May 1, 2018

Via Electronic Mail
James Robb
President & CEO
North American Electric Reliability Corporation

Re: Request for Approval of Rule 1208 Transfer Request of Wisconsin Public Service Corporation and Upper Michigan Energy Resources Corporation

Dear Mr. Robb,

On December 14, 2017, Wisconsin Public Service Corporation (WPS) and Upper Michigan Energy Resources Corporation (UMERC) requested to transfer their current North American Electric Reliability Corporation (NERC) compliance registrations from Midwest Reliability Organization (MRO) to ReliabilityFirst Corporation (RF).\(^1\) Section 1208 of the NERC Rules of Procedure (Section 1208) was created to govern this scenario, where an entity requests to transfer from one Region to another.

Pursuant to Section 1208, RF evaluated the following criteria to determine if this transfer request should be approved:

1. The location of the Registered Entity’s Bulk Power System (BPS) Facilities in relation to the geographic and electrical boundaries of the respective Regions;
2. The impacts of the proposed transfer on other BPS owners, operators, and users;
3. The impacts of the proposed transfer on the current and future staffing, resources, budgets and assessments of each Regional Entity, including the sufficiency of the proposed transferee Regional Entity’s staffing and resources to perform compliance monitoring and enforcement activities with respect to the Registered Entity;
4. The Registered Entity’s compliance history with its current Regional Entity;
5. The manner in which pending compliance monitoring and enforcement matters concerning the Registered Entity will be transitioned from the current Regional Entity to the transferee Regional Entity; and
6. Any other relevant reasons.

After careful consideration of this criteria, which is discussed in detail below, RF determined that the proposed transfer is appropriate and will promote the effective and efficient administration of BPS reliability. MRO has informed NERC and RF that it will not oppose the request and will support NERC’s decision determining the appropriate registration for WPS and UMERC given the particular facts and

\(^1\) See Exhibit 1, December 14, 2017 letter from WEC Energy Group, Inc.
circumstances of this request, the comments received by RF and MRO, and the applicable precedent. Accordingly, RF respectfully requests that NERC approve the proposed transfer request and accordingly modify the delegation agreements between NERC and ReliabilityFirst and between NERC and MRO.

1. Location of the Registered Entity’s BPS Facilities in relation to the Geographic and Electrical Boundaries of the Respective Regions

A. WPS/UMERC’s Facilities in Relation to the Geographic Boundaries with the Regions

WPS serves approximately 444,000 electric customers, and is located in eastern Wisconsin along Lake Michigan. WPS shares its northern and southern boundaries and a portion of its western boundary with RF; and shares a portion of its western boundary with MRO. WPS’s eastern boundary is with Lake Michigan, with the remainder of RF’s footprint to the north, south, and east of Lake Michigan.

WPS’s neighbor to the north, south and west (depicted on the map as WEC and MIUP) is Wisconsin Electric Power Company (Wisconsin Electric), which is located in RF. In fact, in 2015, Wisconsin Electric’s parent company, WEC Energy Group, acquired WPS. Following this acquisition, WPS

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2 See Exhibit 2, April 23, 2018 letter from MRO.
3 See Exhibit 1, December 14, 2017 letter from WEC Energy Group, Inc.
relocated its Balancing Authority Control Center and Backup Control Center to RF, where they are now co-located with Wisconsin Electric’s Control Centers.\textsuperscript{4}

Shortly thereafter, in 2017, WEC Energy Group established UMER, a new company consisting of Wisconsin Electric’s distribution assets in the Upper Peninsula of Michigan (located in RF) and WPS’s distribution assets in the Upper Peninsula of Michigan (located in MRO). Consequently, UMER is now a cross-Regional company with the majority of its customers (75%) and distribution lines (80%) in RF.\textsuperscript{5} UMER has a total peak load of 110.9 MW.

