BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of Wisconsin Electric Power Company for Approval to Acquire an Ownership Interest in the Foundry Ridge Energy Center and Related Facilities in the Town of Darien, Walworth County, Wisconsin

Docket: 6630-BS-103

I. INTRODUCTION

Wisconsin Electric Power Company ("Wisconsin Electric" or the "Applicant"), applies for approval under Wis. Stat. § 196.49 to acquire the Foundry Ridge Energy Center (referred to as "Foundry Ridge" or "the proposed Project"), a high quality, natural gas-fueled 270 MW (nameplate capacity) simple-cycle combustion turbine ("CT")-based large electric generating facility proposed to be built in Walworth County by Invenergy, LLC ("Invenergy"), an experienced, U.S.-based energy developer.

Wisconsin Electric has a considerable need for additional capacity and energy resources to meet its load obligations in the 2028 timeframe as discussed below. Serving additional load with the appropriate mix of resources is key to ensuring a balance among environmental, economic, reliability, resiliency and market needs. As discussed in recent applications to the Commission for new resources, the addition of solar, wind and battery resources is crucial to meeting environmental and economic objectives. However, these resources also introduce complexity in ensuring reliability, resiliency and transmission grid stability. To achieve the necessary transition in the Applicant's generation portfolio, developing the right mix of generation resources across all hours of the load profile, including clean natural gas generation, is vital to ensure continued reliability for all customers.

The proposed Project is expected to be a Bespoke Resource and subject to the Bespoke Resources Tariff, which, along with the Very Large Customer ("VLC") Tariff is pending approval by the Commission in Docket 6630-TE-113 (the "Proposed Tariffs"). A Bespoke Resource is defined as a generating or storage resource, or portion of such a

resource, dedicated to a participating customer which is owned, operated, and maintained by Wisconsin Electric, and in which the participating customer is not an equity partner. A customer subscribing to a Bespoke Resource is not an equity partner in that facility and is referred to as a VLC or an Eligible Customer.

The proposed Project has been identified as a Capacity-Only Bespoke Resource that will be needed to serve significant new load. The VLC is a party to a Payment and Cancellation Agreement ("PCA")[1] for Foundry Ridge. Under Proposed Tariffs, the VLC will be responsible for 75% of the base rate revenue requirement of the proposed Project and Wisconsin Electric's existing, or non-VLC, customers will be responsible for 25% of the base rate revenue requirement and all monitored fuel costs for Foundry Ridge. Also consistent with the Proposed Tariffs, the VLC will only receive the capacity attributes (MISO accredited capacity) of Foundry Ridge while non-VLC customers will receive all energy and operating reserves revenues, which will reduce fuel costs to non-VLC customers over the proposed Project's operating life. As the modeling discussed in greater detail below and in Appendix A to this Application demonstrates, non-VLC customers are expected to experience net benefits of $42 million on a net present value basis over the life of Foundry Ridge.

Portfolio Need – Dispatchable Resources

The foremost objective of supply planning is to meet customer demand at all times, including the hottest summer days and the coldest winter nights. Historically, dispatchable resources were the primary resources relied on to achieve this goal. Given

[1] The PCA obligates the VLC to be financially responsible for all costs incurred to develop the proposed Project and secure long-lead time equipment (including the turbines) until Commission approval is received for both the Proposed Tariffs and Foundry Ridge. If either of these approvals are not received, the VLC is responsible to reimburse the Company for all costs incurred, including financing costs, to develop the proposed Project and secure necessary equipment in advance of Commission approval. Upon the Proposed Tariffs and associated service agreements being approved by the Commission, the VLC and Wisconsin Electric will execute a Bespoke Resources Service Agreement for Foundry Ridge and the VLC will continue to be responsible for all costs, including financing costs, for Foundry Ridge until such time as this application is approved. At that time, the VLC's financial responsibility will be governed by the Proposed Tariffs, as approved by the Commission. See Confidential Appendix B.

the rapid movement toward renewable energy, many, if not most, dispatchable units have been or will shortly be retired, and those remaining will be limited in their operation due to regulations promulgated by the U.S. Environmental Protection Agency ("USEPA"). To fill the gap, a significant amount of intermittent renewable generation is being built. This transition impacts not only the Applicant's portfolio, but also the generation mix across MISO and the United States. The risk of not having energy available at all hours is not only a future risk, but is also recognized as a current risk by the Midcontinent Independent System Operator ("MISO"), North American Energy Reliability Corporation ("NERC"), and regional reliability organizations such as the Midwest Reliability Organization ("MRO"), and ReliabilityFirst. In its 2024 Long Term Risk Assessment, NERC lists MISO as an "elevated risk" over the next few years, and as a "High Risk" in the 2028-2031 timeframe, due to potential future electricity supply shortfalls under extreme as well as normal conditions. And ReliabilityFirst says within "the MISO area, this reliability risk is particularly high, beginning this year (2025), with projections increasing over the next ten years."[2] The MRO, for the second year in a row, identified an Extreme Risk for Energy Availability in its 2025 Regional Risk Assessment. Although Wisconsin Electric and its customers are in ReliabilityFirst's reliability organization, the MRO also represents states immediately to the west of Wisconsin, which implies the Applicant cannot prudently rely on neighbors to support its energy needs.

