

## WEC ENERGY GROUP AFFILIATED INTEREST AGREEMENT

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

### RECITALS

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

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

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

D. In order to maximize efficiencies and economies of scale, the Parties desire to plan and operate certain aspects of their businesses with the integration of certain activities by sharing and receiving certain services, employees, properties, information systems and/or anything else of commercial value.

E. The Parties intend that this Agreement shall establish the terms, conditions, and procedures that shall apply to the sharing of services and other transfers of goods, property, assets, rights or things of any kind between them, subject to the regulatory jurisdiction of the

Illinois Commerce Commission (“ICC”), Michigan Public Service Commission (“MPSC”), Minnesota Public Utilities Commission (“MPUC”), and the Public Service Commission of Wisconsin (“PSCW”), and any other state public service commission with jurisdiction over the retail service rates of any Regulated Party from time to time (collectively the “Commissions”) pursuant and subject to applicable state utility law.

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

## **AGREEMENT**

### **Article I**      **Provision of Services**

- 1.1 Subject to the limitations set forth in this Article I and applicable state and federal requirements, a Party (including WBS) may request Services from another Party (other than WBS). The term “Services” is further described in Appendix C and may include any service, good, asset, property, employee, right, interest, thing or item of value, or anything of commercial value to the transferee or recipient, the furnishing or provision of which could be considered a “contract or arrangement,” “service” or other exchange of “property” or “assets” (or other similar designations) which, absent this Agreement, could require the approval of one or more of the Commissions as an affiliated interest arrangement (each, a “Service”).
- 1.2. Each Party shall have the right, at its sole discretion, to refuse to provide or furnish any Services requested pursuant to this Agreement; there shall be no exclusive right or right of first refusal associated with the provision or furnishing of such Services pursuant to this Agreement; and receiving a refusal from another Party to a request under this Agreement shall not be a prerequisite for any Party to obtain from an independent third party any property, service or thing which is

or could be provided or furnished under this Agreement. Refusals of requests by any Party under this Agreement shall not terminate all or any portion of this Agreement.

1.3 Parties providing Services under this Agreement (each a “Providing Party”) and Parties receiving any Service under this Agreement (each a “Receiving Party”) may establish and document their mutual expectations and requirements with respect to any particular Service to be rendered hereunder.

1.4 With respect to certain Providing Parties as applicable:

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

(ii) No Regulated Party shall be required to take actions pursuant to this Agreement that negatively impact the reliability or quality of utility services available to customers of the Regulated Party, impede the ability of the Regulated Party to provide utility services to its customers, or increase the costs to its customers of receiving such utility services.

**Article II**      **Determining Charges for Services Provided**

2.1 Cost of Services.

(i) All Services provided by any Regulated Party to another Regulated Party shall be priced at cost, with “cost” being determined as provided in Section 2.2.

(ii) All Services provided by any Regulated Party to any Non-Regulated Party shall be priced at the greater of cost or fair market value, with “cost” being determined as provided in Section 2.2 and with fair market value being determined pursuant to Section 2.4.

- (iii) All Services provided by any Non-Regulated Party to any Regulated Party shall be priced at the lesser of cost or fair market value, with “cost” being determined as provided in Section 2.3 and with fair market value being determined pursuant to Section 2.4.
- (iv) Notwithstanding anything else in this Agreement, all Services provided by any Party to WBS shall be priced at cost, with “cost” being determined as provided in Section 2.2 when the Providing Party is a Regulated Party and as provided in Section 2.3 when the Providing Party is a Non-Regulated Party.

## 2.2 Determining “Cost” For Regulated Providing Parties

- (i) Labor Cost.
  - A. Each employee of any Regulated Party who in any month was a Providing Party shall, for that month, identify the actual time spent providing Services and report the total time spent providing Services in the Corporate Labor System that is maintained by WBS or that is otherwise maintained in accordance with established accounting procedures of the Regulated Party.
  - B. Based on actual compensation and the total hours actually worked, a direct labor dollar hourly rate shall be computed for each such employee identified pursuant to sub-paragraph (i)(A).
  - C. An overhead shall be established and shall be applied to direct labor dollars (product of sub-paragraphs (i)(A) and (i)(B)) to include:
    - 1. Costs associated with pensions, other post-employment benefits, social security taxes, unemployment compensation, health,

dental and life insurance, training, vacation, sick, holiday and other employee benefits;

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

3. Costs of office space, furniture and equipment, using a return on net assets at a rate equal to the prevailing pre-tax weighted cost of capital (economic cost of capital) authorized by the Commission(s) having jurisdiction over the retail rates of the Regulated Party that provided a service for which a cost is being determined hereunder.

(ii) Equipment Cost. Costs for equipment, other than office furniture and related equipment, used in the provision of Services or otherwise provided will include all operating expenses, applicable overheads, maintenance, depreciation, return on investment and taxes, income taxes, sales or otherwise. Transportation and vehicle costs used in providing Services will be determined based on relative total hours or miles of use or on a vehicle loading applied to labor costs, as appropriate, and will include repairs, maintenance, fuel, depreciation, return on investment and, where appropriate, rental expense. In all cases, return on investment shall be calculated using a return on net assets at a rate equal to the prevailing pre-tax weighted cost of capital (economic cost of capital) authorized by the Commission(s) having jurisdiction over the retail rates of the Regulated Party that provided a Service for which a cost is being determined hereunder.

- (iii) **Materials and Supplies Cost.** Costs of materials and supplies commonly used across affiliates will be directly determined and charged. All appropriate overheads will follow the assignment of the direct costs. The costs of material will be based on the average unit price, which includes invoice price, shipping expenses, and net of purchase discounts. Appropriate overheads allocated will include: (i) operation and maintenance costs, which include, but are not limited to, the functions of purchasing, receiving, storing, dispensing and accounting for items; building maintenance; external security costs; general facility upkeep and preventative maintenance; and building utility costs based on the square footage occupied by warehousing functions; and (ii) depreciation and carrying costs on transportation equipment used in providing the Service.
- (iv) **Other Direct Costs.** Other direct costs including but not limited to contract labor, contract services, employee reimbursement for meals and lodging and other costs not included in labor, equipment, materials and supplies will be either accumulated and billed directly based on actual charges or allocated as a loading on labor costs as appropriate.
- (v) **Calculating Total Cost of Service.** The sum of the direct and indirect charges calculated in accordance with sub-paragraphs (i) through (iv) above, shall constitute the total cost of Services provided.
- (vi) **Cost Records.** Costs of labor, equipment, materials and supplies, depreciation, and other reasonable overheads provided shall be determined in accordance with accounting standards customarily used by such businesses. Each Regulated Party will maintain a cost accounting system to accumulate all costs related to Services they provide, on an

activity, department, project, function, work order, or other appropriate basis, and which is adequate to enable its actual costs in connection with transactions hereunder to be audited and tracked by regulatory bodies having jurisdiction.

