UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2010

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _________ to _________

Commission File Number	Registrant; State of Incorporation; Address; and Telephone Number	IRS Employer Identification No.
1-3016	WISCONSIN PUBLIC SERVICE CORPORATION (A Wisconsin Corporation) 700 North Adams Street P. O. Box 19001 Green Bay, WI 54307-9001 800-450-7260	39-0715160

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes [ ] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]
Accelerated filer [ ]
Non-accelerated filer [X]
Smaller reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ] No [X]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Common stock, $4 par value,
23,896,962 shares outstanding at
May 5, 2010

WISCONSIN PUBLIC SERVICE CORPORATION
FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2010
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Commonly Used Acronyms

AFUDC	Allowance for Funds Used During Construction
ASC	Accounting Standards Codification
ATC	American Transmission Company LLC
EPA	United States Environmental Protection Agency
FASB	Financial Accounting Standards Board
GAAP	United States Generally Accepted Accounting Principles
IBS	Integrys Business Support, LLC
IRS	United States Internal Revenue Service
MISO	Midwest Independent Transmission System Operator, Inc.
MPSC	Michigan Public Service Commission
N/A	Not Applicable
NYMEX	New York Mercantile Exchange
PSCW	Public Service Commission of Wisconsin
SEC	United States Securities and Exchange Commission
SFAS	Statement of Financial Accounting Standards
WDNR	Wisconsin Department of Natural Resources
WPS	Wisconsin Public Service Corporation
WRPC	Wisconsin River Power Company

Forward-Looking Statements

In this report, WPS and its subsidiary make statements concerning expectations, beliefs, plans, objectives, goals, strategies, and future events or performance. Such statements are "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are subject to assumptions and uncertainties; therefore, actual results may differ materially from those expressed or implied by such forward-looking statements. Although WPS and its subsidiary believe that these forward-looking statements and the underlying assumptions are reasonable, they cannot provide assurance that such statements will prove correct.

Forward-looking statements include, among other things, statements concerning management's expectations and projections regarding earnings, regulatory matters, fuel costs, sources of electric energy supply, coal and natural gas deliveries, remediation costs, environmental and other capital expenditures, liquidity and capital resources, trends, estimates, completion of construction projects, and other matters.

Forward-looking statements involve a number of risks and uncertainties. Some risks that could cause results to differ from any forward-looking statement include those described in Item 1A of WPS's Annual Report on Form 10-K for the year ended December 31, 2009, as may be amended or supplemented in Part II, Item 1A of this report. Other factors include:

- Resolution of pending and future rate cases and negotiations (including the recovery of deferred costs) and other regulatory decisions impacting WPS;
- The impact of recent and future federal and state regulatory changes, including legislative and regulatory initiatives regarding deregulation and restructuring of the electric and natural gas utility industries, changes in environmental and other regulations, including but not limited to, greenhouse gas emissions, energy efficiency mandates, renewable energy standards, and reliability standards, and changes in tax and other laws and regulations to which WPS and its subsidiary are subject;
- Current and future litigation and regulatory investigations, enforcement actions or inquiries, including but not limited to, manufactured gas plant site cleanup, third-party intervention in permitting and licensing projects, and compliance with Clean Air Act requirements at generation plants;
- The impacts of changing financial market conditions, credit ratings, and interest rates on the liquidity and financing efforts of WPS and its subsidiary;
- The risks associated with changing commodity prices (particularly natural gas and electricity) and the available sources of fuel and purchased power, including their impact on margins;
- Resolution of audits or other tax disputes with the IRS, Wisconsin Department of Revenue, Michigan Department of Treasury, or other revenue agencies;
- The effects, extent, and timing of additional competition or regulation in the markets in which WPS and its subsidiary operate;
- Investment performance of employee benefit plan assets and the related impact on future funding requirements;
- Changes in technology, particularly with respect to new, developing, or alternative sources of generation;
- Effects of and changes in political and legal developments, as well as economic conditions and the related impact on customer demand;
- Potential business strategies, including acquisitions and construction or disposition of assets or businesses, which cannot be assured to be completed timely or within budgets;
- The direct or indirect effects of terrorist incidents, natural disasters, or responses to such events;
- The effectiveness of risk management strategies, the use of financial and derivative instruments, and the ability to recover costs from customers in rates associated with the use of those strategies and financial instruments;
- The risk of financial loss, including increases in bad debt expense, associated with the inability of WPS's and its subsidiary's counterparties, affiliates, and customers to meet their obligations;
- Customer usage, weather and other natural phenomena, in particular the effect of weather on natural gas and electricity sales after certain limits have been exceeded under the decoupling mechanisms at WPS;
- Contributions to earnings by non-consolidated equity method and other investments, which may vary from projections;
- The effect of accounting pronouncements issued periodically by standard-setting bodies; and
- Other factors discussed elsewhere herein and in other reports filed by WPS and/or Integrys Energy Group from time to time with the SEC.

Except to the extent required by the federal securities laws, WPS and its subsidiary undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

WISCONSIN PUBLIC SERVICE CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)	Three Months Ended March 31	
(Millions)	2010	2009
Operating revenues		
Electric	$305.6	$299.4
Natural gas	161.4	188.8
Total operating revenues	467.0	488.2
Electric production fuels	59.0	45.5
Purchased power	68.8	86.5
Natural gas purchased for resale	96.2	126.0
Operating and maintenance expense	112.1	103.7
Depreciation and amortization expense	28.6	26.4
Taxes other than income taxes	12.5	12.7
Operating income	89.8	87.4
Miscellaneous income	2.8	4.0
Interest expense	(13.7)	(12.5)
Other expense	(10.9)	(8.5)
Income before taxes	78.9	78.9
Provision for income taxes	30.6	28.8
Net income	48.3	50.1
Preferred stock dividend requirements	0.8	0.8
Net income attributed to common shareholder	$47.5	$49.3

The accompanying condensed notes are an integral part of these statements.

WISCONSIN PUBLIC SERVICE CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited) (Millions)	March 31 2010	December 31 2009
Assets		
Cash and cash equivalents	$76.9	$6.0
Accounts receivable and accrued unbilled revenues, net of reserves of $5.8 and $5.0, respectively	198.5	203.6
Receivables from related parties	6.5	8.1
Inventories	46.7	70.1
Assets from risk management activities	1.9	5.0
Regulatory assets	26.6	40.5
Materials and supplies, at average cost	25.3	24.8
Prepaid federal income tax	-	30.6
Prepaid gross receipts tax	30.0	39.0
Other current assets	9.2	12.9
Current assets	421.6	440.6
Property, plant, and equipment, net of accumulated depreciation of $1,204.8 and $1,182.0, respectively	2,365.7	2,379.8
Regulatory assets	380.4	362.0
Receivables from related parties	10.4	10.5
Goodwill	36.4	36.4
Other long-term assets	82.4	82.0
Total assets	$3,296.9	$3,311.3
Liabilities and Shareholders' Equity		
Short-term debt	$10.0	$17.0
Accounts payable	90.0	109.0
Payables to related parties	14.2	26.5
Liabilities from risk management activities	2.8	2.5
Regulatory liabilities	33.3	44.4
Customer credit balances	15.9	28.2
Accrued taxes	10.8	3.2
Accrued interest	15.0	8.0
Other current liabilities	30.6	33.9
Current liabilities	222.6	272.7
Long-term debt to parent	9.2	9.3
Long-term debt	871.0	870.9
Deferred income taxes	312.7	294.2
Deferred investment tax credits	9.5	9.8
Regulatory liabilities	236.1	234.2
Environmental remediation liabilities	75.1	75.3
Pension and other postretirement benefit obligations	262.9	258.6
Payables to related parties	8.8	9.0
Other long-term liabilities	100.7	98.1
Long-term liabilities	1,886.0	1,859.4
Commitments and contingencies		
Preferred stock - $100 par value; 1,000,000 shares authorized; 511,882 shares issued and outstanding	51.2	51.2
Common stock - $4 par value; 32,000,000 shares authorized; 23,896,962 shares issued and outstanding	95.6	95.6
Additional paid-in capital	626.9	640.2
Retained earnings	414.6	392.2
Total liabilities and shareholders' equity	$3,296.9	$3,311.3

The accompanying condensed notes are an integral part of these statements.