Given these factors and the significant load additions planned, Wisconsin Electric must pursue a combination of resources that can ensure the energy needs of its customers are met at all times. Dispatchable resources like CTs, reciprocating internal combustion engines ("RICE") and Battery Energy Storage Systems ("BESS") provide different characteristics that are required to ensure a smooth transition to a renewable baseload grid. CTs and RICE are both fully-dispatchable resources, meaning they can provide energy at all hours, for weeks on end and in any season. CTs provide the ability to generate significant levels of energy, or energy density, needed when large amounts of

[2] ReliabilityFirst, "2024-2025 Winter Reliability Assessment" (Dec. 2024) *available at*: https://www.rfirst.org/resource-center/reliabilityfirst-2024-2025-winter-reliability-assessment/. (NRE).

renewable energy are not available. While RICE can provide energy similar to CTs, it is better suited to provide the daily and hourly energy needed to more precisely follow the daily renewable energy supply shape. BESS are also part of the resource mix Wisconsin Electric plans to utilize as they can effectively shift stored energy between different hours of the day. However, there is some forward risk regarding BESS accreditation within MISO's Direct Loss of Load methodology for determining accreditation value.

BESS and natural gas generation provide the fast-ramping capability necessary to reliably serve load and quickly and seamlessly offset energy production changes, either forecasted or unexpected, from renewable resources. While BESS and dispatchable natural gas-fueled resources both support this effort, they play very different but important roles. BESS can help shift stored energy to different points in the day but are limited due to charging and discharging capacity. On the other hand, only fully-dispatchable natural gas resources can provide needed energy over days and even weeks when renewable energy generation resources are limited. As noted by MISO in January 2023:[3]

> *Wind resources can also experience "fuel" availability challenges in the form of highly variable wind speeds correlated with weather patterns. The energy output of wind resources can fluctuate significantly on a day-to-day and even an hour-by-hour basis including multi-day periods of low wind output. The chart below illustrates how the MISO, Southwest Power Pool (SPP), Electric Reliability Council of Texas (ERCOT), and PJM regions all experienced 12 consecutive days of low wind output during Winter Storm Uri in February 2021.*

While BESS and fully-dispatchable natural gas resources can both help fill energy gaps, they are very different in their capabilities and, applications, and are not interchangeable.

[3] MISO, "Response to the Reliability Imperative" (Updated January, 2023).

Dispatchable Resources – Diversity

Diversity of resources in the overall portfolio is required to serve customers' energy needs economically, reliably, and in an environmentally-sound fashion. This diversity of resources allows Wisconsin Electric to design a portfolio that relies on renewable generation for baseload energy while using dispatchable resources to fill in gaps during hours, weeks, and seasons where renewables may not be available to provide energy. Wisconsin Electric and its affiliate Wisconsin Public Service Corporation ("WPSC") currently have a significant number of large frame CTs in their fleets and plan to add additional units, including Foundry Ridge. These resources are an ideal fit to ensure energy is available when large amounts of intermittent resources are unavailable, especially in the winter months when solar units are least effective and when wind units may not be available for long stretches of time. These units' ability to generate large amounts of energy enables the continued addition of large amounts of intermittent renewable resources to the grid, thereby in combination ensuring energy security over the coming decades.

While CTs provide the foundation for reliability, RICE technology can be viewed as providing the framing. As discussed below, RICE units have faster start-up times and multi-shaft reliability, provide better load matching capability, and offer superior system restoration capability during all hours and all seasons. These characteristics are crucial to supply daily and hourly grid reliability when CTs are not on-line due to high renewable generation while also complementing the benefits CTs provide while they are on-line.

Lastly, BESS supply energy arbitrage and certain Essential Reliability Services (fast frequency response, voltage support and ramping), and can supply needed energy for short term grid disruptions. As part of its Generation Reshaping Plan, Wisconsin Electric has partnered with WPSC and Madison Gas and Electric in the first utility-scale BESS in Wisconsin and plans to install a significant amount of new BESS resources.

Each of these three dispatchable resource types provide different characteristics that collectively ensure the safe and reliable operation of the electric grid and complement each other very well as the electric fleet continues to change.

Dispatchable Resources – Why CTs?

Given USEPA regulations and the continued push toward decarbonization, CTs (and, to a lesser extent, RICE) are the prudent and economic choices to provide needed capacity and energy assurance. CTs can provide energy security across many, even consecutive, days when the wind is not blowing and the sun is not shining, while not operating as a baseload resource like a combined cycle or coal unit.