- 2.3 Determining “Cost” For Non-Regulated Providing Parties. Costs of labor, equipment, materials and supplies, depreciation, and other reasonable overheads and costs incurred by a Non-Regulated Party in the course of providing a Service to a Regulated Party hereunder shall be determined in accordance with accounting standards customarily used by businesses such as those in which the Non-Regulated Party is engaged. Each Non-Regulated Party providing a Service to a Regulated Party hereunder shall keep and maintain accounting and bookkeeping records which are adequate to enable its actual costs in connection with transactions hereunder to be audited and tracked by the Commission(s) having jurisdiction over the retail rates of any Regulated Party to whom it provides a Service hereunder.
- 2.4 Fair Market Value. The fair market value of a Service provided under this Agreement shall mean the cost determined by making a good faith effort to identify the resources necessary to perform the Service, and the value of such Service based on a general knowledge of the relevant market for such or a similar Service as well as, if available, comparison with bids or quotations for such or a similar Service. If, despite good faith efforts, a Providing Party is not able to determine the fair market value of a Service it provides to a Receiving Party, the fair market value shall be deemed to be equal to the Providing Party’s cost, calculated as described in this Agreement, incurred in providing the Service.

**Article III**      **Billing; Payment; Related Provisions**

- 3.1 Each Providing Party shall, for any month in which it provides a Service hereunder, render a monthly bill to each Receiving Party reflecting the charges for Services provided in the preceding month. Each bill shall include sufficient information and be in sufficient detail to permit each Receiving Party to identify and classify the charge in terms of the system of accounts prescribed by the regulatory authorities to which it is subject.
- 3.2 Upon receipt of a monthly bill for Services so rendered, each Receiving Party shall promptly pay any undisputed portion of the bill within ten (10) business days.
- 3.3 If a Receiving Party disputes the calculation of any portion of a monthly bill it shall, when it pays the undisputed portion as contemplated by Section 3.2 or in any event no later than sixty (60) days after receiving the bill, inform the Providing Party in writing as to its reasons for its dispute. The Parties involved in such dispute shall then meet to resolve in good faith the dispute, and shall involve the other Parties in the resolution of the dispute to the extent necessary and appropriate.

**Article IV**      **Accounting; Records; Reports**

- 4.1 Each of the Regulated Parties shall keep all its accounts and records in accordance with the relevant requirements promulgated by the Commission(s) with jurisdiction. Without limiting the foregoing, each of the Regulated Parties shall maintain adequate books and records with respect to all of its transactions under this Agreement and shall record the costs to be allocated to any Party hereunder in appropriate accounts in its general ledger system. The Regulated Parties shall each maintain internal controls to ensure that it allocates and bills



the costs associated with all transactions under this Agreement properly and consistently in accordance with the terms and provisions of this Agreement.

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

4.3 Every year there shall be an internal audit of transactions under this Agreement for the purpose of testing compliance with the Agreement. Such audit may be either a discrete audit solely of Services under this Agreement or may be an audit of the Services under this Agreement and other affiliated interest service agreements. The internal audit shall include, but not be limited to, the following: 1) the accuracy of the derivations of costs billed by the Providing Parties; 2) the determination that the costs billed to the Regulated Parties are priced at the lesser of cost or fair market value, based on the studies and updates required by Section 4.4; 3) the determination that Services provided by the Regulated Parties to the Non-Regulated Parties, except WBS, are billed at the higher of cost or market, based on the studies and updates required by Section 4.4; and 4) the accuracy of invoices issued under the Agreement during the year. The Regulated Parties shall submit a copy of the audit report to the person or department designated by the Commissions or the Commissions' staffs no later than July 1 of each audit year. The first such audit report shall pertain to the period ending December 31 of the year in which this Agreement is effective, and

shall be due on or before July 1 of the following year. Subsequent audit reports shall be due July 1 following the calendar year that is the subject of the audit.

- 4.4 Every third year, on or before May 1, the Parties shall conduct a new study of the cost of Services provided hereunder for the purpose of testing compliance with the provisions of this Agreement requiring charges at the fair market value and to analyze the market price of services provided. The study shall include Services provided between a Regulated Party and a Non-Regulated Party at cost. The study shall be updated at least annually. The Parties shall notify the person or department designated by the Commissions or the Commissions' staffs of the availability of the study and annual update and, if requested, make such available for review at the Commission's offices. The first such new study shall pertain to the period ending December 31, 2017, and shall be due on or before May 1, 2018.

**Article V**      **Representations and Warranties of the Parties**

- 5.1 Each Party has the right, power, and authority to enter into and perform its obligations under this Agreement.
- 5.2 Each Party has taken all requisite corporate action to approve execution, delivery, and performance of this Agreement, and this Agreement constitutes a legal, valid and binding obligation of each Party enforceable in accordance with its terms.
- 5.3 The fulfillment of obligations hereunder will not constitute a material violation of any existing applicable law, rule, regulation, or order of any governmental authority. The Parties acknowledge that all or portions of this Agreement may be challenged before regulatory agencies or a court of competent jurisdiction by other persons or entities not Parties hereto. In such event, the Parties agree that

each will use its best efforts before such agencies and courts to support the pursuit and accomplishment of the Parties' mutual endeavors hereunder.

**Article VI**     **Liability and Indemnity**

6.1 Each Party (for purposes of this Section 6.1, each an "Indemnifying Party") shall indemnify and save harmless each other Party (for purposes of this Section 6.1, each an "Indemnified Party") from any and all damages, expenses, claims, costs, attorneys' fees or other injury, including without limitation injury to person, life or property and further including injury resulting in the death of any person or persons ("Damages") in any manner arising out of or in connection with the willful or negligent acts or omissions of the Indemnifying Party in the performance of this Agreement. In the event that one or more Indemnified Parties is made a party to any suit or litigation on account any actual or alleged Damages, the appropriate Indemnifying Party or Parties will defend such action on behalf of the Indemnified Party or Parties and, if judgment shall be obtained or claim allowed in any of said proceedings against one or more Indemnified Parties, the appropriate Indemnifying Party or Parties will pay and satisfy such judgment or claim in full.