WISCONSIN PUBLIC SERVICE CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CAPITALIZATION (Unaudited) (Millions, except share amounts)			March 31 2010	December 31 2009
Common stock equity				
Common stock - $4 par value; 32,000,000 shares authorized;				
23,896,962 shares outstanding			**$95.6**	$95.6
Additional paid-in capital			**626.9**	640.2
Retained earnings			**414.6**	392.2
Total common stock equity			**1,137.1**	1,128.0
Preferred stock				
Cumulative; $100 par value; 1,000,000 shares authorized with no mandatory redemption -				
	Series	Shares Outstanding		
	5.00%	131,916	**13.2**	13.2
	5.04%	29,983	**3.0**	3.0
	5.08%	49,983	**5.0**	5.0
	6.76%	150,000	**15.0**	15.0
	6.88%	150,000	**15.0**	15.0
Total preferred stock			**51.2**	51.2
Long-term debt to parent				
	Series	Year Due		
	8.76%	2015	**3.7**	3.8
	7.35%	2016	**5.5**	5.5
Total long-term debt to parent			**9.2**	9.3
Long-term debt				
First Mortgage Bonds				
	Series	Year Due		
	7.125%	2023	**0.1**	0.1
Senior Notes				
	Series	Year Due		
	6.125%	2011	**150.0**	150.0
	4.875%	2012	**150.0**	150.0
	3.95%	2013	**22.0**	22.0
	4.80%	2013	**125.0**	125.0
	6.375%	2015	**125.0**	125.0
	5.65%	2017	**125.0**	125.0
	6.08%	2028	**50.0**	50.0
	5.55%	2036	**125.0**	125.0
Total First Mortgage Bonds and Senior Notes			**872.1**	872.1
Unamortized discount on long-term debt, net			**(1.1)**	(1.2)
Total long-term debt			**871.0**	870.9
Total capitalization			**$2,068.5**	$2,059.4

The accompanying condensed notes are an integral part of these statements.

WISCONSIN PUBLIC SERVICE CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)	Three Months Ended March 31	
(Millions)	2010	2009
Operating Activities		
Net income	**$48.3**	$50.1
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization expense	**28.6**	26.4
Recoveries and refunds of regulatory assets and liabilities	**2.9**	3.0
Deferred income taxes and investment tax credit	**18.9**	23.9
Bad debt expense	**0.9**	2.1
Pension and other postretirement expense	**7.1**	2.5
Pension and other postretirement contributions	**(0.4)**	(0.4)
Equity income, net of dividends	**-**	(0.5)
Other, net	**(13.2)**	(8.4)
Changes in working capital		
Collateral on deposit	**(1.9)**	(3.9)
Accounts receivable and accrued unbilled revenue	**4.9**	39.4
Inventories	**24.5**	57.0
Prepaid federal income taxes	**30.6**	0.5
Other current assets	**19.2**	15.1
Accounts payable	**(21.7)**	(27.4)
Other current liabilities	**(7.8)**	7.4
Net cash provided by operating activities	**140.9**	186.8
Investing Activities		
Capital expenditures	**(23.4)**	(46.5)
Proceeds from sale of property, plant, and equipment	**0.5**	0.6
Other	**0.7**	-
Net cash used for investing activities	**(22.2)**	(45.9)
Financing Activities		
Short-term debt - net	**(7.0)**	(50.0)
Payments of long-term debt	**(0.1)**	(0.1)
Dividends to parent	**(24.9)**	(24.2)
Return of capital to parent	**(15.0)**	-
Preferred stock dividends	**(0.8)**	(0.8)
Other	**-**	(0.1)
Net cash used for financing activities	**(47.8)**	(75.2)
Net change in cash and cash equivalents	**70.9**	65.7
Cash and cash equivalents at beginning of period	**6.0**	9.0
Cash and cash equivalents at end of period	**$76.9**	$74.7

The accompanying condensed notes are an integral part of these statements.

WISCONSIN PUBLIC SERVICE CORPORATION AND SUBSIDIARY
CONDENSED NOTES TO FINANCIAL STATEMENTS
March 31, 2010

NOTE 1--FINANCIAL INFORMATION

The condensed consolidated financial statements of WPS have been prepared pursuant to the rules and regulations of the SEC for Quarterly Reports on Form 10-Q and in accordance with GAAP. Accordingly, these condensed consolidated financial statements do not include all of the information and footnotes required by GAAP for annual financial statements. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes in the WPS Annual Report on Form 10-K for the year ended December 31, 2009.

The condensed consolidated financial statements are unaudited, but, in management's opinion, include all adjustments (which, unless otherwise noted, include only normal recurring adjustments) necessary for a fair presentation of such financial statements. Financial results for this interim period are not necessarily indicative of results that may be expected for any other interim period or for the year ending December 31, 2010.

NOTE 2--CASH AND CASH EQUIVALENTS

Short-term investments with an original maturity of three months or less are reported as cash equivalents.

The following is supplemental disclosure to the WPS Condensed Consolidated Statements of Cash Flows:

	Three Months Ended March 31	
(Millions)	**2010**	**2009**
Cash paid for interest	**$ 5.0**	$5.4
Cash (received) paid for income taxes	**(28.6)**	1.5

Construction costs funded through accounts payable and treated as non-cash investing activities totaled $4.4 million and $11.7 million at March 31, 2010, and 2009, respectively.

NOTE 3--RISK MANAGEMENT ACTIVITIES

WPS uses derivative instruments to manage commodity costs. None of these derivatives are designated as hedges for accounting purposes. The derivatives include financial derivative contracts (NYMEX futures and options), and financial transmission rights used by the electric utility segment to manage electric transmission congestion costs. The NYMEX futures and options were used by both the electric and natural gas utility segments to mitigate the risks associated with the market price volatility of natural gas costs and the costs of gasoline and diesel fuel used by WPS's utility vehicles.

In the three months ended March 31, 2010, WPS identified additional classes of risk management assets and liabilities as a result of the implementation of FASB Accounting Standards Update (ASU) 2010-06, "Fair Value Measurements and Disclosures (Topic 820), Improving Disclosures about Fair Value Measurements." As required, this ASU was only applied for the quarter ended March 31, 2010, and therefore, prior periods do not reflect the expanded disclosure requirements.

The following tables show WPS's assets and liabilities from risk management activities.

(Millions)	Balance Sheet Presentation *	March 31, 2010 Assets	Liabilities
Financial transmission rights	Current	$1.7	$0.4
Natural gas contracts	Current	0.1	2.4
Natural gas contracts	Other Long-term	-	0.1
Petroleum product contracts	Current	0.1	-
Total commodity contracts	**Current**	**$1.9**	**$2.8**
Total commodity contracts	**Other Long-term**	**-**	**0.1**
Total		**$1.9**	**$2.9**

* All derivatives are recognized on the balance sheet at their fair value unless they qualify for the normal purchases and sales exception. WPS continually assesses its contracts designated as normal and will discontinue the treatment of these contracts as normal if the required criteria are no longer met. Assets and liabilities from risk management activities are classified as current or long-term based upon the maturities of the underlying contracts.

