and offsetting debts and obligations remains owing from one to the other. Buyer and Seller shall discharge any mutual debts and payment obligations that are due and owing to each other under this Tariff by means of Netting. Seller or Buyer, whichever is owed a debt as a result of Netting, shall issue a bill to the other for payment in accordance with the provisions of this Section 5.3.

5.4 Finality. Neither the Buyer nor Seller shall have the right to challenge any billing statement rendered or received hereunder after 180 days from the date such billing statement was rendered for the last Operating Day included in the billing statement. In the event that any such billing statement depends in whole or in part upon estimated data, the 180-day limitation period in the preceding sentence shall be deemed to begin on the first day of the Billing Cycle in which such estimated data is adjusted to actual. This 180-day limitation shall not apply if Buyer has invoked its audit rights pursuant to Section 4 hereunder, in which case Section 4 shall apply.

6.0 Creditworthiness.

6.1 Creditworthiness. Seller, in order to satisfy itself of the ability of Buyer to meet its obligations under any Service Agreement entered into pursuant to this Tariff, may in accordance with standard commercial practices, conduct reasonable credit reviews. Seller will require Buyer to provide the information and meet the requirements determined by Seller. Buyer's failure to provide adequate credit support shall be grounds for Seller to deny a request for service or to terminate service. Seller may require Buyer, or Buyer's guarantor, to provide and maintain in effect during the term of any Service Agreement, or any transaction hereunder, an unconditional and irrevocable letter of credit, a parental guaranty, or an alternative form of security acceptable to Seller and consistent with commercial practices ("Performance Assurance"). Seller reserves the right, on a non-discriminatory basis, to require Buyer, or Buyer's guarantor, to submit to Seller updated financial information to permit Seller to evaluate creditworthiness of the Buyer, or Buyer's guarantor, on an on-going basis, and if necessary, to require future Performance Assurance. Upon receipt of such notice Buyer, or Buyer's guarantor, shall have three (3) Business Days to remedy the situation by providing such Performance Assurance to Seller. In the event that Buyer or Buyer's guarantor fails to provide such Performance Assurance acceptable to Seller within three (3) Business Days of receipt of notice, then an Event of Default will be deemed to have occurred.

7.0 No Requirement to Construct or Upgrade Facilities.

Except as expressly otherwise agreed to between Buyer and Seller, Seller shall have no obligation to construct or upgrade any facilities in order to provide any electric service under this Tariff for a potential Buyer.

8.0 Force Majeure.

8.1 Conditions of Excuse. If, as a result of an event of Force Majeure, a Party is rendered unable to perform its obligations in whole or in part under this Tariff, such Party shall be excused, except as specifically provided elsewhere in this Tariff, from that portion of its performance that is prevented by such Force Majeure event to the extent so prevented; provided, that:

8.1.1 The Party claiming Force Majeure gives the other Party prompt written notice after the Party claiming Force Majeure obtains actual knowledge thereof describing the particulars of and how such event qualifies as an event of Force Majeure;

8.1.2 The permitted suspension of performance is of no greater scope and of no longer duration than is required by the event of Force Majeure and the effects thereof; and

8.1.3 The Party claiming Force Majeure exercises commercially reasonable efforts to eliminate or mitigate the effects of the Force Majeure condition.

8.2 Burden of Proof. The burden of proof as to whether a Force Majeure has occurred shall be upon the Party claiming Force Majeure.

8.3 Payment and Security Obligations. Notwithstanding anything in this Tariff to the contrary, no payment obligation arising under this Tariff, including any Monthly Capacity Payment or Monthly Energy Payment, and no obligation to provide Performance Assurance shall be excused by any event of Force Majeure declared by either Party.

9.0 Dispute Resolution.

9.1 Dispute Resolution Procedures. Every dispute between the Parties arising out of or in connection with this Tariff (a “Dispute”), other than a Billing Dispute in Section 5.2, shall be resolved in accordance with this Section 9 (the “Dispute Resolution Procedures”), to the extent permitted by law.

9.2 Negotiation. In the event of a Dispute, the Parties shall attempt to resolve such Dispute by negotiations through their representative responsible for the performance of service under this Tariff. Either representative may request the other to meet within seven days at a

mutually agreed upon time and place. Such request must be in the form of a written notice that sets forth the nature of the controversy or claim. If the Dispute that gave rise to such controversy or claim is not resolved within 30 days from the date of the first meeting of such representatives or if such representatives fail to meet within such seven-day period (in either case, the “Deadline”), such representatives shall refer the Dispute to senior executives, who shall have authority to settle the Dispute (the “Senior Executives”). Thereupon, each such representative shall, no later than 15 days following the Deadline, prepare and deliver to the Senior Executives and the other such representative a memorandum stating the issues in dispute and their positions, summarizing any negotiations which have taken place and attaching relevant documents. The Senior Executives shall meet for negotiations within 30 days following the Deadline at a mutually agreed time and place. If the Dispute is not resolved within 10 days of the first meeting of the Senior Executives, then, in accordance with this Tariff, either Party may pursue any remedy it may have at law or in equity. After the resolution of any Dispute pursuant to this Section 9, each of the Parties and their Senior Executives shall give effect to and be bound by such resolution.

9.3 Disputes Subject to FERC Jurisdiction. All Disputes hereunder subject to FERC jurisdiction shall be resolved by appropriate filings and proceedings with FERC.

9.4 Continued Performance. Subject to the provisions of this Section, notwithstanding any Dispute between the Parties and pending the final decision of a Dispute, each Party shall continue to perform its respective obligations under any Service Agreement entered into under this Tariff.

10.0 Standard of Review.

Nothing contained herein shall be construed as affecting in any way the right of Seller under this Tariff to unilaterally make application to the FERC for a change in rates under Section 205 of the Federal Power Act and pursuant to the FERC’s Rules and Regulations promulgated thereunder.

**WISCONSIN ELECTRIC POWER COMPANY
FORMULA RATE WHOLESALE SALES TARIFF**

**LOAD FOLLOWING SERVICE
SERVICE SCHEDULE**

LOAD FOLLOWING SERVICE SERVICE SCHEDULE

1. AVAILABILITY

This Service Schedule is available to any Buyer for the purchase of Load Following Service; provided that:

- (a) Seller has sufficient Capacity and Energy to provide to Buyer without diminishing service to existing customers;
- (b) Buyer meets the creditworthiness requirements in Section 6 of the Tariff and the Performance Assurance provisions set forth in Article 5 of the Service Agreement;
- (c) Buyer and Seller have executed a Service Agreement in the form included in this Tariff; and
- (d) Buyer complies with all other applicable provisions of this Tariff.

2. APPLICABILITY AND CHARACTER OF SERVICE

Buyer agrees that Load Following Service shall include all the Capacity and Energy required to serve Buyer's full Energy and Capacity requirements; provided, however, that Buyer may utilize Generation Resources identified in the Confirmation Letter to meet a portion of Buyer's Energy and Capacity requirements. Capacity shall be measured in MW and Energy shall be measured in MWh. Seller and Buyer shall comply with the MISO Tariff, all applicable Laws of any Governmental Authority and Good Utility Practice.

(a) Planning Reserves. For purposes of establishing and maintaining Planning Reserves, Buyer and Seller agree to cooperate with one another and use commercially reasonable efforts to account for any Service Agreement entered into hereunder in their respective annual MISO Module E filings and other required regulatory filings as provided hereafter. In its MISO Module E filings and other required regulatory filings related to Planning Reserves, Seller shall not be required to designate specific DNRs as Capacity resources, but instead will represent its obligations under any Service Agreement entered into hereunder as an increase in its load obligations, and Buyer will represent its obligations under any Service Agreement entered into hereunder as an identical decrease in its load obligations.

(b) DNRs. If Parties are required to designate specific network resources in order for Buyer to obtain DNR accreditation pursuant to the MISO Tariff, Buyer and Seller shall reasonably cooperate with one another to identify and designate Seller's generation resources that best reflect the characteristics of the Delivery Point(s) applicable under any Service Agreement entered into pursuant to the Tariff. Any such DNRs shall be set forth in the Confirmation Letter.

(c) MISO ARRs. As necessary, Buyer and Seller shall reasonably cooperate with one another to allow Buyer to request MISO ARR associated with the DNRs provided for in Section 2(b) above. In no event will Seller be required to provide any MISO ARR, or any equivalent value, to Buyer pursuant to this Tariff.

(d) Curtailement. Load Following Service shall be provided with the same degree of reliability and quality of service as Seller's service to its firm load. In the event of any Curtailement, Seller will apply the effect of any Curtailement to Buyer on a pro rata basis, or as otherwise directed by any Governmental Authority. If any event or circumstance causing or contributing to a Curtailement also constitutes a Force Majeure as to Seller, then the Parties' rights and obligations with respect to such Force Majeure shall be governed by Section 7 of the Tariff to the extent and for so long as such Force Majeure persists. Otherwise, the Parties' rights and obligations with respect to such Curtailement shall be governed by this Section 2(d).

(e) Planning. Buyer shall provide Seller with a written five-year forecast reflecting its anticipated Capacity Amount on a monthly basis for each of the 5 years of its forecast. Buyer shall be entitled to an additional Capacity Amount beyond its forecast Capacity Amount in the first year that Seller provides Load Following Service ("Base Quantity"). After the first year that Seller provides Load Following Service, in no event will the total increased Base Quantity for Load Following Service exceed the previous year's Base Quantity multiplied by 1.1, or 5 MW, whichever is greater. ("Maximum Load Growth Rights"). To the extent Seller can provide Capacity and associated Energy from such Capacity that exceeds Maximum Load Growth Rights, Seller, at its sole discretion, may elect to do so.