Following the acquisition of WPS and the creation of UMER, WEC Energy Group established a single, uniform compliance program for Wisconsin Electric and WPS/UMER.\textsuperscript{6} As to regulatory oversight, RF and MRO agreed following the acquisition of WPS that RF should serve as its Lead Region for all Compliance Monitoring and Enforcement Program (CMEP) activity;\textsuperscript{7} and agreed following the creation of UMER that RF should serve as its Lead Region for all CMEP activity.\textsuperscript{8}

B. WPS/UMER’s Facilities in Relation to the Electrical Connections with the Regions

WPS/UMER has a more significant electrical connection with RF than MRO. UMER has 75% of its customers and 80% of its distribution lines in RF.\textsuperscript{9} Similarly, WPS has more BES tie lines with RF than MRO and more higher-voltage BES tie lines to RF than MRO.\textsuperscript{10} WPS’s electrical footprint is also more closely tied with RF than MRO because WPS has a much higher magnitude of interchange with entities in RF. That is, WPS imports and exports substantially more power with RF members than with MRO members.

For example, the 2019 Summer Multiregional Modeling Working Group (MMWG) base case transfers show that WPS imports more than eight times the amount of power from RF (783 MW from Wisconsin Electric) than it does from MRO (which totals 96 MW). Additionally, WPS exports more

\textsuperscript{4} Id.
\textsuperscript{5} Id.
\textsuperscript{6} For ease of reference, hereinafter WPS/UMER will refer collectively to WPS and UMER.
\textsuperscript{7} NERC, RF, and MRO agreed that RF would serve as the Lead Region for WPS, even though WPS is located solely in MRO.
\textsuperscript{8} The ERO Enterprise created the Coordinated Oversight Program for Multi-Regional Registered Entities (MRRE), in which one Region serves as Lead Region for compliance monitoring and enforcement activities for an MRRE. To determine the Lead Region, NERC and the Regions consider: (1) number of high and medium impact assets; (2) identification of key risk factors; (3) seams issues; (4) registered functions; (5) compliance history; and (6) entity footprint, including load, generation, blackstart units, transmission assets, and control centers.
\textsuperscript{9} See Exhibit 1, December 14, 2017 letter from WEC Energy Group, Inc.
\textsuperscript{10} WPS has 23 tie lines with RF, while it has only 14 with MRO. Of WPS’s 23 tie lines with RF, five are 345 kV, seventeen are 138 kV, and one is 115 kV. Of WPS’s 14 tie lines with MRO, three are 345 kV, one is 161 kV, four are 138 kV, and the remaining six are 115 kV.
power on its tie lines to RF (68 MW) than to MRO (WPS exports 55 MW into MRO and imports that same amount back from MRO).

The generation is likewise more integral with RF than MRO. In fact, the generation in WPS performs as if it is in the same electrically bounded area as RF. Generation Shift Factor analyses\textsuperscript{11} demonstrate this fact showing that the generation in WPS has a similar impact on BES transmission as the neighboring generation within RF.

ReliabilityFirst’s technical analysis of WPS’s tie lines, interchange, and generation shift factor is set forth in Attachment A.

As a result of the significance of these geographic, operational, and electric connections with RF, RF believes it is in the best interest of the effective and efficient administration of BPS reliability to grant WPS/UMERC’s transfer request.

2. Impacts of the Proposed Transfer on Other BPS Owners, Operators, and Users

As previously discussed, RF performed a technical analysis to evaluate WPS/UMERC’s transfer request. This technical analysis did not identify any detrimental impacts from the proposed transfer on other BPS owners, operators, and users.\textsuperscript{12} To the contrary, and as discussed above, the technical analysis demonstrates WPS/UMERC’s significant and interrelated geographic, electric, and operational connections with RF.\textsuperscript{13}

WPS/UMERC also performed its own technical analysis and did not identify any detrimental impacts from the proposed transfer on other BPS owners, operators, and users.\textsuperscript{14} Furthermore, WPS/UMERC conferred with its Reliability Coordinator (RC), Balancing Authority (BA), and Transmission Operator (TOP) and they likewise confirmed that they did not identify any detrimental impacts from the proposed transfer.\textsuperscript{15}