(Millions)	Balance Sheet Presentation *	December 31, 2009 Assets	Liabilities
Commodity contracts	Current	$5.0	$2.5

* All derivatives are recognized on the balance sheet at their fair value unless they qualify for the normal purchases and sales exception. WPS continually assesses its contracts designated as normal and will discontinue the treatment of these contracts as normal if the required criteria are no longer met. Assets and liabilities from risk management activities are classified as current or long-term based upon the maturities of the underlying contracts.

Derivative instruments are entered into in accordance with the terms of the risk management plans approved by WPS's Board of Directors and by the PSCW or the MPSC. Most energy-related physical and financial derivatives at WPS qualify for regulatory deferral. These derivatives are marked to fair value; the resulting risk management assets are offset with regulatory liabilities or decreases to regulatory assets, and risk management liabilities are offset with regulatory assets or decreases to regulatory liabilities. Management believes any gains or losses resulting from the eventual settlement of these derivative instruments will be refunded to or collected from customers in rates.

The tables below show the unrealized gains (losses) recorded related to derivatives at WPS.

(Millions)	Financial Statement Presentation	Three Months Ended March 31, 2010
Financial transmission rights	Balance Sheet – Regulatory assets (current)	**$0.8**
Financial transmission rights	Balance Sheet – Regulatory liabilities (current)	**(2.1)**
Natural gas contracts	Balance Sheet – Regulatory assets (current)	**(0.7)**
Natural gas contracts	Balance Sheet – Regulatory assets (long-term)	**(0.2)**
Natural gas contracts	Balance Sheet – Regulatory liabilities (current)	**(0.2)**

(Millions)	Financial Statement Presentation	Three Months Ended March 31, 2009
Commodity contracts	Balance Sheet – Regulatory assets (current)	$(1.7)
Commodity contracts	Balance Sheet – Regulatory assets (long-term)	(0.3)
Commodity contracts	Balance Sheet – Regulatory liabilities (current)	(2.7)
Commodity contracts	Income Statement – Natural gas purchased for resale	0.2

WPS had the following notional volumes of outstanding derivative contracts:

Commodity	March 31, 2010 Purchases	March 31, 2010 Other Transactions	December 31, 2009 Purchases	December 31, 2009 Other Transactions
Natural gas (millions of therms)	**23.1**	**N/A**	54.6	N/A
Financial transmission rights (millions of kilowatt-hours)	**N/A**	**2,196.6**	N/A	4,306.0
Petroleum products (barrels)	**11,266**	**N/A**	15,144	N/A

The following table shows WPS's cash collateral positions:

(Millions)	March 31, 2010	December 31, 2009
Cash collateral provided to others	**$3.2**	$1.9

NOTE 4--RESTRUCTURING EXPENSE

In an effort to permanently remove costs from its operations, Integrys Energy Group developed a strategy at the end of 2009 that included a reduction in the workforce supporting WPS as well as Integrys Energy Group's other subsidiaries. In connection with this strategy, an insignificant amount of employee-related restructuring costs were expensed on the Condensed Consolidated Statements of Income for the three months ended March 31, 2010.

The following table summarizes the activity related to these restructuring costs:

(Millions)	Three Months Ended March 31, 2010
Accrued restructuring costs at beginning of period	**$10.7**
Restructuring costs accrued during the period	**0.5** *
Cash payments	**(3.5)**
Payments to IBS for allocated restructuring costs	**(3.4)**
Accrued restructuring costs at end of period	**$ 4.3**

* $0.3 million of these restructuring costs are being billed to certain companies in accordance with provisions in the operating agreements with these companies that allow WPS to recover a portion of its administrative and general expenses.

NOTE 5--SHORT-TERM DEBT AND LINES OF CREDIT

WPS's outstanding short-term borrowings consisted of sales of commercial paper and short-term notes.

(Millions, except percentages)	March 31, 2010	December 31, 2009
Commercial paper outstanding	-	$7.0
Average discount rate on outstanding commercial paper	-	0.22%
Short-term notes payable outstanding	**$10.0**	$10.0
Average interest rate on outstanding short-term notes payable	**0.18%**	0.18%

The table below presents WPS's average amount of short-term borrowings outstanding based on daily outstanding balances during the quarters ended March 31:

(Millions)	2010	2009
Average amount of commercial paper outstanding	**$ 0.3**	$12.7
Average amount of short-term notes payable outstanding	**10.0**	10.0

WPS manages its liquidity by maintaining adequate external financing commitments. The information in the table below relates to WPS's short-term debt, lines of credit, and remaining available capacity:

(Millions)	Maturity	March 31, 2010	December 31, 2009
Revolving credit facility [1]	6/02/10	**$115.0**	$115.0
Revolving short-term notes payable [2]	11/13/10	**10.0**	10.0
Total short-term credit capacity		**125.0**	125.0
Less:			
Letters of credit issued inside credit facilities		**3.2**	3.2
Loans outstanding under credit agreements and notes payable		**10.0**	10.0
Commercial paper outstanding		**-**	7.0
Available capacity under existing agreements		**$111.8**	$104.8

[1] In April 2010, WPS entered into a new revolving credit agreement to provide support for its commercial paper borrowing program. Upon entering into the new agreement, the maturing facility was terminated. The new revolving credit agreement allows for borrowings up to $115.0 million and will mature on April 23, 2011. WPS intends to request authority to enter into a multi-year credit agreement from the PSCW, and if granted, the credit facility will mature on April 23, 2013.

[2] This note is renewed every six months and is used for general corporate purposes.

At March 31, 2010, WPS was in compliance with all financial covenants related to outstanding short-term debt. WPS's revolving credit agreement contains financial and other covenants, including but not limited to, a requirement to maintain a debt to total capitalization ratio not to exceed 65%, excluding non-recourse debt. Failure to meet these covenants beyond applicable grace periods could result in accelerated due dates and/or termination of the agreement.

NOTE 6--ASSET RETIREMENT OBLIGATIONS

The following table shows changes to the asset retirement obligations of WPS through March 31, 2010. All asset retirement obligations are recorded as other long-term liabilities on the Condensed Consolidated Balance Sheets.

(Millions)	
Asset retirement obligations at December 31, 2009	$17.8
Accretion	0.3
Asset retirement obligations at March 31, 2010	**$18.1**

NOTE 7--INCOME TAXES

WPS's effective tax rate for the quarters ended March 31, 2010, and 2009, was 38.8% and 36.5%, respectively.

WPS calculates its provision for income taxes based on an interim effective tax rate that reflects its projected annual effective tax rate before certain discrete items.

The effective tax rate for the quarter ended March 31, 2010 was higher than the federal tax rate of 35%, primarily due to the elimination of the deductibility of prescription drug payments to retirees, to the extent those payments will be offset by the receipt of the Medicare Part D subsidy, as mandated in the federal Patient Protection and Affordable Care Act and Health Care and Education Reconciliation Act of 2010 (HCR). As a result of the legislation, WPS expensed $4.5 million of deferred income tax benefits during the quarter ended March 31, 2010, which were previously recognized as a reduction in provision for income taxes. This additional provision for income taxes will not reoccur in future periods. Also contributing to the higher effective tax rate was the impact of state income taxes, partially offset by an increase in wind production tax credits in 2010.

For the quarter ended March 31, 2010, there was no significant change in WPS's liability for unrecognized tax benefits.

NOTE 8--COMMITMENTS AND CONTINGENCIES

General

Amounts ultimately paid as penalties, or eventually determined to be paid in lieu of penalties, may not be deductible for income tax purposes.

Commodity Purchase Obligations and Purchase Order Commitments

WPS routinely enters into long-term purchase and sale commitments that have various quantity requirements and durations. WPS has obligations to distribute and sell electricity and natural gas to customers and expects to recover costs related to these obligations in future customer rates.