3. SCHEDULING

(a) Energy Scheduling. The amount of Energy that Buyer will purchase for each hour of the Operating Day shall be equal to the Buyer's actual hourly load, as adjusted for Energy from Buyer's Generation Resources identified in the Confirmation Letter, if applicable (the "Daily Energy Schedule"). Other scheduling requirements shall be as indicated in the Confirmation Letter.

(b) Financial Schedules. Unless otherwise agreed to by the Parties, Buyer shall Schedule each MISO FinSched in the MISO Day-Ahead Market related to the delivery of Energy in accordance with the Daily Energy Schedule, and Seller shall Accept such MISO FinSched no later than the deadline established by MISO for Acceptance, with each using the appropriate MISO electronic scheduling system and protocols. If Seller fails to Accept a MISO FinSched Scheduled by Buyer in accordance with this Section 3(b) and the other provisions of this Tariff, and such failure is not excused under the terms of this Tariff, then Seller shall pay to Buyer, within five (5) Business Days of the date of an invoice therefore, an amount equal to the difference between (a) the sum of the amounts for each hour of the MISO FinSched determined by multiplying (i) the MISO Day-Ahead Market LMP for each hour of such MISO FinSched by (ii) the Energy that Seller failed to Accept in such hour, and (b) the amount of the Monthly Energy Payment that Buyer would have incurred under any Service Agreement entered hereunder had the Energy been Accepted. Any invoice submitted by Buyer to Seller pursuant to

this Section 3(b) shall include a written statement explaining in reasonable detail the calculation of the amount due from Seller.

4. METERING

(a) Buyer shall arrange for metering service that meets ATC's and/or MISO's requirements for load serving entities.

(b) Buyer shall arrange for and pay cost of transmitting meter data on a real time basis.

(c) Buyer shall arrange for Seller to receive copies of all metering calibrations and tests.

(d) Seller may request a special test of metering equipment. If the meter(s) fall within ATC and MISO specifications, Seller shall pay for testing; if the results are outside of the specifications, Buyer shall pay for testing.

5. RATE

All charges for Load Following Service provided under this Service Schedule shall be set forth in the Tariff and/or Service Agreement, as applicable.

6. TARIFF

Unless otherwise stated herein, all the provisions of the Tariff are applicable to this Service Schedule.

**WISCONSIN ELECTRIC POWER COMPANY
FORMULA RATE WHOLESALE SALES TARIFF**

**BLOCK PURCHASE SERVICE
SERVICE SCHEDULE**

**BLOCK PURCHASE SERVICE
SERVICE SCHEDULE**

1. AVAILABILITY

This Service Schedule is available to any Buyer for the purchase of Block Purchase Service; provided that:

- (a) Seller has sufficient Capacity and Energy to provide to Buyer without diminishing service to existing customers;
- (b) Buyer meets the creditworthiness requirements in Section 6 of the Tariff and the Performance Assurance provision of Article 5 of the Service Agreement;
- (c) Buyer and Seller have executed a Service Agreement in the form included in this Tariff; and
- (d) Buyer complies with all other applicable provisions of this Tariff.

2. APPLICABILITY AND CHARACTER OF SERVICE

Block Purchase Service shall include a stated amount of Capacity in the Service Agreement between Buyer and Seller. Buyer shall pay for the amount of Energy scheduled and the amount of Capacity agreed to under the Service Agreement, even if no Energy is scheduled. Capacity shall be measured in MW and Energy shall be measured in MWh. Seller and Buyer shall comply with the MISO Tariff, all applicable Laws of any Governmental Authority and Good Utility Practice.

(a) Planning Reserves. For purposes of establishing and maintaining Planning Reserves, Buyer and Seller agree to cooperate with one another and use commercially reasonable efforts to account for any Service Agreement entered into hereunder in their respective annual MISO Module E filings and other required regulatory filings as provided hereafter. In its MISO Module E filings and other required regulatory filings related to Planning Reserves, Seller shall not be required to designate specific DNRs as Capacity resources, but instead will represent its obligations under any Service Agreement entered into hereunder as an increase in its load obligations, and Buyer will represent its obligations under any Service Agreement entered into hereunder as an identical decrease in its load obligations.

(b) DNRs. If Parties are required to designate specific network resources in order for Buyer to obtain DNR accreditation pursuant to the MISO Tariff, Buyer and Seller shall reasonably cooperate with one another to identify and designate Seller's generation resources that best reflect the characteristics of the Delivery Point(s) applicable under any Service Agreement entered into pursuant to the Tariff. Any such DNRs shall be set forth in the Confirmation Letter.

(c) MISO ARRs. As necessary, Buyer and Seller shall reasonably cooperate with one another to allow Buyer to request MISO ARR associated with the DNRs provided for in Section 2(b) above. In no event will Seller be required to provide any MISO ARR, or any equivalent value, to Buyer pursuant to this Tariff.

(d) Curtailement. Block Purchase Service shall be provided with the same degree of reliability and quality of service as Seller's service to its firm load. In the event of any Curtailement, Seller will apply the effect of any Curtailement to Buyer on a pro rata basis, or as otherwise directed by any Governmental Authority. If any event or circumstance causing or contributing to a Curtailement also constitutes a Force Majeure as to Seller, then the Parties' rights and obligations with respect to such Force Majeure shall be governed by Section 8 of the Tariff to the extent and for so long as such Force Majeure persists. Otherwise, the Parties' rights and obligations with respect to such Curtailement shall be governed by this Section 2(d).

(e) Planning. Buyer shall provide Seller with a written nomination of its Capacity Amount for each Contract Year under this Block Purchase Service Schedule.

3. SCHEDULING

(a) Energy Scheduling. Buyer shall submit to Seller an Energy schedule which indicates the amount of Energy that Buyer will purchase for each hour of the following Operating Day (the "Daily Energy Schedule"). The Daily Energy Schedule must be submitted to Seller no later than two hours prior to the scheduled close of the MISO Day-Ahead Energy Market for such following Operating Day. Additional Scheduling requirements shall be as indicated in the Confirmation Letter. Subject to the above limits, the hourly Energy values of the Daily Energy Schedule may range between zero and the quantity of Energy produced during a time period of one hour by the nominated Capacity Amount for the applicable Contract Year. If Buyer fails to submit a Daily Energy Schedule, such Daily Energy Schedule shall be deemed to be zero MW for all applicable hours.

(b) Financial Schedules. Unless otherwise agreed by the Parties, Buyer shall Schedule each MISO FinSched in the MISO Day-Ahead Market related to the delivery of Energy in accordance with the Daily Energy Schedule, and Seller shall Accept such MISO FinSched no later than the deadline established by MISO for Acceptance, with each using the appropriate MISO electronic scheduling system and protocols. If Seller fails to Accept a MISO FinSched Scheduled by Buyer in accordance with this Section 3(b) and the other provisions of this Tariff, and such failure is not excused under the terms of this Tariff, then Seller shall pay to Buyer, within five (5) Business Days of the date of an invoice therefore, an amount equal to the difference between (a) the sum of the amounts for each hour of the MISO FinSched determined by multiplying (i) the MISO Day-Ahead Market LMP for each hour of such MISO FinSched by (ii) the Energy that Seller failed to Accept in such hour, and (b) the amount of the Monthly Energy Payment that Buyer would have incurred under its Service Agreement had the Energy been Accepted. Any invoice submitted by Buyer to Seller pursuant to this Section 3(b) shall include a written statement explaining in reasonable detail the calculation of the amount due from Seller.

(c) Minimum On-Peak Energy Schedule. With respect to the On-Peak periods of each month, Buyer shall Schedule a minimum of 50% of the total maximum Energy that Buyer is permitted to Schedule with respect to the On-Peak periods of such month pursuant to its Service Agreement. An example of the minimum amount of Energy required to be Scheduled in accordance with this Section 3(c) is set forth on Attachment A to this Service Schedule.

(d) Minimum Off-Peak Energy Schedule. With respect to the Off-Peak periods of each month, Buyer shall Schedule a minimum of 50% of the total maximum Energy that Buyer is permitted to Schedule with respect to the Off-Peak periods of such month pursuant to its Service Agreement. An example of the minimum amount of Energy required to be Scheduled in accordance with this Section 3(d) is set forth on Attachment A to this Service Schedule.

(e) Minimum On-Peak Scheduling. For each month that Buyer fails to Schedule the minimum On-Peak Energy in accordance with Section 3(c) of this Service Schedule, and such failure is not excused under the terms of this Tariff, then Buyer shall pay to Seller, as liquidated damages and not as a penalty, within five (5) Business Days of the date of an invoice therefor, an amount equal to (i) the Monthly Energy Rate for the On-Peak periods during such month, multiplied by (ii) the difference between (A) the minimum quantity of On-Peak Energy required to be Scheduled by Buyer with respect to such month, and (B) the quantity of On-Peak Energy Scheduled by Buyer with respect to such month.

(f) Minimum Off-Peak Scheduling. For each month that Buyer fails to Schedule the minimum Off-Peak Energy in accordance with Section 3(d) of this Service Schedule, and such failure is not excused under the terms of this Tariff, then Buyer shall pay to Seller, as liquidated damages and not as a penalty, within five (5) Business Days of the date of an invoice therefor, an amount equal to (i) the Monthly Energy Rate for the Off-Peak periods during such month, multiplied by (ii) the difference between (A) the minimum quantity of Off-Peak Energy required to be Scheduled by Buyer with respect to such month, and (B) the quantity of Off-Peak Energy Scheduled by Buyer with respect to such month.