\textsuperscript{11} GSF values are used to gauge electrical interconnectedness of a group of generators and their effect on transmission facilities.
\textsuperscript{12} See Exhibit 3, Technical Analysis
\textsuperscript{13} As discussed in the Technical Analysis, WPS shares its northern, southern, and a portion of its western borders with RF (with its eastern border being Lake Michigan). It has more BES transmission ties with RF and its BES transmission ties with RF are at higher voltage classes. WPS imports and exports substantially more power with RF, and its generation operates as if it is in the same electrically bounded area as RF. WPS’s Balancing Authority Control Center and Backup Control Center are located and operated in RF.
\textsuperscript{14} See also Exhibit 1, December 14, 2017 letter from WEC Energy Group, Inc.
\textsuperscript{15} WPS’s BA is MISO, which is an RF member and for whom RF serves as the Lead Region. ATC is also a TOP for WPS/UMERC and is also an RF member.
RF and MRO also posted WPS/UMERC’s transfer request for public comment on their respective websites and neither Region received any comments opposing the transfer request or raising any concerns regarding any potential detrimental impacts. MRO has also confirmed that it does not oppose the request and will support NERC’s decision determining the appropriate registration for WPS and UMERC given the particular facts and circumstances of WPS/UMERC’s request, the comments received by RF and MRO, and the applicable precedent.\textsuperscript{16}

As discussed throughout this letter, there would be numerous benefits from the transfer to other BPS owners, operators, and users, given that WPS/UMERC would be in the same region as its sister company, Wisconsin Electric and geographical neighbors in RF. Moreover, WPS/UMERC and Wisconsin Electric operate under a single compliance program, so the transfer would unite this single, contiguous company under a single Region.

3. Impacts of the Proposed Transfer on the Current and Future Staffing, Resources, Budgets and Assessments of each Regional Entity, Including the Sufficiency of the Proposed Transferee Regional Entity’s Staffing and Resources to Perform Compliance Monitoring and Enforcement Activities with Respect to the Registered Entity

RF is already the Lead Region for WPS/UMERC under the Coordinated Oversight Program, so there will be no impact on RF’s staffing or resources from the transfer. NERC, RF, and MRO approved RF as the Lead Region based on BES reliability considerations such as assets, geography, registered functions, compliance history, and interties.\textsuperscript{17} In fact, RF will not need to add any additional resources because RF already leads all CMEP activities for WPS/UMERC. Consequently, the transfer of WPS/UMERC to RF will make more efficient use of valuable ERO resources, allow RF to drive further efficiencies, and streamline regulatory oversight for WPS/UMERC.

The transfer will also be seamless because RF as the Lead Region is already familiar with WPS/UMERC and leads all CMEP related activity for WPS/UMERC, including audits, spot checks, periodic data submittals, self-certifications, investigations, and enforcement activities. As such, RF has a deep understanding of WPS/UMERC and its operations, risk profile, and challenges.

\textsuperscript{16} See Exhibit 2, April 23, 2018 letter from MRO.

\textsuperscript{17} When determining which Region will be the LRE, NERC and the Regions apply the reliability based MRRE criteria, which include: (1) number of high and medium impact assets; (2) identification of key risk factors; (3) seams issues; (4) registered functions; (5) compliance history; and (6) entity footprint, including load, generation, blackstart units, transmission assets, and control centers.
4. **The Registered Entity’s compliance history with its current Regional Entity**

As the Lead Region for WPS/UMERC, RF has a deep understanding of WPS/UMERC’s compliance history. As discussed above, RF already performs all CMEP related activities for WPS/UMERC. For example, RF regularly interacts with WPS/UMERC during audits and spot checks, collaboratively works with WPS/UMERC during any enforcement actions that may arise, and provides WPS/UMERC with training and outreach activities such as workshops and assist visits.