6.2 Each Party agrees that no other Party shall be liable to it for special, punitive, consequential, exemplary or incidental damages or other such losses, damages, costs or liabilities arising from any cause whatsoever, whether occasioned by the negligent acts or omissions of a Party or its employees, agents or representatives or otherwise.

**Article VII**     **Additional Provisions**

7.1 This Agreement shall become effective upon the closing of that certain Agreement and Plan of Merger dated as of June 22, 2014, between Integrys

Energy Group, Inc. and Wisconsin Energy Corporation. Once effective, this Agreement shall continue in full force and effect until and unless modified or terminated as provided herein.

- 7.2 This Agreement may be amended or modified at any time by mutual agreement of the Parties in writing. This Agreement, and any rights hereunder, may not be assigned without the written consent of all Parties hereto. Except as otherwise provided herein or under applicable law, any such modification, amendment or assignment shall not become effective until receipt of approvals or waivers by the Commissions as might be required by law. The addition of a Party to this Agreement or the termination of this Agreement as to a Party shall not require the prior approval of the Commissions but the Regulated Parties shall give written notice to the Commissions of changes to Appendix A or Appendix B reflecting the current Parties to this Agreement. Any change to Appendix C reflecting the Services and categories of Service provided hereunder shall not require the prior approval of the Commissions but the Regulated Parties shall give sixty (60) days' prior written notice to the Commissions of changes to Appendix C.
- 7.3 A Party leaving the WEC holding company system may continue to receive Services from any Providing Party hereunder for a reasonable transitional period of time following such departure from the WEC holding company system. Once any such departure has occurred and the Party has ceased receiving Services, an updated Appendix A and/or B shall be filed with the Commissions.
- 7.4 In providing all Services, any Providing Party may arrange, where it deems appropriate, for the services of such third party experts, consultants, attorneys,

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

7.5 Each Party shall treat in confidence all information that it may obtain from or regarding the other Parties and their respective businesses during the term of this Agreement. Each Party agrees to protect the other Parties' information using the same degree of care which it uses to protect its own confidential information, and in no event less than reasonable care. Except to the extent disclosure of such information is required by a governmental authority having jurisdiction, such information shall not be communicated to any person other than the Parties, and shall be shared among the Parties only to the extent certain persons need to know such information in order for the Parties to perform under this Agreement. If a Party is required to disclose confidential information to a governmental authority, such Party shall take reasonable steps to make such disclosure confidential under the rules of such governmental authority. Information provided hereunder shall remain the sole property of the Party providing such information. The requirements of this Section 7.5 shall not apply with respect to information that (i) is or becomes available to such Party from a source other than the Party providing such information, unless such other source has imposed confidentiality restrictions, or (ii) is or becomes available to the public other than as a result of disclosure by such Party or its agents.

7.6 The Parties agree and acknowledge that any legal advice or legal services provided, or arranged to be provided, by or on behalf of any Providing Party hereunder will be for the direct or indirect benefit or common interest of all of the Receiving Parties, and it is therefore the intention of all Parties hereto to maintain

all privileges that may apply to any communications related to the provision or receipt of such legal advice or services.

7.7 The Parties hereby appoint all Providing Parties as their agent to represent them in performing services for or on their behalf in providing Services hereunder. The Parties also authorize all Providing Parties hereunder to purchase (*i.e.*, take title to) various commodities, goods and assets in connection with their performance of Services hereunder, and to resell (*i.e.*, convey title to) such commodities, goods and assets to the Parties, including to Receiving Parties, if necessary in the course of performing Services hereunder. Any resale of such commodities, goods and assets by Providing Parties to Receiving Parties and/or any use of such commodities, goods or assets by Providing Parties in the provision of Services hereunder shall be at the costs incurred by such Providing Parties, to be allocated among the Receiving Parties pursuant to the methodologies prescribed herein. The Providing Parties shall be accountable for all funds advanced or collected on behalf of a Receiving Party in connection with any transaction in respect of which a Providing Party provides Services. The provision of Services by a Providing Party hereunder shall in all cases and notwithstanding anything herein to the contrary be subject to any limitations contained in authorizations, rules or regulations of those governmental agencies having jurisdiction over a Providing Party or its provision of Services hereunder.

7.8 In the event that any amendment to this Agreement does not receive any approval or waiver of approval by all Commissions that may be required from time to time, then the Parties shall promptly negotiate in good faith new provisions to restore such amendment, as nearly as possible, to its original intent

and effect, and thereafter file for approval or waiver of approval of the Commissions.

- 7.9 If any governmental or regulatory agency or court of competent jurisdiction holds that any provision of this Agreement is invalid, or otherwise takes action resulting in the impossibility or impracticability of performance of all or a portion of this Agreement, the remainder of this Agreement shall not be affected thereby and shall continue in full force and effect. In the event any provision of this Agreement is so held invalid, the Parties hereto shall promptly renegotiate in good faith new provisions to restore this Agreement as nearly as possible to its original intent and effect.
- 7.10 No course of dealing or course of performance between the Parties shall be construed to alter the terms hereof.
- 7.11 The Parties agree that there is no third party beneficiary of this Agreement and that the provisions of this Agreement do not impart enforceable rights to anyone who is not a Party.
- 7.12 This Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin, without regard to principles of conflicts of law; provided, however, that no Regulated Party shall be required to comply with this Agreement to the extent such compliance would be a violation of the public utility laws of any state(s) in which such Regulated Party conducts its state-regulated utility operations.
- 7.13 This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument.