(g) In the event any calculation under Section 3(e) or 3(f) of this Service Schedule produces a negative number, no payment shall be required.

(h) Any invoice submitted by Seller to Buyer pursuant to Sections 3(e) and 3(f) of this Service Schedule shall include a written statement explaining in reasonable detail the calculation of the amount due from Buyer.

4. RATE

All charges for Block Purchase Service provided under this Service Schedule shall be set forth in the Tariff and/or Service Agreement, as applicable.

5. TARIFF

Unless otherwise stated herein, all the provisions of the Tariff are applicable to this Service Schedule.

**Wisconsin Electric Power Company
Formula Rate Wholesale Sales Tariff**

Block Purchase Service Schedule

Attachment A
Minimum Scheduling Examples

With respect to Section 3(c) of this Service Schedule, in a given month in a Contract Year having a Capacity Amount nomination of 100 MW and 21 On-Peak days, the maximum On-Peak Energy that can be Scheduled is equal to $100 \text{ MW} * 12 \text{ hours} * 21 \text{ days} = 25,200 \text{ MWh}$. The minimum amount of energy that must be Scheduled by Buyer during the On-Peak periods of such month is equal to $25,200 * .50 = 12,600 \text{ MWh}$.

With respect to Section 3(d) of this Service Schedule, in a given 30-day month in a Contract Year having a Capacity Amount nomination of 100 MW and 21 On-Peak days, the maximum Off-Peak Energy that can be Scheduled is equal to $(100 \text{ MW} * 12 \text{ hours} * 21 \text{ days}) + (100 \text{ MW} * 24 \text{ hours} * 9 \text{ days}) = 46,800 \text{ MWh}$. The minimum amount of Off-Peak Energy that must be Scheduled by Buyer during the Off-Peak periods of such month is equal to $46,800 * .50 = 23,400 \text{ MWh}$.

**WISCONSIN ELECTRIC POWER COMPANY
FORMULA RATE WHOLESALE SALES TARIFF**

EXHIBIT A

FORM OF SERVICE AGREEMENT

**FORMULA RATE WHOLESALE
SALES TARIFF**

SERVICE AGREEMENT

This AGREEMENT (the “Agreement”) is made and entered as of this ____, day of _____, 20__, by and between WISCONSIN ELECTRIC POWER COMPANY, a Wisconsin corporation (“Seller”), and [_____] a [_____] (“Buyer”) and hereinafter the parties hereto are sometimes referred to collectively as the “Parties”, or individually as a “Party”).

WITNESSETH

WHEREAS, Seller is a public utility in the business of generating, distributing and selling electric power and energy and related services at wholesale and retail within the States of Wisconsin and Michigan;

WHEREAS, Buyer is a [_____];

WHEREAS, Seller and Buyer each believes it is in its best interest and desires to enter into this Agreement as further described herein;

NOW, THEREFORE, in consideration of the recitals and mutual promises, covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

**ARTICLE ONE
DEFINITIONS**

Unless otherwise defined herein, all capitalized terms used herein shall have the same meaning as that set forth in Section 2 of the Seller’s Formula Rate Wholesale Sales Tariff (“Tariff”).

**ARTICLE TWO
SERVICE TO BE PROVIDED**

2.1 Type of Service. Buyer agrees to purchase and Seller agrees to provide the following service as set forth in the Tariff (choose one):

___ Load Following Service

___ Block Purchase Service

2.2 Delivery Period. The “Delivery Period” for the sale and purchase of Capacity and Energy under this Agreement shall commence on [_____] (HE 0100 CPT) and end on

[_____] (HE 2400 CPT). During the Delivery Period, each “Contract Year” shall begin on [_____] (HE 0100 CPT) and end on [_____] (HE 2400 CPT) of the succeeding calendar year.

2.3. Capacity Amount.

(a) Load Following Service. The Capacity Amount for Load Following Service is determined on a monthly basis and is equal to the Buyer’s 60-minute integrated demand coincident with Seller’s Monthly System Peak Load, as adjusted for any energy from the Buyer’s Generation Resources identified in the Confirmation Letter.

(b) Block Purchase Service. The Capacity Amount for Block Purchase Service is the amount of Capacity nominated for a Contract Year and shall remain fixed for that Contract Year. The Capacity Amount for Block Purchase Service for each Contract Year is [_____].

2.4 Rate to be Charged. Buyer agrees to pay the rates set forth in the Tariff for the applicable service specified under this Agreement, as well as any additional charges specified in the Confirmation Letter. Nothing contained herein shall be construed as affecting in any way the right of either Party to unilaterally make or challenge an application to the FERC for a change in rates under Sections 205 or 206 of the Federal Power Act and pursuant to the FERC’s rules and regulations promulgated thereunder.

**ARTICLE THREE
DELIVERY OF ENERGY**

3.1 Market Participant. (Choose one):

Buyer is a Market Participant as defined in the Tariff _____.

Buyer is a Non-Market Participant as defined in the Tariff _____.

3.2 Delivery Point. For service provided under this Agreement, the Delivery Point(s) shall be those listed in the Confirmation Letter. Unless otherwise agreed to herein, Seller will not provide transmission and ancillary services to any Buyer who is a Market Participant other than those required up to the Delivery Point.

3.3. Scheduling. Buyer agrees to Schedule all Energy in accordance with the Tariff and Confirmation Letter for the service provided under this Agreement.

**ARTICLE FOUR
BILLING AND PAYMENT**

4.1 Billing. Seller shall bill, and Buyer shall pay, all rates and charges in accordance with Section 5 of the Tariff.

**ARTICLE FIVE
PERFORMANCE ASSURANCE**

5.1 Buyer shall meet the creditworthiness provisions in Section 6 of the Tariff, including any Performance Assurance requirements imposed by Seller.

**ARTICLE SIX
EVENTS OF DEFAULT; REMEDIES**

6.1 Events of Default. Each of the following events, unless and to the extent expressly excused under the terms of this Agreement, shall constitute an “Event of Default” of the defaulting party (“Defaulting Party”), the other Party being the non-defaulting party (“Non-Defaulting Party”):

(i) The failure of a Party to make any payment due hereunder and the continuation of such failure for three Business Days after written notice demanding such payment has been made by the Non-Defaulting Party.

(ii) Any representation or warranty made by a Party herein or in any certificate or other document delivered by such Party pursuant hereto that was false or misleading in any material respect when made, unless such false or misleading representation or warranty is capable of being cured or remedied, and such Party shall promptly commence and diligently pursue action to cause such representation or warranty to become true in all material respects and does so within 30 days after notice thereof has been given to such Party by the other Party.

(iii) A Party shall cease doing business as a going concern, shall generally not pay its debts as they become due or admit in writing its inability to pay its debts as they become due, shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy code or any other present or future applicable Law relating to creditors’ rights or debtors’ relief, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver, custodian or liquidator of such Party or of all or any substantial part of its properties, or shall make an assignment for the benefit of creditors, or such Party shall take any corporate action to authorize or that is in contemplation of the actions set forth above in this Section 6.1(iii).

(iv) Within 30 days after the commencement of any proceeding against a Party seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy code or any other statute or Law relating to creditors’ rights or debtors’ relief, such proceeding shall not have been dismissed, or if, within 30 days after the appointment without the consent or acquiescence of such Party of any trustee, receiver, custodian or liquidator of such Party or of all or any substantial part of its properties, such appointment shall not have been vacated.

(v) A Party fails to comply or cause compliance with the Performance Assurance requirements pursuant to Section 6 of the Tariff, or any Person furnishing any Performance Assurance on behalf of a Party pursuant to Section 6 of the Tariff fails to comply with the terms of such Performance Assurance.

(vi) A material default in performance or observance of any agreement, undertaking, covenant or other obligation (except as otherwise specified in the other provisions of this Section 6.1) contained in this Agreement by a Party unless, within 30 days after written notice has been made from the other Party specifying the nature of such material default, such Party cures such default or, if such cure cannot reasonably be completed within 30 days and if such Party within such 30-day period commences, and thereafter diligently proceeds to cure such default, said period shall be extended for such further period as shall be necessary for such Party diligently to cure such default, provided that the extended cure period shall not exceed 90 days from the date of the original notice.

6.2 Remedies. (a) If an Event of Default occurs at any time during the Delivery Period, the Non-Defaulting Party may, for so long as the Event of Default is continuing, take one or more of the following actions: (i) establish a date (which date shall be not more than 10 Business Days after the Non-Defaulting Party gives written notice of such date to the Defaulting Party, or such longer period as required by applicable Law) on which this Agreement shall terminate (the “Early Termination Date”), in which case this Agreement shall terminate on the Early Termination Date; (ii) proceed by appropriate proceedings in accordance with this Agreement; and (iii) immediately cease performance, withhold any payments, or both, due in respect of this Agreement. For avoidance of doubt, in the event the Non-Defaulting Party terminates this Agreement on the Early Termination Date as provided in (i) above and/or ceases performance or withholds payment as provided in (iii) above, the Defaulting Party shall continue to be obligated to pay damages relating to such early termination and relating to the Defaulting Party’s failure to perform during such cessation or period of withholding.