Foundry Ridge is an ideal fit to provide capacity and energy assurance for the high load factor associated with the substantial data center load additions to the grid. Given their higher power density, a bank of industrial frame CTs can be installed in a relatively small footprint, minimizing land use concerns.

Modern large frame CTs have relatively low heat rates, fast start-up times, and high ramp rates, offer future fuel flexibility, and have a demonstrated history of providing high reliability and availability metrics across a large installed base, with tens of millions of aggregate fleet operating hours since their commercial introduction. Most importantly, they are capable of supplying peaking power over hours, days, or even weeks. The proposed Project fits well within Wisconsin Electric's existing operations and maintenance expertise with its other CT facilities.

Selecting CT technology further accounts for the complementary nature of natural gas-fueled power generation and renewable resources, in terms of each technology's relative strengths and weaknesses. CT technology can promote system reliability through the dependable capacity offered by natural gas-fueled and renewable technologies, in addition to other conventional power generation options.

Furthermore, CTs help maintain grid stability, offering inherent advantages relative to renewables in terms of frequency response and rotating inertia. Such characteristics may be of particular interest to regional transmission operators when modeling evolving power grid dynamics as large conventional generators, such as coal-fired power plants, continue to retire.

The Commission is in the process of reviewing the CPCN application for Foundry Ridge and the equipment to interconnect Foundry Ridge with the transmission system in Docket 9835-CE-100. Wisconsin Electric's acquisition of Foundry Ridge will include, upon approval, the transfer of the CPCN rights and obligations granted in Docket 9835-CE-100, incorporating any Commission order points or conditions on any CPCN, including limitations on eminent domain.

The Applicant proposes to acquire and construct Foundry Ridge at a total cost of approximately $564.2 million, or $2,089/kW. The price for the proposed Project includes the capital cost of the gas turbine generators, facility electrical systems, emergency backup generator, firewater pump, fuel supply system, closed cycle cooling water system, compressed air system, exhaust and emissions control system, lubricating oil system, water wash system, water supply system, wastewater disposal system, fire protection system, and facility buildings, transmission interconnection costs and owners' costs, but excludes Affected System costs that may be assessed by regional transmission operators.

Below is a breakdown of estimated capital costs for Foundry Ridge by major plant account.

Utility Account	Description	Forecasted Cost
341	Structures and improvements	[redacted]
342	Fuel holders, producers, and accessories	
344	Generators	
345	Accessory electric equipment	
345.2	Computer software	
346	Miscellaneous power plant equipment	
Total		**$564,226,000**

Wisconsin Electric is not requesting an acquisition adjustment for the assets associated with this docket. Because the project will be acquired prior to being placed in service no acquisition adjustment is appropriate or required.

Acquiring and constructing this new natural gas facility will deliver value for Applicant's customers. Several qualitative and quantitative benefits will be gained from adding Foundry Ridge to the Applicant's generation fleet, including:

- Providing needed energy and capacity to meet expected and substantial load growth.

- Delivering additional benefits that would not be available under a Power Purchase Agreement ("PPA"). Examples include, but are not limited to:

    - An option to repower the sites when the equipment reaches the end of its useful life by leveraging the existing Generation Interconnection Agreement ("GIA"), substation equipment, roads and buildings, leasing arrangements and siting studies, all of which will have already been fully paid for.

    - An option to take advantage of lower cost capacity and energy by continuing to operate Foundry Ridge after it has been fully depreciated.

    - The opportunity to take advantage of future technological developments and cost reductions expected during the life of the Project.

    - Avoidance of additional financing costs to utility customers due to the effect of debt-like PPAs on the Applicant's balance sheet and capital structure.

II. BACKGROUND

A. Developer

Foundry Ridge will be developed by Foundry Ridge Energy Center LLC ("Foundry Ridge Energy Center"), which is a wholly-owned subsidiary of Invenergy. Invenergy's

headquarters is in Chicago, with regional development offices in the United States, Canada, Latin America, Japan and Europe, Invenergy develops, builds, owns and operates large-scale energy facilities across four core technologies: wind (121 projects; 19 GW), natural gas (13 projects; 6 GW), solar (55 projects; 7 GW), and BESS (23 projects; 3000 MWh). Invenergy's projects are mainly located in the United States, with other projects located in Canada, Japan, Spain, Poland, Scotland, and Uruguay. Furthermore, Invenergy has prior experience developing, constructing and operating generation projects in Wisconsin and is well capitalized with a proven development record, for delivering a quality project within the required timeline and budget.

B. Description of Facilities

Foundry Ridge will be located within Walworth County in southeastern Wisconsin. Invenergy has property rights to 190 acres located in the town of Darien, in Walworth County Wisconsin. In total, Foundry Ridge will generate up to 270 MW (nameplate capacity) using three GE 7E.03 gas turbines and A35 air-cooled generators.