The obligations described below are as of March 31, 2010.

- WPS's electric utility segment has obligations related to coal supply and transportation that extend through 2016 and total $246.6 million, obligations of $1,097.1 million for either capacity or energy related to purchased power that extend through 2027, and obligations for other commodities totaling $9.8 million, which extend through 2013.
- WPS's natural gas utility segment has obligations related to natural gas supply and transportation contracts totaling $418.7 million, some of which extend through 2024.
- WPS also has commitments in the form of purchase orders issued to various vendors, which totaled $239.2 million and relate to normal business operations, including construction projects.

Environmental

Clean Air Act New Source Review Issues

Weston and Pulliam Plants:
On November 18, 2009, the EPA issued a Notice of Violation (NOV) to WPS alleging violations of the New Source Review requirements of the Clean Air Act (CAA). Specifically, the allegations relate to requirements for certain projects undertaken at Pulliam and Weston from 1994 to 2009. WPS has evaluated the NOV, including an analysis of the allegations as well as options for resolution with the EPA, and has met with the EPA to discuss a possible resolution. WPS continues to review the allegations but is currently unable to predict the impact on its condensed consolidated financial statements.

Columbia Plant:
On October 10, 2009, WPS, along with its co-owners, received from the Sierra Club a Notice of Intent (NOI) to file a civil lawsuit based on allegations that major modifications were made at the Columbia generation station without complying with the CAA. Specifically, the allegations suggest that Prevention of Significant Deterioration (PSD) permits that imposed Best Available Control Technology (BACT) limits on emissions should have been obtained for the Columbia generation station, which is jointly owned by Wisconsin Power and Light (WP&L), Madison Gas and Electric Company (MG&E), and WPS, and operated by WP&L. The NOI also covers similar allegations related to another generation station solely owned by WP&L. WPS is reviewing the allegations but is currently unable to predict the impact on its condensed consolidated financial statements.

WP&L, on behalf of itself and the joint owners, sent a Notice of Deficiency to the Sierra Club regarding the NOI. In response, the Sierra Club filed a Supplemental NOI on December 14, 2009, purporting to correct the deficiencies. WP&L is in receipt of the Sierra Club's initial demand and is in the process of analyzing the allegations, as well as the demand, and has begun discussions with the Sierra Club.

Edgewater Plant:
On December 11, 2009, WPS, along with its co-owners, received from the Sierra Club a copy of an NOI to file a civil lawsuit against the EPA based on the EPA's failure to take actions against the co-owners and operator of the Edgewater generation station based upon allegations of failure to comply with the CAA. Specifically, the allegations suggest that PSD permits that imposed BACT limits on emissions from the facilities should have been obtained for Edgewater. Edgewater is jointly owned by WP&L, WE Energies (Unit 5) and WPS (Unit 4), and operated by WP&L. WP&L is in the process of analyzing the Sierra Club's actions. WPS is reviewing the allegations but is currently unable to predict the impact on its condensed consolidated financial statements.

On December 21, 2009, WPS, along with its co-owners, received from the Sierra Club an NOI to file a civil lawsuit based on allegations that major modifications were made at the Edgewater generation station without complying with the PSD and Title V Operating Permit requirements of the CAA. Specifically, the allegations suggest that PSD permits that imposed BACT limits on emissions from the facilities should have been obtained for Edgewater. WP&L is in the process of analyzing the allegations and has begun discussions with the Sierra Club. WPS is reviewing the allegations but is currently unable to predict the impact on its condensed consolidated financial statements.

Columbia and Edgewater Plants:
On December 14, 2009, the EPA issued an NOV to WP&L relative to its Nelson Dewey Plant and to WP&L and the other joint owners of the Columbia and Edgewater generation stations alleging violations of New Source Review requirements of the CAA for certain projects undertaken at those plants. The joint owners met with the EPA to begin discussions on a possible resolution and have received the EPA's initial demand. WP&L is the operator of these plants and, along with the joint owners, is in the process of analyzing the NOV and the EPA's initial demand. WPS is also reviewing the allegations but is currently unable to predict the impact on its condensed consolidated financial statements.

EPA Settlements with Other Utilities:
In response to the EPA's CAA enforcement initiative, several utilities elected to settle with the EPA, while others are in litigation. The fines and penalties (including the cost of supplemental environmental projects) associated with settlements involving comparably-sized facilities to Weston and Pulliam range between $7 million and $30 million. The regulatory interpretations upon which the lawsuits or settlements are based may change based on future court decisions made in the pending litigation.

If the EPA brings a claim against WPS, and if it were determined by a court that historic projects at WPS's Pulliam and Weston plants required either a state or federal CAA permit, WPS may, under the applicable statutes, be required, in order to resolve any such claim, to:

- shut down any unit found to be operating in non-compliance,
- install additional pollution control equipment and/or impose emission limitations,
- pay a fine, and/or
- conduct a supplemental environmental project.

In addition, under the CAA, citizen groups may pursue a claim. Except as noted above for the Columbia and Edgewater plants, WPS has no notice of such a claim.

Weston Air Permits

In November 2004, the Sierra Club filed a petition with the WDNR under Section 285.61 of the Wisconsin Statutes seeking a contested case hearing on the construction permit issued for the Weston 4 generation station, which was a necessary predicate to plant construction under the pertinent air emission regulations (hereinafter referred to as the "Weston 4 air permit"). In February 2006, the administrative law judge affirmed the Weston 4 air permit with changes to the emission limits for sulfur dioxide and nitrogen oxide from the coal-fired boiler and particulate from the cooling tower. The changes, which were implemented by the WDNR in a revised permit issued on March 28, 2007, set limits that were more stringent than those originally set by the WDNR (hereinafter referred to as the "March 28, 2007 permit language").

On April 27, 2007, the Sierra Club filed a second petition requesting a contested case hearing regarding the March 28, 2007 permit language, which was granted by the WDNR. Both parties subsequently moved for summary judgment. In a decision issued on November 8, 2007, the administrative law judge granted WPS's motion for summary judgment in that proceeding, upholding the March 28, 2007 permit language. The Sierra Club filed petitions with the Dane County Circuit Court on April 27, 2007, and November 14, 2007, for judicial review of the Weston 4 air permit and the underlying proceedings before the administrative law judge. These two judicial review proceedings were consolidated by the court. On February 12, 2009, the court upheld the administrative law judge's final order, which affirmed the WDNR's actions. The Sierra Club appealed this decision and the parties have completed filing briefs and are awaiting the appellate court's decision.

These activities did not stay the construction and startup of the Weston 4 facility or the administrative law judge's decision on the Weston 4 air permit. WPS believes that it has substantial defenses to the Sierra Club's challenges. Until the Sierra Club's challenges are finally resolved, WPS will not be able to make a final determination of the probable cost impact, if any, of compliance with any changes to the Weston 4 air permit on its future costs.

In December 2008, an NOV was issued to WPS by the WDNR alleging various violations of the air permits for Weston 4, as well as Weston 1 and 2. The alleged violations include an exceedance of the carbon monoxide and volatile organic compound limits at Weston 4, exceedances of the hourly sulfur dioxide limit in ten three-hour periods during startup/shutdown and during one separate event at Weston 4, and two that address baghouse operation at Weston 1 and 2. On July 22, 2009, an NOV was issued to WPS by the WDNR alleging violations of the opacity limits during two six-minute periods (one each at Weston 2 and 4) and of the sulfur dioxide average limit during one three-hour period at Weston 4. An NOV was issued to WPS in September 2009 relating to one event involving baghouse operation at Weston 1 and 2 that occurred in December 2008. A fourth NOV was issued on December 14, 2009, for a clerical error involving pages missing from a quarterly report. Corrective actions have been taken for the events in the four NOVs. An enforcement conference was held on January 7, 2009, for the December 2008 NOV and on August 26, 2009, for the July 2009 NOV. Discussions with the WDNR on the severity classification of the events continue. Management believes it is likely that the WDNR will refer the NOVs to the state Justice Department for enforcement. Management does not believe that these matters will have a material adverse impact on the condensed consolidated financial statements of WPS.