6.3 Liquidated Damages. If Seller is the Non-Defaulting Party and terminates this Agreement on an Early Termination Date, then Buyer shall pay to Seller, as liquidated damages and not as a penalty, an amount calculated as follows: (i) for the first 730 days following the date of the first uncured Event of Default giving rise to the early termination (unless the Delivery Period would have ended prior to the expiration of such 730 days, in which case such liquidated damages shall be paid through the last day of such Delivery Period) equal to the Initial Daily Amount and (ii) for each subsequent day through the last day of such Delivery Period equal to the Subsequent Daily Amount. If Buyer is the Non-Defaulting Party and terminates this Agreement on an Early Termination Date, then Seller shall pay to Buyer, as liquidated damages and not as a penalty, an amount calculated as follows: (i) for the first 730 days following the date of the first uncured Event of Default giving rise to the early termination (unless the Delivery Period would have ended prior to the expiration of such 730 days, in which case such liquidated damages shall be paid through the last day of such Delivery Period) equal to the Initial Daily Amount and (ii) for each subsequent day through the last day of such Delivery Period equal to the Subsequent Daily Amount. Calculation of liquidated damages shall be included in the written notice given by Buyer or Seller, as applicable, when declaring an Early Termination Date pursuant to Section 6.2. Liquidated damages under this Section 6.3 shall be payable no later than 30 days after the Early Termination Date.

6.4 Right to Setoff. Each Party reserves to itself all rights, setoffs, counterclaims, recoupment, combination of accounts, liens and other remedies, rights and defenses which such Party has or to which it may be entitled (whether by operation of law or in equity, under contract or otherwise).

6.5 Duty to Mitigate. Except with respect to liquidated damages, each Party has a duty to mitigate damages and covenants that it will use commercially reasonable efforts to minimize any damages it may incur as a result of the other Party's performance or non-performance hereunder.

ARTICLE SEVEN COMPLIANCE WITH LAWS

7.1 Compliance with Laws. Each Party shall at all times comply in all material respects with all applicable Laws relating to the performance of its obligations under this Agreement. Each Party shall give all required notices, shall procure and maintain all necessary Authorizations required for its performance of this Agreement and shall pay all charges and fees in connection therewith.

7.2 Change in Law. In the event there is a change or changes in any Law, or interpretation thereof, enacted, adopted or implemented after execution of this Agreement, or any Law (or the interpretation thereof) is applied to a new or different class of parties (a "Change in Law"), then if the Seller is affected by such Change in Law and its costs in meeting its obligations under this Agreement are increased, such increased costs shall be passed through to Buyer to the fullest extent permitted by Law; if the Seller is affected by such Change in Law and its costs in meeting its obligations under this Agreement are decreased, such decreased costs shall be passed through to Buyer to the fullest extent permitted by Law. In the event such increased costs cannot be passed through until approval or acceptance by a Governmental Authority, such increased costs shall be accrued and, following receipt of such approval or acceptance, applied to the earliest (and subsequent) periods permitted by Law.

7.3 Change in Treatment by PSCW or MPSC. In the event that the PSCW's or MPSC's treatment from time to time of the revenues received or amounts charged by Seller under this Agreement or the amounts paid by Buyer under this Agreement, including any one or more components of the formulary rates set forth in Section 3.2 of the Tariff, adversely affects the Buyer or Seller (other than a change constituting a Change in Law pursuant to Section 7.2 of this Agreement or any increased cost passed through pursuant to the formula in Exhibit B) then, upon notice by the affected Party to the other Party, the Parties shall use their commercially reasonable efforts to reform this Agreement in order to alleviate such adverse effect on the affected Party; provided, however, that if the Parties are unable to reform this Agreement by a written amendment signed by both Parties within 90 days of the notification by the affected Party to the other Party of such treatment, then the affected Party shall have the right to terminate this Agreement without default and without any further rights or obligations of either Party other than those rights and obligations of the Parties that shall have accrued prior to such termination.

7.4 MISO Changes. In the event that, at any time from and after the execution of this Agreement, the MISO Tariff is changed (other than a change constituting a Change in Law pursuant to Section 7.2) or either or both Parties withdraw from the MISO Tariff so that the benefits and burdens or the operative provisions of this Agreement are no longer consistent with the original intentions of the Parties, the Parties shall use their commercially reasonable efforts to reform this Agreement in order to give effect to the original intentions of the Parties regarding the appropriate allocation of benefits and burdens to each Party.

ARTICLE EIGHT INDEMNIFICATION; LIMITATION OF LIABILITY

8.1 Buyer Indemnification. Buyer agrees to and shall indemnify, defend, and hold harmless Seller, its parent company and each of their respective Affiliates, and all of their respective officers, directors, shareholders, employees, servants, and agents, from and against all Claims, including Claims for personal injury, death, or damages to property, occurring at and after the Delivery Point(s), arising out of or related to the Load Following Service, Block Purchase Service and/or Buyer's performance under this Agreement.

8.2 Seller Indemnification. Seller agrees to and shall indemnify, defend, and hold harmless Buyer, and all of its Affiliates, and all of their respective officers, directors, shareholders, employees, servants, and agents, from and against all Claims, including Claims for personal injury, death, or damages to property occurring on Seller's side of the Delivery Point(s) arising out of or related to the Load Following Service, Block Purchase Service and/or Seller's performance under this Agreement.

8.3 Limitation of Remedies, Liability and Damages. BUYER AND SELLER CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED. UNLESS EXPRESSLY HEREIN OTHERWISE PROVIDED, AND EXCEPT FOR THE PAYMENT OF LIQUIDATED DAMAGES SPECIFIED HEREIN, NEITHER BUYER, SELLER, NOR THEIR AFFILIATES SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT; PROVIDED, HOWEVER, THAT THIS SENTENCE SHALL NOT APPLY TO LIMIT THE LIABILITY OF BUYER OR SELLER IF ITS ACTIONS GIVING RISE TO SUCH LIABILITY CONSTITUTE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE DENOMINATED AS LIQUIDATED DAMAGES, BUYER AND SELLER ACKNOWLEDGE AND AGREE THAT THE ACTUAL DAMAGES ARE (OR ARE EXPECTED TO BE) DIFFICULT OR IMPOSSIBLE TO DETERMINE, OTHERWISE OBTAINING AN ADEQUATE REMEDY IS (OR IS EXPECTED TO BE) INCONVENIENT AND THE LIQUIDATED DAMAGES DO NOT CONSTITUTE A PENALTY AND ARE A REASONABLE ADVANCE APPROXIMATION OF THE HARM OR LOSS ANTICIPATED. BUYER AND SELLER ACKNOWLEDGE AND AGREE THAT THIS AGREEMENT DOES NOT PROVIDE FOR ANY TORT REMEDIES, AND BUYER AND SELLER FURTHER EXPRESSLY AGREE THAT

NEITHER SHALL HAVE THE RIGHT, AND EACH WAIVES ALL RIGHTS, TO BRING AN ACTION AGAINST THE OTHER (INCLUDING AGAINST ANY AFFILIATE OF THE OTHER) IN TORT OR STRICT LIABILITY FOR ANY ACT(S) OR OMISSIONS CONSTITUTING A BREACH OR ALLEGED BREACH OF CONTRACT. BUYER AND SELLER EXPRESSLY AGREE AND UNDERSTAND THAT THE PROVISIONS OF THIS SECTION 8.3 LIMIT THE CLAIMS AND DAMAGES AVAILABLE TO THEM.

8.4 Disclaimer of Warranties. THERE ARE NO WARRANTIES UNDER THIS AGREEMENT EXCEPT TO THE EXTENT SPECIFICALLY SET FORTH IN THE TEXT HEREOF. BUYER AND SELLER HEREBY SPECIFICALLY DISCLAIM AND EXCLUDE ALL IMPLIED WARRANTIES, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND OF FITNESS FOR A PARTICULAR PURPOSE.

ARTICLE NINE ASSIGNMENT; BINDING EFFECT

9.1 Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and permitted assigns.

9.2 Assignment. Neither Party shall assign this Agreement or any portion thereof to any Person without the prior written consent of the other Party. Any consent required by this Section 9.2 shall not be unreasonably withheld, conditioned or delayed; provided, however, that neither Party shall be required to accept any limitation of its rights under this Agreement or expansion of the liability, risks or obligations imposed on it under this Agreement. It shall be a condition of any assignment, transfer or other disposition with respect to this Agreement that (a) all Performance Assurance required under Article 5 of this Agreement with respect to the assignor shall remain in place notwithstanding such assignment, transfer or other disposition, or that replacement Performance Assurance in form, substance and amount in full compliance with this Agreement or otherwise reasonably acceptable to Seller shall have been provided prior to such disposition and (b) the proposed assignee shall agree in writing to assume the assignor's obligations hereunder.

ARTICLE TEN NOTICE

10.1 Notices. Unless otherwise specified, where notice is required by this Agreement, such notice shall be in writing and shall be deemed given: (i) upon the second Business Day after the date of such notice, when mailed by United States registered or certified mail, postage prepaid, return receipt requested; (ii) upon the next Business Day after the date of such notice, when sent by overnight delivery, using a reputable overnight delivery service; or (iii) when sent, if by facsimile transmission, or upon the next Business Day after the date of such facsimile if such facsimile transmission is sent after 5:00 P.M. CPT.

if to Seller:

Wisconsin Electric Power Company
333 West Everett Street, Room A292

Wisconsin Electric Power Company
Formula Rate Wholesale Sales Tariff, FERC Electric Tariff Volume No. 9

Milwaukee, Wisconsin 53203
Attention: Legal Department
Telephone: 414-221-2198
Facsimile: 414-221-2139

Wisconsin Electric Power Company
333 West Everett Street, Room A459
Milwaukee, Wisconsin 53203
Attention: Federal Regulatory Affairs & Policy
Telephone: 414-221-2533
Facsimile: 414-221-4211

Notices related solely to operational issues arising after the commencement of the Delivery Period are exempt from this Section 10.1 and may be given to the addressees listed below by telephone or by any other means as the Parties may from time to time agree.