The major components of the proposed Project include the gas turbine generators, facility electrical systems, emergency backup generator, firewater pump, fuel supply system, closed cycle cooling water system, compressed air system, exhaust and emissions control system, lubricating oil system, water wash system, water supply system, wastewater disposal system, fire protection system, and facility buildings. Construction of Foundry Ridge is scheduled to begin in October 2026 and is expected to be completed and achieve an in-service date by December 31, 2028. This will allow the Applicant to use the capacity from the Project to meet its obligation in the second half of MISO Planning Year 2028 / 2029, as discussed further in confidential Appendix A.

The Applicant acknowledges that the Final Order in Docket 9835-CE-100 will contain conditions, requirements, and reporting obligations that it expects will be materially similar to conditions ordered in other recent utility-scale CPCN dockets and the

Applicant understands that these obligations and restrictions will also transfer to Wisconsin Electric with the CPCN.

C. Facility Operations

Foundry Ridge will be operated by Wisconsin Electric employees, most of whom will be represented, with a focus on asset management, operations, and maintenance.

III. REQUESTED AUTHORIZATION

Foundry Ridge Energy Center originally filed a CPCN application on August 1, 2025 seeking permission from Commission to construct Foundry Ridge. The Applicant seeks Commission approval to acquire Foundry Ridge, including its CPCN, and to enter into an Engineering, Procurement, and Construction ("EPC") contract with Invenergy for the construction of the Project.

Because the Applicant is a "public utility" as defined in Wis. Stat. § 196.01(5), the proposed acquisition may not take place without the Commission's approval. In particular, Wis. Stat. § 196.49(3)(b) provides that the Commission "may require that no project may proceed until the Commission has certified that public convenience and necessity require the project."

Because Foundry Ridge Energy Center filed a CPCN application to construct the Project, this Application for a Certificate of Authority ("CA") focuses on the Applicant's needs for the capacity and energy that will be produced by Foundry Ridge, as well as the economic justification for acquiring, constructing, and ultimately owning and operating the proposed Project. Section 196.49(3)(b) states that the Commission may refuse to issue a CA only if it appears that the Project will do any of the following:

1. Substantially impair the efficiency of the service of the public utility.

2. Provide facilities unreasonably in excess of the probable future requirements.

3. When placed in operation, add to the cost of service without proportionately increasing the value or available quantity of service.

The Applicant's acquisition and subsequent construction of Foundry Ridge will have none of these consequences.

The acquisition and subsequent construction of Foundry Ridge will not impair the efficiency of Wisconsin Electric's service. In fact, Foundry Ridge will enhance efficiency by providing a highly-reliable natural gas generation resource.

The acquisition and subsequent construction will not provide facilities unreasonably in excess of probable future requirements. The Applicant needs both capacity and energy to meet current and anticipated future customer requirements. These needs are addressed in confidential Appendix A.

The Applicant's acquisition and subsequent construction of Foundry Ridge will not add to the cost of service without proportionately increasing the value or available quantity of service. The Applicant independently evaluated the expected costs of acquiring and constructing Foundry Ridge relative to the alternatives of meeting energy and capacity needs with other resources. These economic analyses are discussed in greater detail in confidential Appendix A.

Moreover, in conjunction with the retirement of older generating assets and the expiration of PPAs, the Applicant can accomplish the acquisition with minimal rate impact to non-VLC customers in the first year of Project. As noted above, Foundry Ridge is proposed to be a Capacity-Only Bespoke Resource, and under the terms of the Proposed Tariffs, the VLC will be responsible for 75% of the base rate revenue requirement of the proposed Project and Wisconsin Electric's existing, or non-VLC, customers will be responsible for 25% of the base rate revenue requirement and all monitored fuel costs for Foundry Ridge. Also consistent with the Proposed Tariffs, the VLC will only receive the capacity attributes (*i.e.* MISO accredited capacity) of Foundry Ridge, while non-VLC customers will receive all energy-related revenue from MISO, including operating reserves revenue, which will reduce fuel costs to non-VLC

customers over Foundry Ridge's operating life. Non-VLC customers are expected to experience a net benefit of $42 million on a net present value basis over the life of Foundry Ridge.

Wisconsin Electric will, in an appropriate rate case, request Commission approval to include non-VLC customers' 25% portion of the $564.2 million acquisition and subsequent construction costs in its rate base.[4] The AFUDC rate used is 8.80%, which is the "Adjusted Cost of Capital to Derive Percent Return Requirement Applicable to Net Investment Rate Base" from the Commission's order in docket 5-UR-111. Please see Appendix C for the calculation of the AFUDC for the proposed Project. To the extent the cost of Foundry Ridge exceeds this estimate, the Applicant proposes that it be required to promptly notify the Commission of the expected cost change.