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

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

WEC BUSINESS SERVICES, LLC

By

By

Name

Name

Title

Title

MICHIGAN GAS UTILITIES  
CORPORATION

THE PEOPLES GAS LIGHT AND COKE  
COMPANY

By

By

Name

Name

Title

Title

MINNESOTA ENERGY RESOURCES  
CORPORATION

WISCONSIN ELECTRIC POWER  
COMPANY

By

By

Name

Name

Title

Title

NORTH SHORE GAS COMPANY

WISCONSIN GAS, LLC

By

By

Name

Name

Title

Title



WISCONSIN PUBLIC SERVICE  
CORPORATION

By

Name

Title

WISCONSIN VALLEY IMPROVEMENT  
COMPANY

By

Name

Title

## **Appendix A -- Regulated Parties**

### **Michigan Gas Utilities Corporation**

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

### **Minnesota Energy Resources Corporation**

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

### **North Shore Gas Company**

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

### **The Peoples Gas Light and Coke Company**

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

### **Wisconsin Electric Power Company**

a Wisconsin public utility corporation headquartered in Milwaukee, Wisconsin, engaged in the business of providing electric service

### **Wisconsin Gas Company LLC**

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

### **Wisconsin Public Service Corporation**

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

### **Wisconsin Valley Improvement Company**

a Wisconsin corporation headquartered in Wausau, Wisconsin, created under Wisconsin law for the purpose of building, maintaining and operating dams and reservoirs on the Wisconsin River and its tributaries for the purposes of improving navigation, decreasing the hazard of flooding, and providing a uniform flow for all public purposes. WVIC is owned by the downstream owners and operators of hydroelectric facilities (including WPSC) that receive water power benefits from WVIC's operations. WVIC charges its owners cost-based tolls that are fixed by the PSCW. WVIC's ownership and operation of its dams and reservoirs is regulated by the FERC.

**Appendix B – Non-Regulated Parties**

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

**WEC Business Services, LLC**

## Appendix C – Services

Subject to the limitations set forth in Section 1.1 and applicable state and federal requirements, a Party may provide to or receive from any other Party the Services described in this Appendix C.

“Major Services” shall mean Services identified as such in this Appendix C and for which Parties expect that, in the normal course of business and under normal operating conditions, they shall provide on a regular or day-to-day basis. “Incidental Services” shall mean Services identified as such in this Appendix C and for which the Parties expect that, in the normal course of business and under normal operating conditions, they shall provide infrequently or, if provided on a regular or day-to-day basis, shall represent an insignificant amount of intercompany services provided by the Providing Party.

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

### Major Services

1. **Operational Support - Electric Utility:** Provide services to operate and support electric utility operations, such as compliance with independent system operator requirements; engineering, construction, design, operation and maintenance; contract management, including marketing and procurement; electric capacity, energy and transmission services; FERC, NERC and other regulatory compliance; field services; system planning, analysis and projections.
2. **Operational Support - Gas Utility:** Provide services to operate and support gas utility operations, such as construction, design, operation and maintenance; field services.
3. **Customer:** Provide customer service; support billing and payment processing; support credit and collections activity; energy conservation support; marketing and sales work.
4. **Warehousing:** Provide materials and supplies, including storage, ordering, and inventory management.

### Incidental Services

1. **Fleet:** Maintain vehicles; transport materials and supplies.
2. **Project Assistance (IT):** Provide support for information technology projects, including those that will be capitalized as an asset of WBS.
3. **Administrative and Maintenance:** Provide administrative and other support that is incidental to an individual employee’s normal job duties such as clerical support, reporting assistance, and regulatory support such as data responses; provide building management and maintenance support at company-owned or leased premises; provide information technology support in a limited capacity (e.g., two-way radio support).

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

## Incidental Services

1. **Administrative and Maintenance:** Provide administrative and other support that is incidental to an individual employee's normal job duties such as clerical support, reporting assistance, and regulatory support such as data responses; provide building management and maintenance support at company-owned or leased premises; provide information technology support in a limited capacity (e.g., two-way radio support).
  2. **Fleet:** Maintain vehicles; transport materials and supplies.
  3. **Project Assistance (IT):** Provide support for information technology projects, including those that will be capitalized as an asset of WBS.
  4. **Customer:** Provide customer service; support billing and payment processing; support credit and collections activity.
  5. **Operational Support:** Provide services to operate and support energy operations.
  6. **Warehousing:** Provide materials and supplies, including storage, ordering, and inventory management.
- III. In addition to providing and billing for the Services described above and in Section 1.1, any Party may allocate costs to any other Party as follows:
1. **Cost Allocations:** Payment of an invoice or refunds of credits by one or more Parties for goods or services for which another Party or other Parties benefitted; charges for systems owned by one Party and used by one or more other Parties; financing charges, such as those arising from intercompany loans (provided, however, that no Party shall charge costs to Wisconsin Public Service Corporation, Wisconsin Electric Power Company or Wisconsin Gas Company LLC for intercompany loans); fees for credit lines available to more than one Party; transfers of renewable energy credits or other items of value; use of any airplane owned by WEC; use of housing owned or rented by WEC; benefit plans; transfer of benefits, such as vacation time when an employee transfers employment; and shared personnel, including management, regulatory, corporate directors and officers and their support personnel.
  2. **Transition:** When an employee moves from a position with one Party to a position with another Party, provide services, for a transition period, appropriate to assist the person(s) assuming responsibility for tasks formerly performed by the employee in his former position.
  3. **Short Term Assignments:** When an employee assumes responsibilities, on a short-term (less than two years) basis, with another Party (subject to any otherwise applicable restrictions such as affiliated interest requirements) but does not become an employee of the other Party, provide services required by the new position and allocate costs appropriately.
- IV. Any Non-Regulated Party may provide to or receive from any other Non-Regulated Party any Service.

## WEC ENERGY GROUP AFFILIATED INTEREST AGREEMENT

THIS WEC ENERGY GROUP AFFILIATED INTEREST AGREEMENT (“Agreement”) is entered into this 17th day of ~~December, 2013,~~ 2015, by and among IntegrysWEC Energy Group, Inc. (“IntegrysWEC”), a public utility holding company, the regulated subsidiaries of IntegrysWEC listed on Appendix A (the “Regulated Parties”), and the non-regulated subsidiaries of IntegrysWEC listed on Appendix B (the “Non-Regulated Parties”). Each party to this Agreement is a “Party.”

### RECITALS

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

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

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

D. In order to maximize efficiencies and economies of scale, the Parties desire to plan and operate certain aspects of their businesses with the integration of certain activities by sharing and receiving certain services, employees, properties, information systems and/or anything else of commercial value.