In early November 2006, it came to the attention of WPS that previous ambient air quality computer modeling done by the WDNR for the Weston facility (and other nearby air sources) did not take into account the emissions from the existing Weston 3 facility for purposes of evaluating air quality increment consumption under the required PSD. WPS believes it has undertaken and completed corrective measures to address any identified modeling issues and anticipates issuance of a revised Title V permit that will resolve this issue. WPS currently is not able to make a final determination of the probable cost impact of this issue, if any.

Columbia Air Permit

The renewal of the Title V air permit for the Columbia generation station, jointly owned by WP&L, MG&E, and WPS and operated by WP&L, was issued by the WDNR on September 2, 2008. On October 8, 2009, the EPA issued an order objecting to the Title V air permit. The order responds to a petition filed by the Sierra Club and determined that a project in 2006 to replace the economizer, final superheater, and related components on Unit 1 should have been permitted as a "major modification." The order directs the WDNR to resolve the EPA's objections within 90 days and "terminate, modify, or revoke and reissue" the Title V permit accordingly. As of March 22, 2010, the WDNR has reopened the permit to address the EPA's order and, although final resolution is unknown, potential outcomes could include a revised permit.

Mercury and Interstate Air Quality Rules

Mercury

The State of Wisconsin's mercury rule, Chapter NR 446, requires a 40% reduction from the 2002 through 2004 baseline mercury emissions in Phase I, beginning January 1, 2010, through the end of 2014. In Phase II, which begins in 2015, electric generating units above 150 megawatts will be required to reduce mercury emissions by 90%. Reductions can be phased in and the 90% target can be delayed until 2021 if additional sulfur dioxide and nitrogen oxide reductions are implemented. By 2015, electric generating units above 25 megawatts but less than 150 megawatts must reduce their mercury emissions to a level defined by the BACT rule. As of March 31, 2010, WPS estimates capital costs of approximately $19 million for Phase I and Phase II, which includes estimates for both wholly owned and jointly owned plants, to achieve the required reductions. The capital costs are expected to be recovered in future rate cases. Because of the vacatur of the federal mercury control and monitoring rule in February 2008, the EPA is reviewing options for a new rulemaking to address hazardous air pollutants, including mercury, and is expected to issue a draft rule in 2011.

Sulfur Dioxide and Nitrogen Oxide

The EPA issued the Clean Air Interstate Rule (CAIR) in 2005. CAIR was originally intended to reduce sulfur dioxide and nitrogen oxide emissions from utility boilers located in 29 states, including Wisconsin. The first phase of CAIR required about a 50% reduction beginning in 2009 for nitrogen oxide and beginning in 2010 for sulfur dioxide. The second phase required about a 65% reduction in emissions of both pollutants by 2015. The State of Wisconsin's rule to implement CAIR, which incorporates the cap and trade approach, has been forwarded to the EPA for final review.

On July 11, 2008, the Court of Appeals issued a decision vacating CAIR, the EPA appealed, and in December 2008, the Court of Appeals reversed the CAIR vacatur and CAIR was reinstated. The Court of Appeals directed the EPA to address the deficiencies noted in its July 11, 2008 ruling, and the EPA has indicated they expect to issue a draft revised CAIR rule for comment in 2010. As a result of the Court of Appeals' decision, CAIR is in place for 2010. WPS has not acquired any nitrogen oxide allowances for vintage years beyond 2010 other than those allocated by the EPA and does not expect any material impact as a result of the vacatur and subsequent reinstatement of CAIR.

The reinstatement of CAIR also affected the status of the Best Available Retrofit Technology (BART) rule, which is a rule that addresses regional haze and visibility. The WDNR is evaluating whether air quality improvements under CAIR will be adequate to demonstrate compliance with BART.

For planning purposes, it is still assumed that additional sulfur dioxide and nitrogen oxide controls will be needed on existing units. The installation of any controls will need to be scheduled as part of WPS's long-term maintenance plan for its existing units. As such, controls may need to be installed before 2015. On a preliminary basis, and assuming controls are still required, WPS estimates capital costs of $596 million, which includes estimates for both wholly owned and WPS's share of jointly owned plants, in order to meet an assumed 2015 compliance date. This estimate is based on costs of current control technology and current information regarding the final state and federal rules. The capital costs are anticipated to be recovered in future rate cases.

Manufactured Gas Plant Remediation

WPS operated facilities in the past at multiple sites for the purpose of manufacturing and storing manufactured gas. In connection with manufacturing and storing manufactured gas, waste materials were produced that may have resulted in soil and groundwater contamination at these sites. Under certain laws and regulations relating to the protection of the environment, WPS is required to undertake remedial action with respect to some of these materials.

WPS is responsible for the environmental impacts at ten manufactured gas plant sites located in Wisconsin and Michigan. All are former regulated utility sites and are being remediated, with costs charged to existing ratepayers at WPS. WPS estimated and accrued for $75.1 million of future undiscounted investigation and cleanup costs for all sites as of March 31, 2010. WPS may adjust these estimates in the future, contingent upon remedial technology, regulatory requirements, remedy determinations, and any claims of natural resource damages. WPS recorded a regulatory asset of $74.2 million, which is net of insurance recoveries received of $19.4 million, related to the expected recovery of both deferred expenditures and estimated future expenditures as of March 31, 2010. Under current PSCW policies, WPS may not recover carrying costs associated with the cleanup expenditures.

WPS entered into a settlement agreement with the EPA in May 2006, transferring jurisdiction over six of the manufactured gas plant sites from the state to the EPA Superfund Alternative Sites Program. Under the EPA's program, the remedy decisions at these sites will be based on risk-based criteria typically used at Superfund sites. In addition, WPS completed the transfer of the Sheboygan Camp Marina site from state jurisdiction to the EPA in January 2007. Three of WPS's manufactured gas plant sites remain under state jurisdiction.

WPS is coordinating the investigation and cleanup of its manufactured gas plant sites subject to EPA jurisdiction under what is called a "multi-site" program. This program involves prioritizing the work to be done at the sites, preparation and approval of documents common to all of the sites, and utilization of a consistent approach in selecting remedies.

Management believes that any costs incurred for environmental activities relating to former manufactured gas plant operations that are not recoverable through contributions from other entities or from insurance carriers have been prudently incurred and are, therefore, recoverable through rates for WPS. Accordingly, management believes that the costs incurred in connection with former manufactured gas plant operations will not have a material adverse effect on the condensed consolidated financial statements of WPS.

Greenhouse Gases

WPS is evaluating both the technical and cost implications that may result from future state, regional, or federal greenhouse gas regulatory programs. This evaluation indicates it is probable that any regulatory program that caps emissions or imposes a carbon tax will increase costs for WPS and its customers. The greatest impact is likely to be on fossil fuel-fired generation, with a less significant impact on natural gas storage and distribution operations. Efforts are underway within the utility industry to find a feasible method for capturing carbon dioxide from pulverized coal-fired units and to develop cleaner ways to burn coal. The use of alternate fuels is also being explored by the industry, but there are many cost and availability issues. Recently, efforts have been initiated to develop state and regional greenhouse gas programs, to create federal legislation to limit carbon dioxide emissions, and to create national or state renewable portfolio standards. Some examples of these efforts are the Waxman-Markey bill, which passed the United States House of Representatives, and the Kerry-Boxer draft bill, which was introduced in the United States Senate. In addition, in April 2009, the EPA declared carbon dioxide and several other greenhouse gases to be a danger to public health and welfare, which is the first step towards the EPA potentially regulating greenhouse gases under the CAA. A risk exists that such legislation or regulation will increase the cost of energy. However, WPS believes the capital expenditures being made at its generation units are appropriate under any reasonable mandatory greenhouse gas program and that future expenditures related to control of greenhouse gas emissions or renewable portfolio standards by WPS will be recoverable in rates. WPS will continue to monitor and manage potential risks and opportunities associated with future greenhouse gas legislative or regulatory actions.