The Applicant's acquisition will have two principal components, which are embodied in an asset purchase agreement ("APA") and an EPC agreement. The APA will establish a fixed price that the Applicant will pay for a defined set of assets, including land agreements, transmission interconnection rights, and permits. The EPC will be a "turnkey" contract that sets a price for a defined scope of work; however, changes in cost due to conditions that cannot be known at this time including *force majeure* events such as changes in tariffs, may result in increases to the negotiated EPC contract price.

Despite the Applicant performing significant due diligence when negotiating the purchase price, as engineering, design, and construction get underway there could be unanticipated scope changes or *force majeure* events through no fault of the Applicant or the developer that could increase the cost to complete the proposed Project.

In previous project acquisition and construction projects authorized by the Commission, including Badger Hollow I and Two Creeks (Docket 5-BS-228), Badger Hollow II (Docket 5-BS-234), Paris (Docket 5-BS-254), Darien (Docket 5-BS-255), and

[4] The Applicant's request also includes earning AFUDC on 100% of the construction work in progress ("CWIP") balance during construction of Foundry Ridge. The estimated AFUDC for this Project will be $57.8 million which includes an estimated amount of $53.9 to ultimately be recovered from the VLC through the proposed tariffs and the estimated $3.9 that will be included in the portion of the costs to be recovered from non-VLC customers in base rates.

Koshkonong (Docket 5-BS-258) the Commission addressed the legal question of whether the Applicant would need to seek a CPCN under Wis. Stat. § 196.491, in addition to a CA, to acquire projects for which a CPCN has been granted to Invenergy. The Commission stated the following:

> *[U]nder the specific circumstances presented here, the proposed acquisition was appropriately considered under the CA standard.… [T]he Commission's review of the proposed Solar Facilities in the CPCN dockets assessed all relevant site-specific factors required for approving construction of the Solar Facilities, and the CA process used here assessed all the relevant need, alternatives, and ratepayer impacts that would otherwise have been assessed in the CPCN dockets if the applicants had not been wholesale merchants.. . .*[5]

Therefore, the Applicant is not requesting authorization under Wis. Stat. § 196.491 because the Commission is in the process of reviewing the CPCN application for Foundry Ridge and the equipment to interconnect Foundry Ridge with the transmission system in Docket 9835-CE-100. In this docket, the Applicant is seeking to acquire that CPCN as issued by the Commission. The Applicant recognizes that it will be bound by the provisions of the Commission's Final Decision in Docket 9835-CE-100 as well as limitations on the developers' authority. The Applicant also agrees to adopt, in this docket, the reporting and disclosure requirements set forth in conditions 1 through 6 and condition 8 of this Commission's Final Decision in 5-BS-228[6] and other similar, recent dockets.

Finally, the Applicant submits that the proposed transaction is consistent with the public interest and should be approved. The Applicant asks the Commission to provide a written Order approving this request by October 1, 2026, which will allow the Applicant to acquire and construct Foundry Ridge to meet the required in-service date and secure its benefits for customers.

[5] *Final Decision*, Dkt. 5-BS-228 (Apr. 18, 2019) (PSC REF# 364436) at 8.
[6] *Final Decision*, Dkt. 5-BS-228 (Apr. 18, 2019) (PSC REF# 364436) at 21-22.

IV. JUSTIFICATION FOR TRANSACTION

The Applicant has a need for long-term capacity and energy. The Applicant evaluated the potential options for filling its needs independently as noted in confidential Appendix A.

For Wisconsin Electric, the acquisition and construction of Foundry Ridge is necessary to meet substantial load growth, including for a VLC seeking to subscribe to Foundry Ridge under the terms of the proposed Bespoke Resources Tariff, and to continue Wisconsin Electric's effort to transition its generation fleet to support a clean, reliable future, as part of it planned investments in low-cost, highly-flexible and efficient, state-of-the-art natural gas-fueled generation, renewable generation, and BESS in Wisconsin. Foundry Ridge specifically is expected to provide non-VLC customers with net benefits of approximately $42 million on a net present value basis, compared to the base rate revenue requirement for 25% of the Project's capital and operating costs, plus all monitored fuel costs net of MISO energy and operating reserves revenues produced by Foundry Ridge.

A. Economic Analysis and Justification

The Applicant recognizes that all utilities face certain inherent risks and uncertainties when making long-term electric resource planning decisions in an environment that involves considerable change and uncertainty related to forecasting fuel costs, capital costs, technology advancements, environmental regulations, etc. However, based on the Applicant's needs analysis, and the relative size of the Project, it is confident that purchasing and constructing Foundry Ridge is a prudent step toward meeting all of its customers' needs in a cost-effective manner.

Utility Ownership Versus PPA

One option to secure capacity would be to enter into a PPA with a developer. However, doing so would deprive customers of several important benefits of utility ownership. Acquiring and constructing Foundry Ridge will permit customers to benefit from the

Applicant's ability to: (1) avoid future site development costs; and (2) avoid negative implications of a debt-structured PPA on the Applicant's balance sheet, which adversely affects customer rates.