~~E. While the vast majority of shared services within the Integrys holding company system are provided by Integrys Support pursuant to separate agreements (“IBS AIAs”), many~~

~~of the other Parties will from time to time perform various services for one another, or transfer goods, assets, rights or things of any kind between or among one another.F.~~ The Parties intend that this Agreement shall establish the terms, conditions, and procedures that shall apply to the sharing of services and other transfers of goods, property, assets, rights or things of any kind between them, subject to the regulatory jurisdiction of the Illinois Commerce Commission (“ICC”), Michigan Public Service Commission (“MPSC”), Minnesota Public Utilities Commission (“MPUC”), and the Public Service Commission of Wisconsin (“PSCW”), and any other state public service commission with jurisdiction over the retail service rates of any Regulated Party from time to time (collectively the “Commissions”) pursuant and subject to applicable state utility law.

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

## AGREEMENT

### **Article I**      **Provision of Services**

- 1.1 Subject to the limitations set forth in this Article I and applicable state and federal requirements, a Party (including ~~Integrys Support~~[WBS](#)) may request Services from another Party (other than ~~Integrys Support~~[WBS](#)). The term “Services” is further described in Appendix C and may include any service, good, asset, property, employee, right, interest, thing or item of value, or anything of commercial value to the transferee or recipient, the furnishing or provision of which could be considered a “contract or arrangement,” “service” or other exchange of “property” or “assets” (or other similar designations) which, absent this Agreement, could require the approval of one or more of the Commissions as an affiliated interest arrangement (each, a “Service”).

- 1.2. Each Party shall have the right, at its sole discretion, to refuse to provide or furnish any Services requested pursuant to this Agreement; there shall be no exclusive right or right of first refusal associated with the provision or furnishing of such Services pursuant to this Agreement; and receiving a refusal from another Party to a request under this Agreement shall not be a prerequisite for any Party to obtain from an independent third party any property, service or thing which is or could be provided or furnished under this Agreement. Refusals of requests by any Party under this Agreement shall not terminate all or any portion of this Agreement.
- 1.3 Parties providing Services under this Agreement (each a “Providing Party”) and Parties receiving any Service under this Agreement (each a “Receiving Party”) may establish and document their mutual expectations and requirements with respect to any particular Service to be rendered hereunder.
- 1.4 With respect to certain Providing Parties as applicable:
  - (i) No Party shall provide a Service under this Agreement if the Service must, if it is to be provided by an affiliate, instead be provided by ~~Integrus-Support~~WBS pursuant to an ~~IBSWBS~~ AIA.
  - (ii) No Regulated Party shall be required to take actions pursuant to this Agreement that negatively impact the reliability or quality of utility services available to customers of the Regulated Party, impede the ability of the Regulated Party to provide utility services to its customers, or increase the costs to its customers of receiving such utility services.

## **Article II      Determining Charges for Services Provided**

- 2.1 Cost of Services.



- (i) All Services provided by any Regulated Party to another Regulated Party shall be priced at cost, with “cost” being determined as provided in Section 2.2.
- (ii) All Services provided by any Regulated Party to any Non-Regulated Party shall be priced at the greater of cost or fair market value, with “cost” being determined as provided in Section 2.2 and with fair market value being determined pursuant to Section 2.4.
- (iii) All Services provided by any Non-Regulated Party to any Regulated Party shall be priced at the lesser of cost or fair market value, with “cost” being determined as provided in Section 2.3 and with fair market value being determined pursuant to Section 2.4.
- (iv) Notwithstanding anything else in this Agreement, all Services provided by any Party to ~~Integrys Support~~WBS shall be priced at cost, with “cost” being determined as provided in Section 2.2 when the Providing Party is a Regulated Party and as provided in Section 2.3 when the Providing Party is a Non-Regulated Party.

## 2.2 Determining “Cost” For Regulated Providing Parties

- (i) Labor Cost.
  - A. Each employee of any Regulated Party who in any month was a Providing Party shall, for that month, identify the actual time spent providing Services and report the total time spent providing Services in the Corporate Labor System that is maintained by ~~Integrys Support~~WBS or that is otherwise maintained in accordance with established accounting procedures of the Regulated Party.

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

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

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

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

3. Costs of office space, furniture and equipment, using a return on net assets at a rate equal to the prevailing pre-tax weighted cost of capital (economic cost of capital) authorized by the Commission(s) having jurisdiction over the retail rates of the Regulated Party that provided a service for which a cost is being determined hereunder.

(ii) Equipment Cost. Costs for equipment, other than office furniture and related equipment, used in the provision of Services or otherwise provided will include all operating expenses, applicable overheads, maintenance, depreciation, return on investment and taxes, income taxes, sales or otherwise. Transportation and vehicle costs used in providing Services will be determined based on relative total hours or miles of use or on a vehicle loading applied to labor costs, as appropriate,

and will include repairs, maintenance, fuel, depreciation, return on investment and, where appropriate, rental expense. In all cases, return on investment shall be calculated using a return on net assets at a rate equal to the prevailing pre-tax weighted cost of capital (economic cost of capital) authorized by the Commission(s) having jurisdiction over the retail rates of the Regulated Party that provided a Service for which a cost is being determined hereunder.

- (iii) **Materials and Supplies Cost.** Costs of materials and supplies commonly used across affiliates will be directly determined and charged. All appropriate overheads will follow the assignment of the direct costs. The costs of material will be based on the average unit price, which includes invoice price, shipping expenses, and net of purchase discounts. Appropriate overheads allocated will include: (i) operation and maintenance costs, which include, but are not limited to, the functions of purchasing, receiving, storing, dispensing and accounting for items; building maintenance; external security costs; general facility upkeep and preventative maintenance; and building utility costs based on the square footage occupied by warehousing functions; and (ii) depreciation and carrying costs on transportation equipment used in providing the Service.
- (iv) **Other Direct Costs.** Other direct costs including but not limited to contract labor, contract services, employee reimbursement for meals and lodging and other costs not included in labor, equipment, materials and supplies will be either accumulated and billed directly based on actual charges or allocated as a loading on labor costs as appropriate.