NOTE 9--GUARANTEES

The following table shows outstanding guarantees at WPS:

		Expiration	
(Millions)	**Total Amounts Committed at March 31, 2010**	**Less Than 1 Year**	**Over 1 Year**
Standby letters of credit [1]	**$3.3**	$3.3	$ -
Other guarantee [2]	**0.5**	-	0.5
Total guarantees	**$3.8**	$3.3	$0.5

(1) At WPS's request, financial institutions have issued standby letters of credit for the benefit of third parties that have extended credit to WPS. These amounts are not reflected on the Condensed Consolidated Balance Sheets.

(2) Issued for workers compensation coverage in Michigan. This amount is not reflected on the Condensed Consolidated Balance Sheets.

NOTE 10--EMPLOYEE BENEFIT PLANS

The following table shows the components of WPS's net periodic benefit cost for the three months ended March 31:

	Pension Benefits		Other Benefits	
(Millions)	**2010**	**2009**	**2010**	**2009**
Service cost	**$2.7**	$ 2.5	**$1.7**	$1.3
Interest cost	**9.2**	9.4	**3.7**	3.6
Expected return on plan assets	**(9.7)**	(10.0)	**(3.5)**	(3.5)
Amortization of prior service cost (credit)	**1.2**	1.1	**(0.9)**	(0.9)
Amortization of net actuarial loss	**1.4**	0.1	**0.5**	0.1
Regulatory deferral *	**1.1**	(0.8)	**(0.3)**	(0.4)
Net periodic benefit cost	**$5.9**	$ 2.3	**$1.2**	$0.2

* The PSCW authorized recovery for net increased 2009 pension costs and a refund to customers for net decreased 2009 other postretirement benefit costs as part of the limited rate case re-opener for 2010. Amortization and recovery/refund of these costs will occur throughout 2010.

WPS records transition obligations, prior service costs (credits), and net actuarial losses that have not yet been recognized as a component of net periodic benefit cost as net regulatory assets.

Contributions to the plans are made in accordance with legal and tax requirements and do not necessarily occur evenly throughout the year. For the three months ended March 31, 2010, contributions made to the pension and other postretirement benefit plans were not significant. WPS expects to contribute $19.8 million to its pension plans and $10.7 million to its other postretirement benefit plans during the remainder of 2010.

NOTE 11--VARIABLE INTEREST ENTITIES

Effective January 1, 2010, WPS implemented SFAS No. 167, "Amendments to FASB Interpretation No. 46 (R)" (now incorporated as part of the Consolidation Topic of the FASB ASC). WPS has a variable interest in an entity through a power purchase agreement relating to the cost of fuel. In this case, WPS has considered which interest holder has the power to direct the activities that most significantly impact the economics of the variable interest entity; this interest holder is considered the primary beneficiary of the entity and is required to consolidate the entity. For a variety of reasons, including the length of the remaining term of the contract compared with the remaining life of the plant and the fact that WPS does not have the power to direct the operations of the facility, WPS has determined it is not the primary beneficiary of this variable interest entity.

As of March 31, 2010, the carrying amount of assets and liabilities on the Condensed Consolidated Balance Sheets that relate to the involvement with the variable interest entity are related to working capital accounts and represent the amounts owed by WPS for the current deliveries of power. WPS has not provided or guaranteed any debt or equity support, liquidity arrangements, performance guarantees or other commitments associated with these contracts. There is no significant potential exposure to loss as a result of its involvement with the variable interest entity.

NOTE 12--FAIR VALUE

Fair Value Measurements

In the three months ended March 31, 2010, WPS identified additional classes of risk management assets and liabilities as a result of the implementation of FASB Accounting Standards Update (ASU) 2010-06, "Fair Value Measurements and Disclosures (Topic 820), Improving Disclosures about Fair Value Measurements." As required, this ASU was only applied for the quarter ended March 31, 2010, and therefore, prior periods do not reflect the expanded disclosure requirements.

The following tables show WPS's assets and liabilities that were accounted for at fair value on a recurring basis, categorized by level within the fair value hierarchy.

	March 31, 2010			
(Millions)	**Level 1**	**Level 2**	**Level 3**	**Total**
Risk management assets				
Financial transmission rights	$ -	$ -	$1.7	**$1.7**
Natural gas contracts	0.1	-	-	**0.1**
Petroleum products contracts	0.1	-	-	**0.1**
Total	**$0.2**	**$ -**	**$1.7**	**$1.9**
Risk management liabilities				
Financial transmission rights	$ -	$ -	0.4	**$0.4**
Natural gas contracts	2.5	-	-	**2.5**
Total	**$2.5**	**$ -**	**$0.4**	**$2.9**

	December 31, 2009			
(Millions)	**Level 1**	**Level 2**	**Level 3**	**Total**
Risk management assets	$0.7	$ -	$4.3	$5.0
Risk management liabilities	1.3	-	$1.2	$2.5

WPS determined the fair values above using a market based approach that incorporates observable market inputs where available, and internally developed inputs where observable market data is not readily available. For the unobservable inputs, consideration is given to the assumptions that market participants would use in valuing the asset or liability. These factors include not only the credit standing of the counterparties involved, but also the impact of WPS's nonperformance risk on its liabilities.

The risk management assets and liabilities listed in the tables include NYMEX futures and options, and financial contracts used to manage transmission congestion costs in the MISO market accounted for as derivatives under the Derivatives and Hedging Topic of the FASB ASC. NYMEX contracts are valued using the NYMEX end-of-day settlement price, which is a Level 1 input. The valuation for financial transmission rights is derived from historical data from MISO, which is considered a Level 3 input. For more information on WPS's derivative instruments, see Note 3, "*Risk Management Activities.*" There were no transfers between the levels of the fair value hierarchy during the three months ended March 31, 2010.

The following table sets forth a reconciliation of changes in the fair value of financial transmission rights, which are categorized as Level 3 measurements:

	Three Months Ended March 31	
(Millions)	**2010**	**2009**
Balance at beginning of period	**$3.1**	$2.7
Net realized loss included in earnings	**(0.3)**	(1.7)
Net unrealized loss recorded as regulatory assets or liabilities	**(2.0)**	(0.2)
Net purchases and settlements	**0.5**	0.4
Balance at end of period	**$1.3**	$1.2

Unrealized gains and losses on financial transmission rights are deferred as regulatory assets or liabilities. Therefore, these fair value measurements have no impact on earnings. Realized gains and losses on financial transmission rights, as well as the related transmission congestion costs, are recorded in purchased power on the Condensed Consolidated Statements of Income.

Fair Value of Financial Instruments

The following table shows the financial instruments included on WPS's Condensed Consolidated Balance Sheets that are not recorded at fair value.

	March 31, 2010		December 31, 2009	
(Millions)	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Long-term debt	**$871.0**	**$916.9**	$870.9	$909.9
Preferred stock	**51.2**	**46.6**	51.2	44.4

The fair values of long-term debt are estimated based on the quoted market price for the same or similar issues, or on the current rates offered to WPS for debt of the same remaining maturity. The fair values of preferred stock are estimated based on quoted market prices when available, or by using a perpetual dividend discount model.