First, if the Applicant is authorized to acquire the proposed Project, it will provide a continuous source of reliable energy for the long term. Invenergy has already located a site, obtained or is in the process of obtaining necessary permits, entered into interconnection agreements, and developed a plan to build the required infrastructure. Upon acquisition of the proposed Project, all permits and development rights will be transferred to the Applicant. In the future, the facility could be reutilized to provide extended service without requiring additional development costs, such as the costs incurred in obtaining Commission approval and transmission-provider interconnection for the site. Thus, the proposed Project is preferable to a potential green field project that would require the Applicant to incur such development costs.

Second, utility ownership will allow customers to avoid additional financing costs related to offsetting the negative impacts of one or more debt-like PPAs on the Applicant's balance sheet.

B. Choice of Project

Because the Applicant's analysis identified natural gas-fueled generation as the appropriate technology to meet the needs of the VLC and provide economic benefits to the rest of its customers, the Applicant next sought to identify the natural gas-fueled generation projects in which to invest. The Applicant remains focused on finding cost-competitive projects, at premier sites, offered by highly-experienced developers with track records of success in developing such projects. Foundry Ridge was identified as such a project, and Invenergy was determined to be an appropriate partner based on its:

- Significant generation facility development experience;
- Effective landowner/public relations functions;

- Wisconsin permitting experience;
- Large utility-scale project development;
- Identification of high-quality Wisconsin site(s);
- Ability to obtain timely site control;
- MISO queue position;
- Company longevity; and,
- Domestic ownership.

C. The Price of the Facility Is Competitive in the Market

There is an active market for natural gas generation projects and the Applicant evaluated Foundry Ridge, concluding that it is not only competitive within the market, but offers favorable economics based on the Applicant's evaluation of projects of comparable size available in MISO Zone 2.

D. The Acquisition Will Deliver Important Qualitative Benefits

In addition to Foundry Ridge's quantifiable economic benefits, it will provide other benefits to customers by enhancing the technological and fuel diversity of the Applicant's electric generation resource portfolio. Specifically, the proposed Project will act as a dependable dispatchable resource that compliments the Applicant's intermittent renewable resources, as discussed in confidential Appendix A.

V. RATE ANALYSIS

As discussed above, using reasonable assumptions (described in confidential Appendix A), Wisconsin Electric forecasts that acquiring and constructing Foundry Ridge as part of its long-term strategy to transition its generating fleet will result in savings over the life of these investments for existing customers. To ensure these benefits, the proposed Project has been committed to and backed by a VLC.

Foundry Ridge is an important element of Wisconsin Electric's Generation Reshaping Plan and will not only aid in the continued transition of its generating fleet, but also meet growing energy and capacity needs. Furthermore, Foundry Ridge specifically is expected to provide existing customers with net benefits of approximately $42 million, on a net present value basis, over its economic life.

VI. SIGNIFICANT CONTRACTS

The Applicant has negotiated key contractual terms, including schedule and price, and is in the process of preparing commercial contracts with Invenergy that will allow it to acquire and subsequently contract with Invenergy to be the EPC contractor to construct Foundry Ridge.

Under the Foundry Ridge APA, the Applicant will acquire project development rights for 270 MW of nameplate generating capacity. The acquired assets will include transmission interconnection rights; the real property rights necessary to site Foundry Ridge; all permits including the CPCN—as issued to Invenergy—and other federal, state and local permits; contracts relating to the ownership, leasing, licensing, and construction of Foundry Ridge; books and records; and any causes of action relating to Foundry Ridge. Upon completion of construction, the Applicant will have ownership of all of Foundry Ridge's facilities and the proposed Project's total generating capacity.

Receipt of Commission approval of this application, including the Applicant's acquisition of the CPCN and other necessary governmental approvals, will be a precondition to closing on the acquisition of Foundry Ridge.

To address construction of Foundry Ridge, the Applicant is negotiating an EPC with Invenergy. Under this contract, Invenergy will construct the Project according to specifications reviewed by the Applicant.

The Applicant expects to close on the APA (*i.e.* purchase the Project development rights) and execute the EPC agreement upon receiving the CA from the Commission.

VII. OTHER CONSIDERATIONS

A. Benefits to the Local Community

Local communities will benefit from shared revenue payments from the State provided to the town and county where Foundry Ridge is located. Further, the Project will boost employment, both during and after construction.

The table below shows a summary of the expected annual shared revenue that the hosting community and county will receive as a result of Foundry Ridge being acquired, constructed and owned by Wisconsin Electric. Actual shared revenue payments are administered by the Wisconsin Department of Administration.