- (v) Calculating Total Cost of Service. The sum of the direct and indirect charges calculated in accordance with sub-paragraphs (i) through (iv) above, shall constitute the total cost of Services provided.
  - (vi) Cost Records. Costs of labor, equipment, materials and supplies, depreciation, and other reasonable overheads provided shall be determined in accordance with accounting standards customarily used by such businesses. Each Regulated Party will maintain a cost accounting system to accumulate all costs related to Services they provide, on an activity, department, project, function, work order, or other appropriate basis, and which is adequate to enable its actual costs in connection with transactions hereunder to be audited and tracked by regulatory bodies having jurisdiction.
- 2.3 Determining "Cost" For Non-Regulated Providing Parties. Costs of labor, equipment, materials and supplies, depreciation, and other reasonable overheads and costs incurred by a Non-Regulated Party in the course of providing a Service to a Regulated Party hereunder shall be determined in accordance with accounting standards customarily used by businesses such as those in which the Non-Regulated Party is engaged. Each Non-Regulated Party providing a Service to a Regulated Party hereunder shall keep and maintain accounting and bookkeeping records which are adequate to enable its actual costs in connection with transactions hereunder to be audited and tracked by the Commission(s) having jurisdiction over the retail rates of any Regulated Party to whom it provides a Service hereunder.
- 2.4 Fair Market Value. The fair market value of a Service provided under this Agreement shall mean the cost determined by making a good faith effort to

identify the resources necessary to perform the Service, and the value of such Service based on a general knowledge of the relevant market for such or a similar Service as well as, if available, comparison with bids or quotations for such or a similar Service. If, despite good faith efforts, a Providing Party is not able to determine the fair market value of a Service it provides to a Receiving Party, the fair market value shall be deemed to be equal to the Providing Party's cost, calculated as described in this Agreement, incurred in providing the Service.

**Article III Billing; Payment; Related Provisions**

- 3.1 Each Providing Party shall, for any month in which it provides a Service hereunder, render a monthly bill to each Receiving Party reflecting the charges for Services provided in the preceding month. Each bill shall include sufficient information and be in sufficient detail to permit each Receiving Party to identify and classify the charge in terms of the system of accounts prescribed by the regulatory authorities to which it is subject.
- 3.2 Upon receipt of a monthly bill for Services so rendered, each Receiving Party shall promptly pay any undisputed portion of the bill within ten (10) business days.
- 3.3 If a Receiving Party disputes the calculation of any portion of a monthly bill it shall, when it pays the undisputed portion as contemplated by Section 3.2 or in any event no later than sixty (60) days after receiving the bill, inform the Providing Party in writing as to its reasons for its dispute. The Parties involved in such dispute shall then meet to resolve in good faith the dispute, and shall involve the other Parties in the resolution of the dispute to the extent necessary and appropriate.

**Article IV**     **Accounting; Records; Reports**

- 4.1 Each of the Regulated Parties shall keep all its accounts and records in accordance with the relevant requirements promulgated by the Commission(s) with jurisdiction. Without limiting the foregoing, each of the Regulated Parties shall maintain adequate books and records with respect to all of its transactions under this Agreement and shall record the costs to be allocated to any Party hereunder in appropriate accounts in its general ledger system. The Regulated Parties shall each maintain internal controls to ensure that it allocates and bills the costs associated with all transactions under this Agreement properly and consistently in accordance with the terms and provisions of this Agreement.
- 4.2 Each year by May 1, each of the Regulated Parties shall submit to the person or department designated by its Commission or its Commission's staff: (i) billing reports showing its charges, as a Providing Party, to any Receiving Party to which it provided Services hereunder during the preceding calendar year; and (ii) billing reports showing its payments, as a Receiving Party, for Services received from Providing Parties hereunder during the preceding calendar year.
- 4.3 Every year there shall be an internal audit of transactions under this Agreement for the purpose of testing compliance with the Agreement. Such audit may be either a discrete audit solely of Services under this Agreement or may be an audit of the Services under this Agreement and other affiliated interest service agreements. The internal audit shall include, but not be limited to, the following: 1) the accuracy of the derivations of costs billed by the Providing Parties; 2) the determination that the costs billed to the Regulated Parties are priced at the lesser of cost or fair market value, based on the studies and updates required by Section 4.4; 3) the determination that Services provided by the Regulated Parties

to the Non-Regulated Parties, except ~~Integrys Support~~WBS, are billed at the higher of cost or market, based on the studies and updates required by Section 4.4; and 4) the accuracy of invoices issued under the Agreement during the year. The Regulated Parties shall submit a copy of the audit report to the person or department designated by the Commissions or the Commissions' staffs no later than July 1 of each audit year. The first such audit report shall pertain to the period ending December 31 of the year in which this Agreement is effective, and shall be due on or before July 1 of the following year. Subsequent audit reports shall be due July 1 following the calendar year that is the subject of the audit.

- 4.4 Every third year, on or before May 1, the Parties shall conduct a new study of the cost of Services provided hereunder for the purpose of testing compliance with the provisions of this Agreement requiring charges at the fair market value and to analyze the market price of services provided. The study shall include Services provided between a Regulated Party and a Non-Regulated Party at cost. The study shall be updated at least annually. The Parties shall notify the person or department designated by the Commissions or the Commissions' staffs of the availability of the study and annual update and, if requested, make such available for review at the Commission's offices. The first such new study shall pertain to the period ending December 31, ~~2014,2017~~, and shall be due on or before May 1, ~~2012-2018~~.

#### **Article V      Representations and Warranties of the Parties**

- 5.1 Each Party has the right, power, and authority to enter into and perform its obligations under this Agreement.

- 5.2 Each Party has taken all requisite corporate action to approve execution, delivery, and performance of this Agreement, and this Agreement constitutes a legal, valid and binding obligation of each Party enforceable in accordance with its terms.
- 5.3 The fulfillment of obligations hereunder will not constitute a material violation of any existing applicable law, rule, regulation, or order of any governmental authority. The Parties acknowledge that all or portions of this Agreement may be challenged before regulatory agencies or a court of competent jurisdiction by other persons or entities not Parties hereto. In such event, the Parties agree that each will use its best efforts before such agencies and courts to support the pursuit and accomplishment of the Parties' mutual endeavors hereunder.

**Article VI Liability and Indemnity**

- 6.1 Each Party (for purposes of this Section 6.1, each an "Indemnifying Party") shall indemnify and save harmless each other Party (for purposes of this Section 6.1, each an "Indemnified Party") from any and all damages, expenses, claims, costs, attorneys' fees or other injury, including without limitation injury to person, life or property and further including injury resulting in the death of any person or persons ("Damages") in any manner arising out of or in connection with the willful or negligent acts or omissions of the Indemnifying Party in the performance of this Agreement. In the event that one or more Indemnified Parties is made a party to any suit or litigation on account any actual or alleged Damages, the appropriate Indemnifying Party or Parties will defend such action on behalf of the Indemnified Party or Parties and, if judgment shall be obtained or claim allowed in any of said proceedings against one or more Indemnified Parties, the



appropriate Indemnifying Party or Parties will pay and satisfy such judgment or claim in full.