5. **The Manner in Which Pending Compliance Monitoring and Enforcement Matters Concerning the Registered Entity will be Transitioned from the Current Regional Entity to the Transferee Regional Entity**

The transfer to RF will not require the transition of any compliance and enforcement matters because, as discussed above, RF is already handling all of WPS/UMERC’s compliance and enforcement matters as the Lead Region under the Coordinated Oversight Program. Approving the transfer would simply make more efficient use of valuable ERO resources.

6. **Any Other Relevant Reasons**

In its transfer request, the WEC Energy Group (parent group of WPS and Wisconsin Electric) states that the transfer would simplify the oversight and improve the efficiency of compliance monitoring for these entities, particularly given that WPS and Wisconsin Electric share a common compliance program. WEC Energy Group also states that geographically, the transfer would mitigate its companies’ “checker-board” Regional boundaries that currently exist in eastern Wisconsin.\(^\text{18}\)

Given WPS/UMERC’s geographic, electrical, and operational ties with RF and the fact that the transfer would make more efficient use of ERO resources and streamline regulatory oversight for WPS/UMERC, RF believes the transfer will provide a more cohesive approach to better promote the effective and efficient administration of BPS reliability. Therefore, RF respectfully requests that NERC approve the proposed transfer request and accordingly modify the delegation agreements between NERC and ReliabilityFirst and between NERC and MRO.

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\(^{18}\) Exhibit 1, December 14, 2017 letter from WEC Energy Group, Inc.
Very truly yours,

RELIABILITYFIRST CORPORATION

Timothy R. Gallagher
President & CEO

cc: Robert M. Garvin, WEC Energy Group, Executive Vice President, External Affairs
Charles Milliken, WEC Energy Group, Director Federal Regulatory & Policy
Thomas L. Breene, WEC Energy Group, Manager Federal Regulatory & Policy
Charles Berardesco, NERC, Senior Vice President and General Counsel
Mark Laubey, NERC, Senior Vice President and Chief Reliability Officer
Ken McIntyre, NERC, Vice President and Director of Standards and Compliance
Sonia Mendonca, NERC, Vice President, Deputy General Counsel and Director of Enforcement
Sara Patrick, MRO, Interim President and Chief Executive Officer
Miggie Cramblit, MRO, Vice President and General Counsel
Richard Burt, MRO, Vice President of Risk Assessment, Mitigation and Standards
Jason Blake, ReliabilityFirst, Vice President and General Counsel
Jeff Craigo, ReliabilityFirst, Vice President, Reliability Assurance and Monitoring
Jeff Mitchell, ReliabilityFirst, Director, Reliability Assessments and Performance Analysis
Exhibit
1
December 14, 2017

Dan Skaar, MRO President and CEO
380 St. Peter St., Suite 800
St. Paul, MN 55102

Tim Gallagher, RF President and CEO
3 Summit Park Drive, Suite 600
Cleveland, Ohio 44131

Dear Mr. Skaar and Mr. Gallagher:

Wisconsin Public Service Corporation (WPSC) and Upper Michigan Energy Resources Corporation (UMERC) are requesting to move our current registration for compliance and enforcement of North American Electric Reliability Corporation (NERC) standards for Bulk Power System (BPS) reliability from the Midwest Reliability Organization (MRO) to the authority of Reliability-First Corporation (RF) effective January 1, 2018. This request is being made in keeping with section 1208 of the Rules of Procedure of the North American Electric Reliability Corporation.

WPSC and UMERC believe that this change would promote the effective and efficient administration of the BPS. Moving the registration for WPSC and the small percentage of UMERC that is within MRO to RF would simplify the oversight and improve the efficiency of compliance monitoring for these entities. Geographically, it would unify the checker-boarded regional boundaries in Eastern Wisconsin into a more contiguous area. WPSC and UMERC also have more electrical interconnections at transmission voltages with the RF region than the MRO region. This is discussed in more detail below.

**Background of WEC Energy Group**


UMERC was formed in January 2017 when Wisconsin Electric and WPSC transferred all of their Michigan distribution assets to UMERC. All of the WPSC and Wisconsin Electric Michigan customers with the exception of the Empire and Tilden mines became customers of UMERC. The legacy-WPSC assets (UMERC-MRO) are within the MRO region and the legacy-Wisconsin Electric assets (UMERC-RF) are within the RF region.