Wisconsin Electric Power Company
333 West Everett Street, Room A214
Milwaukee, Wisconsin 53203
Attention: Vice President, Wholesale Energy and Fuels

Telephone: 414-221-2537
Facsimile: 414-221-2250

Wisconsin Electric System Operator/Trader:
Phone: 414-221-4505
Fax: 414-221-4210

if to the Buyer:

With a copy to:

10.2 Change in Notice. A Party's address may be changed by written notice to the other Party.

**ARTICLE ELEVEN
MISCELLANEOUS**

11.1 Interpretation; Construction. In this Agreement, unless the context otherwise requires: (a) the singular shall include the plural and any pronoun shall include the corresponding masculine, feminine and neuter forms; (b) the words “hereof,” “herein,” “hereto” and “hereunder” and words of similar import when used in this Agreement shall, unless otherwise expressly specified, refer to this Agreement as a whole and not to any particular provision of this Agreement; (c) whenever the term “including” is used herein in connection with a listing of items included within a prior reference, such listing shall be interpreted to be illustrative only, and shall not be interpreted as a limitation on or exclusive listing of the items included within the prior reference; (d) any reference in this Agreement to “Section,” “Article,” “Exhibit” or “Appendix” shall be references to this Agreement unless otherwise stated, and all such Exhibits shall be incorporated into this Agreement by reference and are intended to be a part of this Agreement; and (e) unless otherwise specified, a reference to a given agreement, document, instrument, Law, Service Schedule or tariff, including this Agreement, and all schedules, exhibits, appendices and attachments thereto, shall be a reference to that agreement, document, instrument, Law or tariff as modified, amended, supplemented and restated in accordance with its terms (if applicable) and (where applicable) subject to compliance with the requirements set forth therein, and in effect from time to time.

11.2 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin as to all matters, including but not limited to matters of validity, construction, effect, performance and remedies without regard to conflict of laws rules thereof.

11.3 Cooperation; Further Assurances. The Parties agree to provide such reasonable cooperation to each other as necessary to give effect to the terms of this Agreement.

11.4 Amendment. No amendment, supplement, modification, waiver or termination of this Agreement shall be binding unless executed in writing by the Party to be bound thereby.

11.5 Waiver. The failure or delay of any Party hereto to enforce at any time any of the provisions of this Agreement, or to require at any time performance of the other Party hereto of any of the provisions hereof, shall neither be construed to be a waiver of such provisions nor affect the validity of this Agreement or any part hereof or the right of such Party thereafter to enforce each and every such provision. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision of this Agreement, whether or not similar, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

11.6 No Third Party Beneficiaries. This Agreement is for the sole benefit of the Parties hereto, and except as specifically provided herein, nothing in this Agreement or any action taken hereunder shall be construed to create any duty, liability or standard of care to any Person not a party to this Agreement. Except as specifically provided herein, no Person shall have any rights or interest, direct or indirect, in this Agreement or the services to be provided hereunder, or both, except Buyer and Seller. The Parties specifically disclaim any intent to

create any rights in any Person as a third-party beneficiary to this Agreement or the services to be provided hereunder, or both.

11.7 No Dedication of Assets. No undertaking by a Party hereto to the other Party hereto under any provision of this Agreement shall constitute the dedication of that Party's assets or any portion thereof to the public or to its obligations under this Agreement.

11.8 No Partnership. This Agreement shall not be construed to create or give rise to any partnership, joint venture, agency or other relationship between Seller and Buyer other than that of purchaser and seller. Each Party shall be solely and individually responsible for its own covenants, obligations and liabilities as herein provided, and the Parties do not intend to create any joint, several or joint and several obligations to any third party. Neither this Agreement, nor any grant, lease or license related thereto, shall create or be construed to create any new entity, such as a partnership, association or joint venture.

11.9 Forward Contract. The Parties acknowledge and agree that this Agreement, the transactions contemplated hereby, and any instrument(s) that may be provided by either Party hereunder (including any guaranty) shall each, and together, constitute one and the same "forward contract" within the meaning of the United States Bankruptcy Code, and Seller and Buyer shall each constitute a "forward contract merchant" under the United States Bankruptcy Code.

11.10 Severability. If any provision of this Agreement shall be determined to be unenforceable, void or otherwise contrary to any Law, such condition shall in no manner operate to render any other provision of this Agreement unenforceable, void or contrary to any Law, and this Agreement shall continue in force in accordance with the remaining terms and provisions hereof, unless such condition invalidates the purpose or intent of this Agreement. In the event that any of the provisions, or portions or applications thereof, of this Agreement are held unenforceable or invalid by any court of competent jurisdiction, Seller and Buyer shall negotiate to attempt to implement a reformation of such provision(s) with a view toward effecting the purposes of this Agreement by replacing the offending provision(s) with a valid provision the economic effect of which comes as close as possible to the original intent of the offending provision(s).

11.11 Headings. The headings contained in this Agreement are used solely for convenience and do not constitute a part of the Agreement between the Parties, nor should they be used to aid in any manner in the construction of this Agreement.

11.12 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

11.13 Entire Agreement. This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersedes and terminates any letters of intent, term sheets and all prior and contemporaneous agreements, understandings, negotiations and discussions between the Parties, whether oral or written, regarding said subject matter, and there are no warranties, representations or other agreements between the Parties in

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connection with the subject matter of this Agreement, except as specifically set forth in this Agreement.

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed by its duly authorized officer as of the date first written above.

WISCONSIN ELECTRIC POWER COMPANY

By: _____

Name: _____

Title: _____

[_____]

By: _____

Name: _____

Title: _____

APPENDIX A
CONFIRMATION LETTER

This Confirmation Letter confirms the Agreement dated _____, by and between _____ (“Buyer”) and Wisconsin Electric Power Company (“Seller”) with respect to the purchase and sale of Capacity and Energy pursuant to Seller’s Formula Rate Wholesale Sales Tariff and sets forth the following information as required thereto.

1. Delivery Point(s): _____
2. Congestion and/or Losses Adjustment:

3. Transmission: _____
4. Ancillary Services: _____
5. Buyer’s Generation Resources: _____
6. DNRs: _____
7. Scheduling: _____
8. Performance Assurance: _____
9. Wire Transfer Instructions: _____

Confirmed in writing this ____ day of _____.

Wisconsin Electric Power Company

[Buyer]

**WISCONSIN ELECTRIC POWER COMPANY
FORMULA RATE WHOLESALE SALES TARIFF**

EXHIBIT B

RATE FORMULAS

Attachment A

FERC Electric Tariff
 Formula Rate – Non-Levelized

**Capacity Rate Formula Template
 Utilizing FERC Form 1 Data
 Wisconsin Electric Power Company**

Attach. A, Page 1 of 12
 For the 12
 months
 ended
 12/31/2009

<u>Line No.</u>					<u>Allocated Amount</u>
1	GROSS REVENUE REQUIREMENTS	(page 3, line 37, col. 5)			\$ -
1a	Non-firm Load Cost	401.29.d footnote (non-firm load 9kW times cost of CT (\$/kW-year)			0
	REVENUE CREDITS		<u>Total</u>	<u>Allocator</u>	
2	Account No. 447	(page 4, line 33, col 5)	0	PP 0.00000	0
3	Account No. 454	Page 4, line 34d, col 5)	0	PP 0.00000	0
4	Account No. 456	Page 4, line 37, col 5)	0	PP 0.00000	0
5				PP 0.00000	0
6	TOTAL REVENUE CREDITS	(sum lines 2-5)			0
7	NET REVENUE REQUIREMENT	(line 1 + line 1a minus line 6)			\$ -
	DIVISOR				
8	Average of 12 coincident system peaks for requirements (RQ) service	401b.d (Note A)			0
9a	Plus: Average of 12 month Nonfirm Load Demands that were interrupted	401.29.d footnote			0
9b	Less: Average of WPPIs monthly actual demands coincident with WE's peak	401.29.d footnote			0
	Plus: Average of WPPI's actual monthly demand nominations	401.29.d footnote			0
10	Divisor	(sum line 8-9)			0
11	Annual Rate(\$/k/Yr)	(line 7 / line 10)	0.000		
12	Monthly Capacity Rate (\$/kW-Month – At Generation Bus)	(line 11 / 12 months)	0.000		
13		401.27.B footnote for transmission losses	0.00		
			\$0.00		
14	Monthly Capacity Rate (\$/kW-Month – At Transmission to Distribution Interface)	(Line 12 x Line 13)	0.00		

Wisconsin Electric Power Company
 Formula Rate Wholesale Sales Tariff, FERC Electric Tariff Volume No. 9

FERC Electric Tariff

Attach. A, Page 2 of 12

NET REVENUE REQUIREMENT SUMMARY			
15	O&M Expense	(page 3, line 16, col 5)	0
16	Depreciation Expense	(page 3, line 21, col 5)	0
17	Taxes Other Than Income Taxes	(page 3, line 28, col 5)	0
18	Income Taxes	(page 3, line 35, col 5)	0
19	Return	(page 3, line 36, col 5)	\$ 0
20	GROSS REVENUE REQUIREMENT	(line 15-19)	\$ 0
20a	Non-firm Load Cost	(line 1a)	0
21	Less: Revenue Credits	(line 6)	\$ 0
22	NET REVENUE REQUIREMENT	(line 20 plus line 20a minus line 21)	\$ 0