Table 1: Shared Revenue Estimates (Annual in $ thousands)

Unit of Government	Portion	Amount
Town of Darien	1/3	$180,000
Walworth County	2/3	$360,000
TOTAL		**$540,000**

B. Wisconsin Environmental Policy Act

This action is subject to the terms of the Wisconsin Environmental Policy Act, Chapter 274, section 1, laws of 1971 and Wis. Stats. § 1.11. The proposed acquisition is preliminarily categorized as a Type III action under Wis. Admin. Code § PSC 4.10(3) & Wis. Admin. Code Ch. PSC 4, Table 3. Type III actions are proposed actions that do not have the potential to significantly affect the quality of the human environment within the meaning of Wis. Stat. § 1.11 (2)(c). As such, Type III actions do not normally require the preparation of an Environmental Assessment or Environmental Impact Statement by

Commission staff. *See* Wis. Admin. Code, Ch. PSC 4, Table 3 (listing “Purchase, sell or transfer utility property” as a Type III Action). Therefore, environmental screening information is not included with this application. In any event, the Project developer is in the process of obtaining a CPCN, which will include a full consideration of environmental issues.

C. Energy Priorities Law and Energy Conservation/Efficiency

The Energy Priorities Law (“EPL”), Wis. Stat. § 196.025(1)(ar) states:

> "to the extent cost-effective, technically feasible and environmentally sound, the Commission shall implement the priorities under § 1.12 (4) in making all energy-related decisions and orders." Wis. Stat. § 1.12 (4) establishes the following priorities:
>
> (4) PRIORITIES. In meeting energy demands, the policy of the state is that, to the extent cost-effective and technically feasible, options be considered based on the following priorities, in the order listed:
>
> (a) Energy conservation and efficiency.
>
> (b) Noncombustible renewable resources.
>
> (c) Combustible renewable energy resources.
>
> (cm) Advanced nuclear energy using a reactor design or amended reactor design approved after December 31, 2020, by the U.S. Nuclear Regulatory Commission.
>
> (d) Nonrenewable combustible energy resources in the order listed:
>
> 1. Natural gas.

2. Oil or coal with sulfur content of less than 1 percent.

3. All other carbon-based fuels."

The proposed project will be a natural gas-fired electric generation facility. As such, energy conservation and efficiency, noncombustible renewable energy resources, combustible renewable energy resources, and advanced nuclear energy resources are higher priorities than the proposed project. However, the Commission has recognized that the EPL "is not a strict mandate to be mechanically applied. Instead, the policy expressed in the EPL is implemented by the Commission's overall pattern of decisions. When evaluating a CPCN application, the Commission must harmonize the EPL with the CPCN statute, Wis. Stat. § 196.491."[7]

As the Commission has also emphasized, "In enacting the EPL . . . the Legislature made a point of recognizing that the bill did not create any standards for determining the extent to which the priority list is actually used in making such determinations, nor did the lawmakers establish that an item that is not on the top of the list cannot be built. Instead, the legislators made clear that agencies should look to how a project could fit into the entire energy mix. '[…] [T]he success of implementing the priority list will be reflected in the overall pattern of energy generation and use, across the state and through time.'"[8]

This Project will support the "overall pattern of energy generation" prioritized by the EPL, "across the state and through time," by providing the dispatchability, fast ramping, and resource diversification necessary to complement the significant, higher-priority renewable generation being added to Wisconsin Electric's portfolio.

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[7] *Final Decision*, Docket 6630-CE-317 (July 2, 2025) (PSC REF#: 552626), at 32, citing *Clean Wisconsin, Inc. v. Pub. Serv. Comm'n of Wisconsin*, 2005 WI 93, ¶¶ 104, 109, 121, 282 Wis. 2d 250, 336, 700 N.W.2d 768, 810 (internal citations omitted).

[8] *Final Decision*, Docket 6630-CG-140 (Sep. 29, 2025) (PSC REF#: 562784), at 19, quoting Prefatory Note to 1993 Assembly Bill 701.

D. Brownfield Site Consideration

Wisconsin Electric is not aware of any Wisconsin brownfield sites that would be of sufficient size and would meet the siting criteria for land and electric infrastructure for this Project.

E. Affiliated Interest Issues

The3 Project will require a GIA with American Transmission Company, LLC ("ATC") with Wisconsin Electric as project manager. Because ATC is an affiliate of Wisconsin Electric, under Wis. Stat. § 196.52(3), this arrangement will require Commission approval as an affiliate transaction, which will be requested in a separate application.

F. Effect on Wholesale Energy Competition

The Commission is not required to analyze the effect on wholesale energy competition to issue a CA to purchase utility plant. *See* Wis. Stat. § 196.49(3) (not referencing wholesale competition). However, Wisconsin Electric recognizes that to issue a CPCN the Commission must find that the facilities "will not have a material adverse impact on competition in the relevant electric wholesale market." Wis. Stat. § 196.491(3)(d)7), and this requirement may apply differently to a public utility with an existing generation portfolio than a wholesale merchant plant unaffiliated with other generation resources. Whether owned by a merchant generator, or acquired by Wisconsin Electric, the Project will not have a material adverse impact on competition in the electric wholesale market.