- 6.2 Each Party agrees that no other Party shall be liable to it for special, punitive, consequential, exemplary or incidental damages or other such losses, damages, costs or liabilities arising from any cause whatsoever, whether occasioned by the negligent acts or omissions of a Party or its employees, agents or representatives or otherwise.

## **Article VII Additional Provisions**

- 7.1 This Agreement shall become effective upon the ~~first day of the first fiscal year quarter following issuance of all approvals or waivers as might be required by law, from each and all of the Commissions~~ closing of that certain Agreement and Plan of Merger dated as of June 22, 2014, between Integrys Energy Group, Inc. and Wisconsin Energy Corporation. Once effective, this Agreement shall continue in full force and effect until and unless modified or terminated as provided herein.
- 7.2 This Agreement may be amended or modified at any time by mutual agreement of the Parties in writing. This Agreement, and any rights hereunder, may not be assigned without the written consent of all Parties hereto. Except as otherwise provided herein or under applicable law, any such modification, amendment or assignment shall not become effective until receipt of approvals or waivers by the Commissions as might be required by law. The addition of a Party to this Agreement or the termination of this Agreement as to a Party shall not require the prior approval of the Commissions but the Regulated Parties shall give written notice to the Commissions of changes to Appendix A or Appendix B reflecting the current Parties to this Agreement. Any change to Appendix C

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

- 7.3 A Party leaving the [IntegrysWEC](#) holding company system may continue to receive Services from any Providing Party hereunder for a reasonable transitional period of time following such departure from the [IntegrysWEC](#) holding company system. Once any such departure has occurred and the Party has ceased receiving Services, an updated Appendix A and/or B shall be filed with the Commissions.
- 7.4 In providing all Services, any Providing Party may arrange, where it deems appropriate, for the services of such third party experts, consultants, attorneys, advisers, or other contractors or agents with necessary qualifications as may be required for or pertinent to the performance of Services for the Parties hereunder.
- 7.5 Each Party shall treat in confidence all information that it may obtain from or regarding the other Parties and their respective businesses during the term of this Agreement. Each Party agrees to protect the other Parties' information using the same degree of care which it uses to protect its own confidential information, and in no event less than reasonable care. Except to the extent disclosure of such information is required by a governmental authority having jurisdiction, such information shall not be communicated to any person other than the Parties, and shall be shared among the Parties only to the extent certain persons need to know such information in order for the Parties to perform under this Agreement. If a Party is required to disclose confidential information

to a governmental authority, such Party shall take reasonable steps to make such disclosure confidential under the rules of such governmental authority. Information provided hereunder shall remain the sole property of the Party providing such information. The requirements of this Section 7.5 shall not apply with respect to information that (i) is or becomes available to such Party from a source other than the Party providing such information, unless such other source has imposed confidentiality restrictions, or (ii) is or becomes available to the public other than as a result of disclosure by such Party or its agents.

- 7.6 The Parties agree and acknowledge that any legal advice or legal services provided, or arranged to be provided, by or on behalf of any Providing Party hereunder will be for the direct or indirect benefit or common interest of all of the Receiving Parties, and it is therefore the intention of all Parties hereto to maintain all privileges that may apply to any communications related to the provision or receipt of such legal advice or services.
- 7.7 The Parties hereby appoint all Providing Parties as their agent to represent them in performing services for or on their behalf in providing Services hereunder. The Parties also authorize all Providing Parties hereunder to purchase (*i.e.*, take title to) various commodities, goods and assets in connection with their performance of Services hereunder, and to resell (*i.e.*, convey title to) such commodities, goods and assets to the Parties, including to Receiving Parties, if necessary in the course of performing Services hereunder. Any resale of such commodities, goods and assets by Providing Parties to Receiving Parties and/or any use of such commodities, goods or assets by Providing Parties in the provision of Services hereunder shall be at the costs incurred by such Providing Parties, to be allocated among the Receiving Parties pursuant to the

methodologies prescribed herein. The Providing Parties shall be accountable for all funds advanced or collected on behalf of a Receiving Party in connection with any transaction in respect of which a Providing Party provides Services. The provision of Services by a Providing Party hereunder shall in all cases and notwithstanding anything herein to the contrary be subject to any limitations contained in authorizations, rules or regulations of those governmental agencies having jurisdiction over a Providing Party or its provision of Services hereunder.

- 7.8 In the event that any amendment to this Agreement does not receive any approval or waiver of approval by all Commissions that may be required from time to time, then the Parties shall promptly negotiate in good faith new provisions to restore such amendment, as nearly as possible, to its original intent and effect, and thereafter file for approval or waiver of approval of the Commissions.
- 7.9 If any governmental or regulatory agency or court of competent jurisdiction holds that any provision of this Agreement is invalid, or otherwise takes action resulting in the impossibility or impracticability of performance of all or a portion of this Agreement, the remainder of this Agreement shall not be affected thereby and shall continue in full force and effect. In the event any provision of this Agreement is so held invalid, the Parties hereto shall promptly renegotiate in good faith new provisions to restore this Agreement as nearly as possible to its original intent and effect.
- 7.10 No course of dealing or course of performance between the Parties shall be construed to alter the terms hereof.

- 7.11 The Parties agree that there is no third party beneficiary of this Agreement and that the provisions of this Agreement do not impart enforceable rights to anyone who is not a Party.
- 7.12 This Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin, without regard to principles of conflicts of law; provided, however, that no Regulated Party shall be required to comply with this Agreement to the extent such compliance would be a violation of the public utility laws of any state(s) in which such Regulated Party conducts its state-regulated utility operations.
- 7.13 This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument.

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

~~INTEGRYS~~WEC ENERGY GROUP, INC.