Wisconsin Electric transitioned its approximately 27,500 retail electric customers and 50 distribution-only customers to UMERC, and also transferred approximately 2,500 miles of electric distribution lines in the Upper Peninsula.

WPSC likewise, transferred its 9,000 retail electric, 16 distribution-only electric, 5,300 retail gas customers, and 17 gas transport customers to UMERC. WPSC also transferred approximately 619 miles of electric distribution lines in the Upper Peninsula.
Consideration of items listed in NERC Rules of Procedure Section 1208.2

1. The location of the Registered Entity’s Bulk Power System facilities in relation to the geographic and electrical boundaries of the respective Regions

See attachment A for an overview of the relevant geographic boundaries. The salmon and red colored areas on the map identify the Wisconsin Electric’s service territory within the RF region. The light green colored areas illustrate the WPSC service territory within the MRO region. The light blue indicates the UMER-C-RF service territory and the lavender indicates the UMER-MRO service territory. The orange area indicates Oconto Electric Cooperative which is within the WPSC Balancing Authority Area and does not meet the criteria for registering as a NERC Entity.

As the map shows, transferring WPSC and UMER-MRO territory into the RF region would make one contiguous region with RF out of several areas that are geographic islands. Additionally, the WPSC Balancing Authority Control Center and Backup Control Center are both within RF territory. They are co-located with the Wisconsin Electric Control Centers. UMER has approximately 75% of its customers and 80% of its distribution lines within RF. Geographically, it makes sense to unite these areas within the RF region where the bulk of the assets are located.

The following table summarizes the electrical connections from the WPS BA to both the RF and MRO regions that are more than 100 kV. The WPSC BA includes WPSC, the portion of UMER within MRO and several smaller entities.

<table>
<thead>
<tr>
<th>kV rating</th>
<th>Number of connections to MRO</th>
<th>Number of connections to RF</th>
</tr>
</thead>
<tbody>
<tr>
<td>345 kV</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>138 kV</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td>115 kV</td>
<td>8</td>
<td>1</td>
</tr>
</tbody>
</table>

>100 kV Electrical connections from the WPS BA to RF and MRO

As the table above illustrates, more than 60% of the high voltage electrical interconnections with the WPSC BA are within the RF region. This includes nearly 75% of 138 kV and 345 kV interconnections. UMER-MRO has one 138 kV interconnection with UMER-RF and one 138 kV interconnection to WPSC. UMER-MRO has no other interconnections above 100kV. Electrically the WPSC BA, and by extension both WPSC and UMER, have closer ties with other entities within the RF region than those within the MRO region.

2. The impacts of the proposed transfer on other Bulk Power System owners, operators; and users

The proposed transfer should have a negligible effect on other BPS owners, operators and users. MISO will remain as the BA for both WPSC and UMER and no changes are being proposed for the WPSC Local Balancing Authority boundaries. American Transmission Company and Dairyland Power Cooperative will remain as the Transmission Operators (TOPs) for those WPSC assets for which they currently serve that function.
3. The impacts of the proposed transfer on the current and future staffing, resources, budgets and assessments to other Load-Serving Entities of each Regional Entity

The Compliance Monitoring and Enforcement function for WPSC and UMERC is currently being performed by RF under an agreement between MRO, RF, and WEC Energy Group. As a result, significant changes to staffing and budgets are not anticipated from this transfer. Likewise, no significant changes to MRO staffing and budgets are anticipated because MRO is not currently performing compliance monitoring and enforcement services.

4. Sufficiency of the proposed transferee Regional Entity’s staffing and resources to perform compliance monitoring and enforcement activities with respect to the Registered Entity;

The anticipated change is not expected to strain RF’s staffing and resources. As indicated under item #3 above, the Compliance Monitoring and Enforcement function for WPSC and UMERC is currently being performed by RF. The additional work caused by the transfer would, therefore, be minimal.