The Project will interconnect and operate within the wholesale electricity market administered by MISO. MISO commits and dispatches generation to serve load on an unbiased, least-cost basis through a centrally-dispatched security-constrained energy market. Offers from generation owners and bids from Load Serving Entities within MISO's energy market are closely monitored by an Independent Market Monitor ("IMM") responsible identifying and mitigating market power abuses. Module D of the MISO Tariff contains the Market Monitoring and Mitigation Measures used by the IMM to provide fair, equitable and non-discriminatory access to the MISO energy market.

The Market Mitigation Measures provide the means for MISO to mitigate the market effects of any conduct that may distort competitive outcomes in the markets and services administered by MISO.

The Project will interconnect to the transmission system owned by ATC. Fair and equitable access to ATC's transmission system is provided through the MISO Tariff and is subject to the functional control of MISO.As such, the Project will not have a material adverse impact on competition within the relevant electric wholesale market of MISO.

Construction of the Project will have no effect on wholesale market competition. The Project is located in the MISO energy market, which includes over 130,000 MW of generation. The Project consists of 270 MW of nameplate natural gas-fueled generation capacity.

G. Decommissioning and Restoration

End of life decommissioning will include performing a pre-demolition survey of the equipment and structures to be removed and identifying any regulated wastes to be removed prior to structural demolition. First, waste will be removed for offsite recycling or disposal as appropriate. Then demolition specifications and drawings will be prepared for bidding purposes. The selected demolition contractor will establish a schedule for site demolition activities. Similar projects required several months from contractor mobilization to complete removal of facilities.

The proposed Project is anticipated to have greater than 30-year life, indicating that the earliest decommissioning would occur would be 2058. The proposed Project would follow similar decommissioning plans completed in recent years for other generating equipment and similar facilities. The accounting for the removal of the asset is included in the Cost of Removal ("COR") of depreciation reserves calculated in depreciation studies and recovered in customer rates approved through rate case proceedings as part of depreciation expense. This occurs once the asset is included in the Applicant's

depreciation study filed with the Commission. The depreciation calculation is comprised of the remaining life, COR rate, and the salvage rate. The COR rate is determined at the beginning of the asset's life and can be updated (if needed) during subsequent depreciation studies. The accumulated COR funds less salvage will be used to fund the dismantling of the proposed Project. The physical process of decommissioning will be dependent on future use of the site, but generally involves disassembly of the plant equipment for scrap or salvage by use of either standard tooling and cranes (for salvage) or heavy construction/demolition equipment (for scrap). Site remediation typically utilizes standard heavy equipment for concrete removal and grade restoration. While the costs of decommissioning are not known at this time, the use of the COR, which is periodically evaluated in depreciation studies, will ensure adequate funding has been set aside for decommissioning of the site at the end of the proposed Project's useful life.

Generating units are typically decommissioned when fully depreciated and when life extension is not justified for economic or environmental reasons. Site abandonment is rare in Wisconsin Electric's experience, but where appropriate it involves decommissioning existing facilities and restoring the site to an appropriate condition for anticipated future use (e.g. industrial, natural, agricultural).

H. Method of Financing

The cost of the Project will be met from internal sources or the issuance or sale of securities by the Applicant.

VIII. SCHEDULE

November 5, 2025

- File Application with Commission

October 1, 2026:

- Receive Commission authorization and written Order

October 31, 2026:

- Close on acquisition of Foundry Ridge and execute APA and EPC Agreements
- Commence construction.

December, 2028:

- Foundry Ridge begins commercial operation

IX. CONCLUSION

As explained in this Application, Foundry Ridge will provide a reliable capacity resource for the VLC and energy resources for the Applicant's non-VLC customers for many years to come. The Project represents the most cost-effective means of meeting the Applicant's and the VLC's long-term capacity needs and the energy needs for all other customers, and utility ownership of the Project will deliver value to all customers.

As such, the Applicant requests that the Commission grant the necessary approvals under Wis. Stat. § 196.49(3)(b) and any other necessary consents and approvals, including authorizing the Applicant to acquire and construct Foundry Ridge and include the acquisition and construction costs, inclusive of AFUDC on 100% of the CWIP balance.

The Applicant requests a written Order including the requested approval by no later than October 1, 2026, to allow commercial operation to be achieved for Foundry Ridge by December, 2028 so that the facility can be used to meet the Applicant's need for capacity and energy starting with the winter season of the MISO 2028 / 2029 Planning Year. If a written order allowing the acquisition is not issued by October 1, 2026, the Applicant will not be able to close on the APA and execute the EPC agreement on that date creating a significant risk that Foundry Ridge's construction costs will increase, ultimately causing costs for this project borne by all customers (if the acquisition is approved) to increase.