Due to the short-term nature of cash and cash equivalents, accounts receivable, accounts payable, notes payable, and outstanding commercial paper, the carrying amount approximates fair value.

NOTE 13--MISCELLANEOUS INCOME

WPS's total miscellaneous income was as follows:

	Three Months Ended March 31	
(Millions)	**2010**	**2009**
Equity earnings on investments	**$2.7**	$2.8
Equity AFUDC	**0.2**	1.4
Other	**(0.1)**	(0.2)
Total miscellaneous income	**$2.8**	$4.0

NOTE 14--REGULATORY ENVIRONMENT

Wisconsin

2011 Rate Case

On April 1, 2010, WPS filed an application with the PSCW to increase retail electric and natural gas rates $64.2 million (6.9%) and $5.0 million (1.2%), respectively, with rates effective January 1, 2011. The filing includes a request for an 11.25% return on common equity and a common equity ratio of 53.62% in its regulatory capital structure. The proposed retail electric and natural gas rate increases for 2011 are being driven by decreased sales due primarily to the ongoing economic recession and increased energy efficiency efforts by customers, the amortization in 2011 of deferred amounts under WPS's electric Revenue Stabilization Mechanism, and increased payments to the Wisconsin Focus on Energy program.

2010 Rates

On December 22, 2009, the PSCW issued a final written order for WPS authorizing an electric rate increase of $18.2 million, offset by an $18.2 million refund of 2009 and 2008 fuel costs, and a retail natural gas rate increase of $13.5 million, effective January 1, 2010. Based on an order issued on April 1, 2010, the remaining $10.0 million of the 2008 and 2009 fuel cost over-collections, plus interest of $1.3 million, will be refunded to customers based on April 2010 sales. As of March 31, 2010, the remaining balance of the 2008 and 2009 fuel cost over-collections to be refunded to customers in 2010 was $24.4 million, which has been recorded as a short-term regulatory liability. Fuel cost over/under-recovery impacts related to the Weston 4 power plant exfoliation issue remain open for 2008 and 2009 and have been delayed to a future rate proceeding.

2009 Rates

On December 30, 2008, the PSCW issued a final written order for WPS authorizing no change in retail electric rates from the fuel surcharge adjusted rates authorized effective July 4, 2008, and a $3.0 million decrease in retail natural gas rates. The PSCW also approved a decoupling mechanism as a four-year pilot program. The mechanism allows WPS to defer and recover or refund in future rate proceedings all or a portion of the differences between the actual and authorized margin per customer impact of variations in volumes. The annual deferral or refund is limited to $14.0 million for electric service and $8.0 million for natural gas service. The mechanism does not adjust for changes in volume resulting from changes in customer count and also does not cover large commercial and industrial customers.

NOTE 15--SEGMENTS OF BUSINESS

At March 31, 2010, WPS reported three segments. WPS manages its reportable segments separately due to their different operating and regulatory environments. Its principal business segments are the regulated electric utility operations and the regulated natural gas utility operations. The Other segment includes nonutility activities, including equity earnings from WPS's investments in WRPC and WPS Investments, LLC, which holds an interest in ATC.

The table below presents information for the respective periods pertaining to WPS's reportable segments:

Segments of Business *(Millions)*	Regulated Utilities Electric Utility	Natural Gas Utility	Total Utility	Other	Reconciling Eliminations	WPS Consolidated
Three Months Ended March 31, 2010						
Operating revenues	**$305.5**	**$161.4**	**$466.9**	**$0.5**	**$(0.4)**	**$467.0**
Depreciation and amortization expense	**22.8**	**5.8**	**28.6**	**0.1**	**(0.1)**	**28.6**
Miscellaneous income	**0.1**	**-**	**0.1**	**2.7**	**-**	**2.8**
Interest expense	**10.0**	**2.6**	**12.6**	**1.1**	**-**	**13.7**
Provision for income taxes	**15.6**	**14.7**	**30.3**	**0.3**	**-**	**30.6**
Preferred stock dividend requirements	**0.6**	**0.2**	**0.8**	**-**	**-**	**0.8**
Net income attributed to common shareholder	**24.7**	**21.3**	**46.0**	**1.5**	**-**	**47.5**
Three Months Ended March 31, 2009						
Operating revenues	$299.4	$188.8	$488.2	$0.4	$(0.4)	$488.2
Depreciation and amortization expense	20.9	5.5	26.4	0.1	(0.1)	26.4
Miscellaneous income	0.9	0.5	1.4	2.6	-	4.0
Interest expense	9.7	2.5	12.2	0.3	-	12.5
Provision for income taxes	14.0	14.1	28.1	0.7	-	28.8
Preferred stock dividend requirements	0.6	0.2	0.8	-	-	0.8
Net income attributed to common shareholder	25.2	22.4	47.6	1.7	-	49.3

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the accompanying condensed consolidated financial statements and related notes and WPS's Annual Report on Form 10-K for the year ended December 31, 2009.

SUMMARY

WPS, a wholly owned subsidiary of Integrys Energy Group, Inc., is a regulated electric and natural gas utility. WPS derives revenues primarily from the purchase, production, distribution, and sale of electricity and the purchase, distribution, and sale of natural gas to retail customers. WPS also provides wholesale electric service to numerous utilities and cooperatives for resale.

RESULTS OF OPERATIONS

First Quarter 2010 Compared with First Quarter 2009

(Millions)	Three Months Ended March 31 2010	Three Months Ended March 31 2009	Change in 2010 Over 2009
Electric utility operations	**$24.7**	$25.2	(2.0)%
Natural gas utility operations	**21.3**	22.4	(4.9)%
Other operations	**1.5**	1.7	(11.8)%
Net income attributed to common shareholder	**$47.5**	$49.3	(3.7)%

Earnings Summary

WPS recognized net income attributed to common shareholder of $47.5 million for the quarter ended March 31, 2010, compared with $49.3 million for the same quarter in 2009. Significant factors contributing to the $1.8 million decrease in earnings were as follows (and are discussed in more detail thereafter).

- Net income attributed to common shareholder at the regulated electric utility segment decreased $0.5 million, driven by a $4.9 million after-tax increase in operating expenses, primarily related to increases in employee benefit costs, electric transmission expense, and customer assistance expense. Federal health care legislation enacted in March 2010 also had a non-recurring $3.5 million negative impact on electric earnings as a result of an increase in provision for income taxes, since payments for retiree prescription drugs subject to a federal subsidy will no longer be deductible under the new legislation. The decrease in regulated electric utility segment earnings was partially offset by a $6.2 million after-tax increase in margin, primarily related to lower fuel and purchased power costs incurred during the first quarter of 2010, compared with fuel and purchased power cost recovery rates set in 2009 (which WPS was allowed to retain as part of its limited rate case re-opener for 2010), as well as a retail rate increase.

- Net income attributed to common shareholder at the regulated natural gas utility segment decreased $1.1 million, driven by a $1.8 million after-tax decrease in margin related to lower quarter-over-quarter volumes, net of decoupling. The cap for decoupling was reached prior to the end of the first quarter. An operating expense increase of $1.4 million after-tax, primarily related to higher customer assistance expense, a non-recurring $1.0 million increase in provision for income taxes related to new health care legislation, which eliminated the deductibility of payments for retiree prescription drugs subject to a federal subsidy, and a $0.4 million after-tax decrease in AFUDC also contributed to the decrease in earnings. A $3.6 million after-tax increase in margin related to a new rate order, effective January 1, 2010, partially offset the net decrease in earnings.