Wisconsin Electric Power Company
 Formula Rate Wholesale Sales Tariff, FERC Electric Tariff Volume No. 9

FERC Electric Tariff		Capacity Rate Formula Template Utilizing FERC Form 1 Data Wisconsin Electric Power Company			Attach. A, Page 3 of 12 For the 12 months ended 12/31/2009	
Formula Rate – Non-Levelized		Form No. 1			Electric Production (Col 3 times Col 4)	
(1)	(2)	(3)	(4)	(5)		
Line No.	RATE BASE:	Page, Line, Col.	Com Total Avg.	Allocator		
	GROSS PLANT IN SERVICE					
1	Production	205.46.g less(205.15.g, 205.24.g, 205.34.g, 205.44.g) less 204.16.c footnote plant in service related to steam heating	0	PP	0.00000	0
2	Transmission	207.58.g less 207.57.g	0			0
3	Distribution	207.75.g less 207.74.g	0	NA		0
4	General & Intangible	205.5.g, 207. 99.g less 207.98.g	0	W/S	0.00000	0
5	Common (Electric)	356	\$ 0	W/S	0.00000	\$ 0
6	TOTAL GROSS PLANT	(sum lines 1-5)	\$ 0	GP=	0.00000	\$ 0
	ACCUMULATED DEPRECIATION		0			
7	Production	219.20.c, 219.21.c, 219.22.c, 219.23.c, 219.24.c less page 219.8.c footnote accumulated depreciation related to steam heating	0	PP	0.00000	0
7a	Less (Nuclear Decommissioning)	Already excluded from above	0	PP	0.00000	0
7b	Add Asset Retirement Obligations (Subtract ARO's included in Accum Depr and Add ARO's excluded from Accum Depr).	219.19.c footnote accumulated depreciation related to production asset retirement obligations	0	PP	0.00000	0
8	Transmission	219.25.c	0			0
9	Distribution Add Asset Retirement Obligations (Subtract ARO's included in Accum Depr and Add ARO's excluded from Accum Depr).	219.26.c plus 219.19.c footnote accumulation depreciation related to distribution asset retirement obligations	0	NA		0
10	General & Intangible	219.28.c, plus 200.14.c footnote intangible depreciation reserve	0	W/S	0.00000	0
11	Common (Electric)	356.1	0	W/S	0.00000	0
11a	Common	356.2	\$ 0	W/S	0.00000	\$ 0
12	TOTAL ACCUM. DEPRECIATION	(sum lines 7-11)	\$ 0			\$ 0

Wisconsin Electric Power Company
 Formula Rate Wholesale Sales Tariff, FERC Electric Tariff Volume No. 9

FERC Electric Tariff

Attach. A, Page 4 of 12

NET PLANT IN SERVICE					
13	Production	(line 1- (line 7, less 7a plus 7b))	0		0
14	Transmission	(line 2- line 8)	0		0
15	Distribution	(line 3 - line 9)	0		0
16	General & Intangible	(line 4 - line 10)	0		0
17	Common (Electric)	(line 5 - line 11)	<u>\$ 0</u>		<u>\$ 0</u>
18	TOTAL NET PLANT			NP= 0.00000	\$ 0
ADJUSTMENTS TO RATE BASE (Note B)					
19	Account No. 281 (enter negative)	273.8.k	0	zero 0.00000	0
20	Account No. 282 (enter negative)	274.2.b, 275.2.k	0	GP 0.00000	0
21	Account No. 283 - Production (enter credit balances as negative and debit balances as positive)	(276, 277).8.a footnote accumulated deferred income taxes account 283-Production	0	PP 0.00000	0
21a	Account No. 283 - General (enter credit balances as negative and debit balances as positive)	(276, 277).8.a footnote accumulated deferred income taxes account 283-General	0	W/S 0.00000	0
22	Account No. 190 - Production	234.1 footnote accumulated deferred taxes account 190-Production	0	PP 0.00000	0
22a	Account No. 190 - General	234.1 footnote accumulated deferred taxes account 190-General	<u>\$ 0</u>	W/S 0.00000	<u>\$ 0</u>
23	TOTAL ADJUSTMENTS	(sum lines 19-22)	<u>\$ 0</u>		<u>\$ 0</u>
WORKING CAPITAL (Note C)					
24	CWC on Demand Related O&M	1/8 of page 3, line 16b, col 3	0		0
24a	CWC on Other Energy O&M	1/8 of Page 3, Line 8, col 3	0	PE 0.00000	0
25	Materials & Supplies (production)	227.7.c	0	PE 0.00000	0
26	Fossil Fuel Stock	Page 6 line 20, col 3	0	PE 0.00000	0
27	Prepayments (Account 165)	111.57.d,.c plus 263.41.h	<u>\$ 0</u>	CGP 0.00000	<u>\$ 0</u>
28	TOTAL WORKING CAPITAL	(sum lines 24-27)	<u>\$ 0</u>		<u>\$ 0</u>
29	Pollution Control CWIP			PE 0.00000	0
30	Property Held for Future Use (production)			PE 0.00000	<u>\$ 0</u>
31	RATE BASE	(sum lines 18, 23, 28, 29, 30)	<u>\$ 0</u>		<u>\$ 0</u>

Wisconsin Electric Power Company
 Formula Rate Wholesale Sales Tariff, FERC Electric Tariff Volume No. 9

FERC Electric Tariff

Attach. A, Page 5 of 12

Formula Rate – Non-Levelized		Capacity Rate Formula Template Utilizing FERC Form 1 Data Wisconsin Electric Power Company			For the 12 months ended 12/31/2009
(1)	(2)	(3)	(4)	(5)	
	Form No. 1			Electric Production	
	Page, Line, Col.	Com Total	Allocator	(Col 3 times Col 4)	
Line No.		Avg.			
	O&M				
1	Total Power Production Expenses	321.80.b	PE 0.00000 PE	0	
2	Plus Non-FERC Deferrals / Amortizations – Demand Related	320.11.b footnote PTF lease payments removing special WI Reg treatment, less (327).13.L, (327).14.L, (327.1).1.L	PE 0.00000 PE	0	
3	Plus - Transmission non FNS	321.96.b plus 321.84.b, 321.85.b,321.86.b,321.87.b, 321.89.b,321.90.b,321.91.b,321.92.b less 332.1.h less 332.4.h plus Footnote 320.96.b Distribution Amount	PE 0.00000 PE	0	
4	Less Acct 501	320.5.b	PE 0.00000 PE	0	
4a	Less Acct 503	320.7.b	PE 0.00000 PE	0	
4b	Less Acct 504 (enter negative)	320.8.b	PE 0.00000 PE	0	
4c	Less Acct 509	320.12.b	PE 0.00000 PE	0	
5	Less Acct 518	320.25.b	PE 0.00000 PE	0	
6	Less Acct 547	321.63.b	PE 0.00000 PE	0	
7	Less Purchased Power Eng Related	327.Total.k less 65% of Nextera Energy Point Beach 327.3.k	PE 0.00000 PE	0	
8	Less Other Energy Related O&M, Accts 510, 512, 513, 528, 530, 531, 544)	320.15.b, 320.17.b, 320.18.b, 320.35.b, 320.37.b, 320.38.b, 320.56.b	PE 0.00000 PE	0	
9	A&G	323.197.b	W/S 0.00000 W/S	0	
10	Less General Advertising Expenses	323.191.b	W/S 0.00000 W/S	0	
11			0	0	
12	Less EPRI Dues	353.12.d	0 W/S 0.00000	0	
13	Less Industry Association Dues	335.1.b	0 W/S 0.00000	0	
14	Less Retail Regulatory Expenses	350.6.d, 350.9.d, 350.22.d	\$ 0 W/S 0.00000	\$ 0	
15					
16	TOTAL O&M	(sum lines 1-3, 9,15, less lines 4-8, 10-14)	\$ 0	\$ 0	
16a	Less Demand Related Purchased Power	327.Total.j plus 65% of Nextera Energy Point Beach 327.3.k	\$ 0 PE 0.00000	\$ 0	

Wisconsin Electric Power Company
 Formula Rate Wholesale Sales Tariff, FERC Electric Tariff Volume No. 9