~~INTEGRYS~~WEC  
~~SUPPORT~~SERVICES, LLC

BUSINESS

[for itself and on behalf of all Non-Regulated Parties  
other than ~~Integrys~~WEC Business ~~Support, LLC, Integrys~~  
~~Energy Services, Inc. and the subsidiaries of Integrys~~Energy Services, Inc.~~LLC]~~

By

By

Name ~~William J. Guc~~

Name ~~William J. Guc~~

Title

Title ~~Treasurer~~

Title \_\_\_\_\_

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

~~Treasurer~~  
MICHIGAN GAS UTILITIES

By

By

Name ~~William J. Guc~~

Name ~~William J. Guc~~

Title ~~Treasurer~~

Title \_\_\_\_\_

~~Treasurer~~

Title

Title

MINNESOTA ENERGY RESOURCES  
~~COKE~~WISCONSIN ELECTRIC POWER  
CORPORATION

~~THE PEOPLES GAS LIGHT AND~~  
COMPANY

By

By

Name ~~William J. Guc~~

Name ~~William J. Guc~~

Title ~~Treasurer~~

Title ~~Treasurer~~

NORTH SHORE GAS COMPANY

WISCONSIN ~~PUBLIC SERVICE~~GAS, LLC  
CORPORATION

By

Name ~~William J. Gue~~

Title ~~Treasurer~~

By

Name ~~William J. Gue~~

Title ~~Treasurer~~

~~INTEGRYS ENERGY SERVICES, INC.~~ WISCONSIN PUBLIC SERVICE CORPORATION

By

Name

Title

WISCONSIN VALLEY IMPROVEMENT

COMPANY

~~[for itself and on behalf of its subsidiaries]~~

~~By-~~

~~By-~~

~~Name~~ ~~William J. Gue~~

~~Name~~

~~Title~~ ~~Treasurer~~

~~Title~~



## Appendix A -- Regulated Parties

### Michigan Gas Utilities Corporation

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

### Minnesota Energy Resources Corporation

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

### North Shore Gas Company

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

### The Peoples Gas Light and Coke Company

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

### ~~Upper Peninsula~~ Wisconsin Electric Power Company

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

### Wisconsin Gas Company LLC

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

### Wisconsin Public Service Corporation

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

### Wisconsin Valley Improvement Company

a Wisconsin corporation headquartered in Wausau, Wisconsin, created under Wisconsin law for the purpose of building, maintaining and operating dams and reservoirs on the Wisconsin River and its tributaries for the purposes of improving navigation, decreasing the hazard of flooding, and providing a uniform flow for all public purposes. WVIC is owned by the downstream owners and operators of hydroelectric facilities (including WPSC) that receive water power benefits from WVIC's operations. WVIC charges its owners cost-based tolls that are fixed by the PSCW. WVIC's ownership and operation of its dams and reservoirs is regulated by the FERC.

## Appendix B – Non-Regulated Parties

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

**~~Integrys Energy Services, Inc. and its subsidiaries~~**

**IntegrysWEC Business SupportServices, LLC**

## Appendix C – Services

Subject to the limitations set forth in Section 1.1 and applicable state and federal requirements, a Party may provide to or receive from any other Party the Services described in this Appendix C.

“Major Services” shall mean Services identified as such in this Appendix C and for which Parties expect that, in the normal course of business and under normal operating conditions, they shall provide on a regular or day-to-day basis. “Incidental Services” shall mean Services identified as such in this Appendix C and for which the Parties expect that, in the normal course of business and under normal operating conditions, they shall provide infrequently or, if provided on a regular or day-to-day basis, shall represent an insignificant amount of intercompany services provided by the Providing Party.

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

### Major Services

1. **Operational Support - Electric Utility:** Provide services to operate and support electric utility operations, such as compliance with independent system operator requirements; engineering, construction, design, operation and maintenance; contract management, including marketing and procurement; electric capacity, energy and transmission services; FERC, NERC and other regulatory compliance; field services; system planning, analysis and projections.
2. **Operational Support - Gas Utility:** Provide services to operate and support gas utility operations, such as construction, design, operation and maintenance; field services.
3. **Customer:** Provide customer service; support billing and payment processing; support credit and collections activity; energy conservation support; marketing and sales work.
4. **Warehousing:** Provide materials and supplies, including storage, ordering, and inventory management.

### Incidental Services

1. **Fleet:** Maintain vehicles; transport materials and supplies.
2. **Project Assistance (IT):** Provide support for information technology projects, including those that will be capitalized as an asset of ~~Integrys Support~~ [WBS](#).
3. **Administrative and Maintenance:** Provide administrative and other support that is incidental to an individual employee’s normal job duties such as clerical support, reporting assistance, and regulatory support such as data responses; provide building management and maintenance support at company-owned or leased premises; provide information technology support in a limited capacity (e.g., two-way radio support).

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

following Services:

### **Incidental Services**

1. **Administrative and Maintenance:** Provide administrative and other support that is incidental to an individual employee's normal job duties such as clerical support, reporting assistance, and regulatory support such as data responses; provide building management and maintenance support at company-owned or leased premises; provide information technology support in a limited capacity (e.g., two-way radio support).
  2. **Fleet:** Maintain vehicles; transport materials and supplies.
  3. **Project Assistance (IT):** Provide support for information technology projects, including those that will be capitalized as an asset of ~~Integrys Support~~ [WBS](#).
  4. **Customer:** Provide customer service; support billing and payment processing; support credit and collections activity.
  5. **Operational Support:** Provide services to operate and support energy operations.
  6. **Warehousing:** Provide materials and supplies, including storage, ordering, and inventory management.
- III. In addition to providing and billing for the Services described above and in Section 1.1, any Party may allocate costs to any other Party as follows:
1. **Cost Allocations:** Payment of an invoice or refunds of credits by one or more Parties for goods or services for which another Party or other Parties benefitted; charges for systems owned by one Party and used by one or more other Parties; financing charges, such as those arising from intercompany loans (provided, however, that no Party shall charge costs to Wisconsin Public Service Corporation, [Wisconsin Electric Power Company or Wisconsin Gas Company LLC](#) for intercompany loans); fees for credit lines available to more than one Party; transfers of renewable energy credits or other items of value; use of any airplane owned by ~~Integrys~~ [WEC](#); use of housing owned or rented by ~~Integrys~~ [WEC](#); benefit plans; transfer of benefits, such as vacation time when an employee transfers employment; and shared personnel, including management, regulatory, corporate directors and officers and their support personnel.
  2. **Transition:** When an employee moves from a position with one Party to a position with another Party, provide services, for a transition period, appropriate to assist the person(s) assuming responsibility for tasks formerly performed by the employee in his former position.
  3. **Short Term Assignments:** When an employee assumes responsibilities, on a short-term (less than two years) basis, with another Party (subject to any otherwise applicable restrictions such as affiliated interest requirements) but does not become an employee of the other Party, provide services required by the new position and allocate costs appropriately.
- IV. Any Non-Regulated Party may provide to or receive from any other Non-Regulated Party any Service.