5. The Registered Entity’s compliance history with its current Regional Entity; and the manner in which pending compliance monitoring and enforcement matters concerning the Registered Entity would be transitioned from the current Regional Entity to the transferee Regional Entity;

As indicated under item #3 above, the Compliance Monitoring and Enforcement function for WPSC and UMERC is currently being performed by RF under an agreement between MRO, RF, and WEC Energy Group. As such, there are no pending compliance and enforcement matters to transition.

Conclusion

The transfer of WPSC and UMERC-MRO from the MRO region to the RF region would promote the effective and efficient administration of the BPS. The WPSC and UMERC facilities currently in the MRO region are more closely tied geographically and electrically to RF than to MRO, and RF is currently performing the compliance and enforcement function for these entities. The transfer would have no significant staffing or budgetary impact on either RF or MRO and would not affect other Registered Entities.

Please update any relevant agreements and filings to reflect this change effective January 1, 2018.

Sincerely,

Robert M. Garvin
Executive Vice President
External Affairs
WEC Energy Group
Attachment A - WPSC and UMERC Geographic Boundaries

MIUP Balancing Authority Area
2016: Peak Load 585 MWh    Generation: 626 MW
Upper Michigan Energy Resources Corp (UMERC) – In RF
Wisconsin Electric (WE) – In RF

WPS Balancing Authority Area
2016: Peak Load 2,565 MWh    Generation: 3,171 MW
Upper Michigan Energy Resources Corp (UMERC) – In MRO
Wisconsin Public Service (WPSC) – In MRO

WEC Balancing Authority Area
2016: Peak Load 5,861 MWh    Generation: 6,889 MW
Wisconsin Electric (WE) – In RF

MIUP, WPS and WEC BAs (LBAs)
- MISO is RC
- MIUP, WEC, WPS – CFR With MISO
- American Transmission Company (ATC) is primary TOP
Exhibit 2
April 24, 2018

Robert M. Garvin  
Executive Vice President  
External Affairs  
WEC Energy Group

Sent Via Electronic Mail

Re: Request to Transfer Registration to Reliability First

Dear Mr. Garvin,

Midwest Reliability Organization (MRO) and Reliability First (RF) have completed posting the request to transfer the Wisconsin Public Service Corporation (WPSC) and the Upper Michigan Energy Resources Corporation (UMERC) NERC registrations from MRO to RF.

MRO received one comment on March 27, 2018 as follows:

Glencoe Light and Power Commission (GLP) appreciates the opportunity to comment on the request for Wisconsin Public Service Corporation (WPSC) to transfer to the Reliability First (RF) region. GLP has no objection nor condones the transfer. The NERC Multi Regional Registered Entities (MRRE) process was created to relieve administrative burden of Entities registered in multiple regions. However, the MRRE process may not relieve all administrative burdens and GLP understands the rationale for a Registered Entity desiring a transfer to consolidate in one Region.

GLP is concerned over the lack of transparency of the criteria that is applied to allow such transfer. GLP is concerned that the criteria will not be consistently applied in future transfer requests. The dissolving of the SPP region used a reliability and continuity based criteria. The process did not allow for parent companies to consolidate their registrations into a single region.

GLP respectfully requests that the transfer acceptance criteria be transparent to the industry and consistently applied in the future.

Terry L. Volkmann on behalf of Glencoe Light and Power Commission.
MRO will not oppose the request and will support NERC's decision determining the appropriate registration for WPS and UMERC given the particular facts and circumstances of this request, the comments received by RF and MRO, and the applicable precedent.

Very truly yours,

cc: Sara Patrick, Interim President and CEO, MRO
    Richard Burt, Vice President of Risk Assessment, Mitigation and Standards, MRO
    Tim Gallagher, President & CEO, RF
    Jason Blake, Vice President & General Counsel, RF
    Ken McIntyre, Vice President, Standards and Compliance, NERC
    Sonia Mendonca, Vice President, Deputy General Counsel, and Director of Enforcement