FERC Electric Tariff

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16b	O&M for Working Capital Purposes		\$ 0			\$ 0
	DEPRECIATION EXPENSE					
17	Production Plant	336.2.f, 336.3.f, 336.4.f, 336.6.f, 115.10.g less 219.8.c footnote [Line 8] steam transfer depreciation expense	0	PP	0.00000	0
18	Transmission Plant	336.7.f	0	PP	0.00000	0
19	General & Intangible	336.10.f, 336.1.f	0	W/S	0.00000	0
20	Common (Electric)	336.11.f	\$ 0	W/S	0.00000	0
19	TOTAL DEPRECIATION	(sum lines 17-20)	\$ 0			0
20						\$ 0
21	TAXES OTHER THAN INCOME TAXES (Note E)					\$ 0
	Payroll	263.2.i., 263.3.i, 263.7.i, 263.21.i, 263.29.i	0	W/S	0.00000	
	Car Line	263.15.i, 263.16.i, 263.17.i, 263.18.i, 263.19.i	0	PP	0.00000	
22	Production Property	263.23.i	0	W/S	0.00000	0
23	Insurance	263.10.i	0	PP	0.00000	0
24	MI Single Business Tax	263.22.i	0	PP	0.00000	0
25	Use Taxes	263.38.i, 263.39.i	0	PP	0.00000	0
25a	Less EPRI Dues	353.12.d	0	GP	0.00000	0
26	Less Industry Association Dues	335.1.b	0	GP	0.00000	0
27	Non FERC or Non Production	263.9.i, 263.20.i, 263.27.i, 263.31.i	\$ 0		0.00000	\$ 0
28	TOTAL OTHER TAXES	(sum lines 22-27)	\$ 0			\$ 0
	INCOME TAXES	(Note F)				
29	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		0.00%			
30	$CIT=(T/1-T) * (1-(WCLTD/R)) =$ where WCLTD=(page 4, line 27) and R= (page 4, line 30) and FIT, SIT & p are as given in footnote F.		0.00%			
31	$1 / (1 - T) =$ (from line 29)		0.0000			
32	Amortized Investment Tax Credit (266.8.f) (enter negative)		0			
33	Income Tax Calculation	(line 30 * line 36)	0	NA		0
34	ITC Adjustment	(line 31 * line 32)	\$ 0	GP	0.00000	\$ 0
35	Total Income Taxes	(line 33 plus line 34)	\$ 0			\$ 0
36	RETURN		0	NA		0
37	GROSS REVENUE REQUIREMENT	(SUM LINES 16, 21, 28, 35, 36)	\$ 0			\$ 0

Wisconsin Electric Power Company
 Formula Rate Wholesale Sales Tariff, FERC Electric Tariff Volume No. 9

FERC Electric Tariff

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Formula Rate -
 Non-Levelized

**Capacity Rate Formula Template
 Utilizing FERC Form 1 Data**
 Wisconsin Electric Power Company
SUPPORTING CALCULATIONS AND NOTES

For the 12 months
 ended 12/31/2009

Line No. PRODUCTION PLANT INCLUDED IN CAPACITY RATES

1	Total Production Plant	(page 2, line 1, col 3)	0
2	Less plant excluded from rates (Note G)		0
3	Less plant included in other rates (Note H)		0
4	Production plant included in Capacity rate	(line 1 less lines 2,3)	0
5	Percentage of plant included in Rates	(line 4 divided by line 1)	PP= 0.00000

PRODUCTION EXPENSES

6	Total Production expenses	(page 3, line 14, column 3)	0
7	Less expenses included in other Rates (Note I)		0
8	Included production expenses	(line 6 less line 7)	0
9	Percentage of Production expenses after adjustment	(line 8 divided by line 6)	1.00000
10	Percentage of plant included in other rates	(line 5)	PP 0.00000
11	Percentage of production expenses included in Capacity rate	(line 9 times line 10)	PE= 0.00000

WAGES & SALARY ALLOCATOR (W&S)

	Form 1 Reference	\$	PP	Allocation	
12	Production	354.20.b	0 0.00	0	
13	Transmission	354.21.b	0 0.00	0	
14	Distribution	354.23.b	0 0.00	0	W&S Allocator
15	Other	354.24.b, 354.25.b, 354.26.b	0 0.0 0 0	0	(\$ / Allocation)
16	Total	(sum lines 12-15)	0	0 =	<u>0.00000 = WS</u>

Wisconsin Electric Power Company
 Formula Rate Wholesale Sales Tariff, FERC Electric Tariff Volume No. 9

FERC Electric Tariff

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COMMON PLANT ALLOCATOR (CE) (Note J)

			\$	% Electric (line 17 / line 20)	W&S Allocator (line 16)	CE
17	Electric	356 (average current and previous year)	0			
18	Gas	356 (average current and previous year)	0	0.00000 *	0.00000 =	0.00000
19	Steam	356 (average current and previous year)	0			
20	Total	(sum lines 17-19)	0			

RETURN (R)

			\$
21	Long Term Interest	117.62.c, 117.63.c, 117.64.c	\$0
22	Preferred Dividends	118.29.c (positive number)	0

DEVELOPMENT OF COMMON STOCK

23	Proprietary Capital	112.16.c,d	0
24	Less Preferred Stock	(line 28)	0
25	Less Account 216.1	112.12.c,d (enter negative)	0
26	Common Stock	(sum lines 23-25)	0

			\$	%	Cost (Note K)	Weighted
27	Long Term Debt	page 6, line 39, column 4	0	0%	0.0000	0.0000 =WCLTD
28	Preferred Stock	112.3.c,d	0	0%	0.0000	0.0000
29	Common Stock	(line 26)	0	0%	0.0000	0.0000
30	Total	(sum lines 27-29)	0			0.0000 =R

REVENUE CREDITS

ACCOUNT 447 (SALES FOR RESALE)

(Note L)

Load

Wisconsin Electric Power Company
 Formula Rate Wholesale Sales Tariff, FERC Electric Tariff Volume No. 9

FERC Electric Tariff

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		311.non-RQ.h plus 311.non RQ.j less 311.h&j lines 2,6,10,14 less (311.1).h&j lines 4,8,10,12, less (311.2).h&j lines 5,9,11,13			
31	a. Capacity revenues for Resale				0
32	b. Capacity revenues included in Divisor on page 1				0
33	Total of (a)-(b)				0

Electric Production

ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY)		Com- pany Total	Allocator		(Col 3 times Col 4)
34a	a. Rent from production property	300.19.b footnote Detail Lines 8, 14	0	PP 0.00000	0
34b	b. Rent from distribution property	300.19.b footnote Detail Lines 1-7, 9-13, 15-17, 18, 19, 20	0	NA 0.00000	0
34c	c. Rent from general property	300.19.b footnote Detail	0	W/S 0.00000	0
34d	d. Total	(sum lines 34a- 34c)	0		0

ACCOUNT 456 (OTHER ELECTRIC REVENUES)

35	a. Production charges in account 456	300.21.b footnote Detail: Lines 2, 3, 5, 6, 9, 10, 13, 14, 15			0
35a	b. Revenue from Allowance Sales	229a.33.m, 229a.44.m			0
36	c. Production charges for all production transactions included in Divisor on Page 1				0
37	Total of (a) + (b) - (c)				\$0

COMPANY GROSS PLANT ALLOCATOR (CGP)

38	Electric Production Plant In Service	(page 2, line 6, col 5)	0		
39	Total Company Gross Plant less AROs	Average [110.2.c - (205.15.g , 205.24.g , 205.34.g , 207.74.g)] and [110.2.d - (204.15.b, 204.24.b., 204.34.b, 206.74.b)]	0		
40	Company Gross Plant Allocator (CGP)	Line 38/Line 39	0.00000		

Wisconsin Electric Power Company
 Formula Rate Wholesale Sales Tariff, FERC Electric Tariff Volume No. 9

FERC Electric Tariff

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Formula Rate - Non-Levelized

**Capacity Rate Formula Template
 Utilizing FERC Form 1 Data**
 Wisconsin Electric Power Company

For the 12 months ended
 12/31/2009

General Note: References to pages in this formulary rate are indicated as: (page#, line#, col.#)

References to data from FERC Form 1 are indicated as: #.y.x (page, line, column)

<u>Note Letter</u>	
A	Peak is as reported on page 401b, column d of Form 1 at the time of the WE coincident monthly peaks.
B	The balances in Accounts 190, 281, 282 and 283, as adjusted by any amounts in contra accounts identified as regulatory assets or liabilities related to FASB 109. Balance of Account 255 is reduced by prior flow throughs and excluded if the utility chose to utilize amortization of tax credits against taxable income as discussed in Note F. Account 281 is not allocated.
C	Cash Working Capital assigned to production is one-eighth of O&M allocated to Production at page 3, line 16b and Line 8, column 5.
D	Line 5 - EPRI Annual Membership Dues listed in Form 1 at 352.18.d
E	Includes FICA, unemployment, property, and other assessments charged in the current year.
	Taxes related to income are excluded. Gross receipts taxes are not included in this section since they are included elsewhere.
F	The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by (1/1-T) (page 3, line 29).
	Inputs Required: FIT = 0.00% (Federal Income Tax Rate 262.1.a footnote)
	SIT= 0.000000% (State Income Tax Rate or Composite SIT 262.5.a footnote)
	p = 0.00% (percent of federal income tax deductible for state purposes)
	Source: Page 262 footnote Federal and State income tax rate
G	Removes any production plant determined by commission order to be non-jurisdictional.
H	Removes any production plant recovered through mechanisms other than this capacity charge.
I	Removes any production expenses recovered through mechanisms other than this capacity charge.
J	Enter dollar amounts
K	Debt cost rate = long-term interest (line 21) / long term debt (line 27). Preferred cost rate = preferred dividends (line 22) / preferred outstanding (line 28). ROE will be supported in the original filing and no change in ROE may be made absent a filing with FERC.
L	Applicable only to explicit capacity revenues from wholesale sales not subject to this capacity charge if not included in capacity charge denominator

Wisconsin Electric Power Company
 Formula Rate Wholesale Sales Tariff, FERC Electric Tariff Volume No. 9

FERC Electric Tariff

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Formula Rate - Non-Levelized

**Capacity Rate Formula Template
 Utilizing FERC Form 1 Data**
 Wisconsin Electric Power Company

For the 12 months ended
 12/31/2009

<u>Line No.</u>	
1	Hold for Future Use
2	Hold for Future Use
3	Hold for Future Use
4	Hold for Future Use
5	Hold for Future Use
6	Hold for Future Use

Monthly Fossil Fuel Inventory Balances			End of Month Balance
7	December	227.1.c footnote	-
8	January	227.1.c footnote	-
9	February	227.1.c footnote	-
10	March	227.1.c footnote	-
11	April	227.1.c footnote	-
12	May	227.1.c footnote	-
13	June	227.1.c footnote	-
14	July	227.1.c footnote	-
15	August	227.1.c footnote	-
16	September	227.1.c footnote	-
17	October	227.1.c footnote	-
18	November	227.1.c footnote	-
19	December	227.1.c footnote	-
20	13 Month Average		-

Rate Base Adjustments for Sale / Purchase of Major Asset To Reflect 13 Month Average Rather Than 2 Point Average					
Item			13 Point Average	2 Point Average	Adjustment to Formula
21	Plant In Service	NA	0	0	0
22	Depreciation Reserve	NA	0	0	0

Wisconsin Electric Power Company
 Formula Rate Wholesale Sales Tariff, FERC Electric Tariff Volume No. 9

FERC Electric Tariff

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23	Deferred Taxes - Account 190	NA	0	0	0
24	Deferred Taxes - Account 282	NA	0	0	0
25	CWIP	NA	0	0	0

Calculation of 13 Month Average Long Term Debt Balance			Change	Balance
26	December	(256.1).28.h footnote		0
27	January	(256.1).28.h footnote		0
28	February	(256.1).28.h footnote		0
29	March	(256.1).28.h footnote		0
30	April	(256.1).28.h footnote		0
31	May	(256.1).28.h footnote		0
32	June	(256.1).28.h footnote		0
33	July	(256.1).28.h footnote		0
34	August	(256.1).28.h footnote		0
35	September	(256.1).28.h footnote		0
36	October	(256.1).28.h footnote		0
37	November	(256.1).28.h footnote		0
38	December	(256.1).28.h footnote		0
39	13 Month Average			0

RATE FORMULAS

Attachment B

FERC Electric Tariff

Attach. B, Page 1 of 2

Energy Rate Part I Formula Template

Wisconsin Electric Power Company

The Energy Rate Part I shall be computed by using WE's estimated monthly costs and energy accounting data, and trued up the following month using actual monthly costs and energy accounting data.

<u>Line No.</u>			Form No. 1 Page, Line, Col.	Actual 2009
Energy Rate Part I Equals:				
1		Monthly Fuel and Purchased Power Costs		\$ -
2	Divided by	Monthly System MWhs		-
3	Equals	Energy Rate Part I (\$/MWh)		\$ -
4		Energy Rate Part I (\$/kWh) (Transmission Level)		\$ -
Where Monthly Fuel and Purchased Power Costs Equal:				
5		Fuel: Steam (Acct 501)	320.5.b	\$ -
6	Plus	Fuel: Nuclear (Acct 518)	320.25.b	\$ -
7	Plus	Fuel: Other (Acct 547)	321.63.b	\$ -
8	Plus	Purchased Power- Energy Related	327.Total.k less 65% of FPL PPA	\$ -
8a	Plus	Market Facilitation, Monitoring and Compliance Services (575.7)	322.121.b	\$ -
9	Plus	Non-FERC Deferrals / Amortizations: Energy Related less Carrying Charges	232.14.c less carrying charges and out of period adjustment in footnote	0
10	Plus	Steam from Other Sources (Acct 503)	320.7.b	\$ -
11	Less	Steam Transferred - Credit (Acct 504)	320.8.b	\$ -
12	Plus	Allowances (Acct 509)	320.12.b	\$ -
13	Equals	Subtotal 1		\$ -
14	Less	Opportunity Sales Revenues - Energy Charges (Acct 447)	311.Subtotal non-RQ.i less 311.i lines 2,6,10,14, less (311.1).i lines 4,8,10,12 less (311.2).i lines 5,9,11,13	\$ -
15	Equals	Monthly Fuel and Purchased Power Costs		\$ -

Wisconsin Electric Power Company
 Formula Rate Wholesale Sales Tariff, FERC Electric Tariff Volume No. 9

FERC Electric Tariff

Attach. B, Page 2 of 2

Where Monthly System MWHs Equal:				
		System Generation	401a.9.b	-
16	Plus	Purchased power	401a.10.b	-
17	Plus	Net Exchange	401a.14.b	-
18	Less	Opportunity Sales	401a.24.b	-
19	Less	MWhs of Marginally Priced Non-Firm Sales	(401b).29 footnote	0
20	Less	Company Use	401a.26.b	-
21	Equals	Monthly System MWHs		-
Energy Rate Part II Formula Template				
Energy Rate Part II Equals:				
22		Other Energy Related O&M (Accts 510, 512, 513, 528, 530, 531, 544)	320.15.b, 320.17.b, 320.18.b, 320.35.b, 320.37.b, 320.38.b, 320.56.b	\$ -
22a	Plus	Schedule 24 Allocation Amount	320.96.b footnote Allocation Amount	\$ -
23	Less	Wind Production Tax Credit	261.28.b footnote	\$ -
24	Less	Edison Sault MISO Asset Owner Charge Revenue	300.21.b footnote line 11	\$ -
25	Less	Revenue from Marginally Priced Non-Firm Sales and Economic Buy Through Revenue	(304.1).40.a footnote	\$ -
26		Net Energy Rate Part II Costs		\$ -
27	Divided by	Annual System MWH's		-
28		Other Energy Related O&M Rate (\$ per MWH)		\$ -
29		Energy Rate Part II (\$ per kWh) (Transmission Level)		\$ -
Where Annual System MWH's Equal:				
30		System Generation	401a.9.b	-
31	Plus	Purchased Power	401a.10.b	-
32	Plus	Net Exchange	401a.14.b	-
33	Less	Opportunity Sales	401a.24.b	-
34	Less	MWhs of Marginally Priced Non-Firm Sales	(401b).29.b footnote	-
35	Less	Company Use	401a.26.b	-
36	Equals	Annual System MWH's		-

**WISCONSIN ELECTRIC POWER COMPANY
FORMULA RATE WHOLESALE SALES TARIFF**

EXHIBIT C

ENERGY AND CAPACITY CHARGE ADJUSTMENTS

EXHIBIT C

Energy and capacity charge adjustments

A. Adjustments For MISO Market Participants and MISO Asset Owners:

The charges calculated pursuant to Exhibit B shall be reduced to account for Buyer's membership in MISO or to reflect other contractual arrangements. The adjustments pertain to the MISO charges for Day Ahead Revenue Sufficiency Guarantee Distribution Amount, Real Time Revenue Neutrality Uplift Amount, Ancillary Service Charges, MISO Schedule 16 – FTR Administrative fee, MISO Schedule 17 – Market Administration fee and MISO Schedule 24—Balancing Authority costs. These adjustments are calculated as follows:

1. Day Ahead Revenue Sufficiency Guarantee Distribution Amount Adjustment:

The monthly booked dollar value, which includes all settlements and adjustments for prior months, for the Day Ahead Revenue Sufficiency Guarantee Distribution Amount will be divided by the monthly kWh reported on Line 21 of the Energy Rate Part I Formula Template contained in Exhibit B, Attachment B, to determine the adjustment to the Energy Rate Part I.

2. Real Time Revenue Neutrality Uplift Amount Adjustment:

The monthly booked dollar value, which includes all settlements and adjustments for prior months, for the Real Time Revenue Neutrality Amount will be divided by the monthly kWh reported on Line 21 of the Energy Rate Part I Formula Template contained in Exhibit B, Attachment B, to determine the adjustment to the Energy Rate Part I.

3. MISO Schedule 16 – FTR Administrative Fee:

The monthly booked dollar value for MISO Schedule 16 – FTR Administrative fee will be divided by the monthly kWh reported on Line 21 of the Energy Rate Part I Formula

Template contained in Exhibit B, Attachment B, to determine the adjustment to the Energy Rate Part I.

4. MISO Schedule 17 – Market Administration Fee:

The monthly booked dollar value for MISO Schedule 17 – Market Administration fee will be divided by the monthly kWh reported on Line 21 of the Energy Rate Part I Formula Template contained in Exhibit B, Attachment B, to determine the adjustment to the Energy Rate Part I.

5. MISO Ancillary Service Market Charges:

The sum of the monthly booked dollar value for the Ancillary Service Market Charges of the Regulation Cost Distribution Amount, Spinning Reserve Cost Distribution Amount and Supplemental Reserve Cost Distribution Amount will be divided by the monthly kWh reported on Line 21 of the Energy Rate Part I Formula Template contained in Exhibit B, Attachment B, to determine the adjustment for Energy Rate Part I.

6. MISO Schedule 24 – Balancing Authority Costs:

The sum of monthly booked dollar value for the Day Ahead Schedule 24 Allocation Amount and the Real Time Schedule 24 Allocation Amount will be divided by the monthly kWh reported on Line 21 of the Energy Rate Part I Formula Template contained in Exhibit B, Attachment B, to determine the adjustment for Energy Rate Part I.

The adjustment on Buyer's bill will be determined by summing the adjustments 1-6 set forth above in Part A of this Exhibit C and then multiplying that sum by Buyer's energy purchases under the Tariff during the Billing Period.

B.1 MISO Schedule 17 – Related Charge:

Seller will apply the MISO Schedule 17 related charge to Buyer's total MWh purchases under this Tariff, as applicable. This charge will be identified as a separate line item on Buyer's bill.

B.2 MISO Schedule 24—Related Charge:

Seller will apply the MISO Schedule 24 related charge to Buyer's total MWh purchases under this Tariff, as applicable. This charge will be identified as a separate line item on Buyer's bill.