Regulated Electric Utility Segment Operations

(Millions, except heating degree days)	Three Months Ended March 31 2010	2009	Change in 2010 Over 2009
Revenues	**$305.5**	$299.4	2.0 %
Fuel and purchased power costs	**128.0**	132.2	(3.2)%
Margins	**177.5**	167.2	6.2 %
Operating and maintenance expense	**92.9**	86.7	7.2 %
Depreciation and amortization expense	**22.8**	20.9	9.1 %
Taxes other than income taxes	**11.0**	11.0	- %
Operating income	**50.8**	48.6	4.5 %
Miscellaneous income	**0.1**	0.9	(88.9)%
Interest expense	**(10.0)**	(9.7)	3.1 %
Other expense	**(9.9)**	(8.8)	12.5 %
Income before taxes	**$ 40.9**	$ 39.8	2.8 %
Sales in kilowatt-hours			
Residential	**719.1**	763.9	(5.9)%
Commercial and industrial	**1,894.7**	1,860.4	1.8 %
Wholesale	**1,167.1**	1,069.5	9.1 %
Other	**9.7**	9.8	(1.0)%
Total sales in kilowatt-hours	**3,790.6**	3,703.6	2.3 %
Weather			
Heating degree days	**3,444**	3,971	(13.3)%

First Quarter 2010 Compared with First Quarter 2009

Revenues

Regulated electric utility segment revenues increased $6.1 million quarter-over-quarter, driven by:

- An approximate $8 million increase in opportunity sales, made possible by a combination of an increase in available capacity (which resulted from lower residential, small commercial and industrial, and contracted wholesale sales), and low-cost generation at Weston 4.

- An approximate $5 million increase due to a 7.0% increase in sales volumes to large commercial and industrial customers related to changes in plant operations, which WPS attributes mainly to improving general economic conditions.

- An approximate $2 million increase in revenues related to the retail electric rate increase effective January 1, 2010.

- These increases in regulated electric utility segment revenues were partially offset by:
  - An approximate $7 million decrease in revenues from wholesale customers due to a decrease in contracted sales volumes and fuel costs. The decrease in fuel costs caused a decrease in per-unit revenues because commodity costs are passed directly through to these customers in rates.
  - An approximate $2 million decrease in revenues, net of decoupling, due to a 4.4% decrease in sales volumes to residential and small commercial and industrial customers primarily related to warmer quarter-over-quarter weather during the heating season, as evidenced by the decrease in heating degree days. In the first quarter of 2010, an $11.3 million benefit from electric decoupling (which is subject to an annual $14.0 million cap) was recorded, compared with $5.6 million in the first quarter of 2009.

Margins

Regulated electric utility segment margins increased $10.3 million quarter-over-quarter, driven by:

- An approximate $8 million increase related to lower fuel and purchased power costs incurred in the first quarter of 2010 compared with fuel and purchased power cost recovery rates set in 2009, which WPS was allowed to retain as part of its limited rate case re-opener for 2010.
- An approximate $2 million increase related to the retail electric rate increase effective January 1, 2010.

Operating Income

Operating income at the regulated electric utility segment increased $2.2 million quarter-over-quarter, driven by the $10.3 million increase in electric margins, partially offset by an $8.1 million increase in operating expenses.

The increase in operating expenses was the result of:

- A $4.0 million increase in employee benefit costs, primarily related to an increase in pension and other postretirement benefit expenses, driven by the amortization of negative investment returns from 2008, and a decrease in the discount rate utilized in the most recent valuation.
- A $3.5 million increase in electric transmission expense.
- A $3.0 million increase in customer assistance expense related to payments made to the Focus on Energy program, which aims to help residents and businesses install cost-effective, energy efficient, and renewable energy products.
- A $1.9 million increase in depreciation and amortization expense, primarily related to the Crane Creek Wind Farm being placed in service for accounting purposes in December 2009.
- These increases were partially offset by a $3.0 million decrease in electric maintenance expense, primarily related to a greater number of planned outages at the generation plants during the first quarter of 2009, compared with the first quarter of 2010.

Other Expense

Other expense at the regulated electric utilities increased $1.1 million, driven by a $1.0 million decrease in AFUDC related to the Crane Creek Wind Farm.

Regulated Natural Gas Utility Segment Operations

(Millions, except heating degree days)	Three Months Ended March 31 2010	2009	Change in 2010 Over 2009
Revenues	**$161.4**	$188.8	(14.5)%
Natural gas purchased for resale	**96.2**	126.0	(23.7)%
Margins	**65.2**	62.8	3.8%
Operating and maintenance expense	**19.0**	16.9	12.4 %
Depreciation and amortization expense	**5.8**	5.5	5.5 %
Taxes other than income taxes	**1.6**	1.7	(5.9)%
Operating income	**38.8**	38.7	0.3 %
Miscellaneous income	**-**	0.5	(100.0)%
Interest expense	**(2.6)**	(2.5)	4.0 %
Other expense	**(2.6)**	(2.0)	30.0 %
Income before taxes	**$ 36.2**	$ 36.7	(1.4)%
Throughput in therms			
Residential	**100.3**	117.6	(14.7)%
Commercial and industrial	**56.2**	67.2	(16.4)%
Interruptible	**2.8**	2.5	12.0 %
Interdepartmental	**3.3**	2.0	65.0 %
Transport	**102.8**	110.9	(7.3)%
Total sales in therms	**265.4**	300.2	(11.6)%
Weather			
Heating degree days	**3,444**	3,971	(13.3)%

First Quarter 2010 Compared with First Quarter 2009

Revenues

Regulated natural gas utility segment revenue decreased $27.4 million quarter-over-quarter, resulting primarily from:

- An approximate $22 million decrease in revenue as a result of lower natural gas throughput volumes, driven by:

  - An approximate $20 million decrease as a result of warmer quarter-over-quarter weather during the first quarter heating season, evidenced by the 13.3% decrease in heating degree days.

  - An approximate $8 million decrease related to lower overall volumes, including residential customer volumes, resulting from customer conservation and efficiency efforts. Lower volumes were also experienced by commercial and industrial customers, resulting from reduced demand related to changes in customers' plant operations, which WPS attributed to the general economic slowdown.

  - A partially offsetting approximate $7 million positive quarter-over-quarter impact of a decoupling mechanism for residential and small commercial and industrial customers. Under decoupling, WPS is allowed to defer the difference between the actual and rate case authorized delivery charge components of margin from certain customers and adjust future rates in accordance with rules applicable to each jurisdiction.

- An approximate $12 million decrease in revenue as a result of an approximate 12% decrease in the average per-unit cost of natural gas sold during the quarter ended March 31, 2010, compared with the same quarter in 2009. Prudently incurred natural gas commodity costs are passed directly through to customers in current rates.
- The decrease in revenue was partially offset by an approximate $6 million increase in revenue resulting from the PSCW's final rate order for a retail natural gas distribution rate increase that was effective January 1, 2010. See Note 14, "*Regulatory Environment*," for more information on this rate order.

Margins

Regulated natural gas utility segment margin increased $2.4 million quarter-over-quarter, driven by:

- An approximate $6 million positive impact resulting from the new rate order, effective January 1, 2010.
- The increase in margin was partially offset by an approximate $3 million decrease in margin resulting from the 11.6% decrease in natural gas throughput volumes attributed to warmer quarter-over-quarter weather, customer conservation and efficiency efforts, and the negative impact of the general economic slowdown. This decrease in margin includes an approximate $7 million positive quarter-over-quarter impact from a decoupling mechanism, which includes an annual $8.0 million cap for the deferral of any excess or shortfall from the rate case authorized margin. This cap was reached prior to the end of the first quarter of 2010, negatively impacting WPS's natural gas margin quarter-over-quarter by $1.1 million. Additionally, no decoupling deferral can be recorded at WPS if there are any shortfalls from authorized margin for the remainder of 2010.

Operating Income

Operating income at the regulated natural gas utility segment increased $0.1 million quarter-over-quarter, driven by the $2.4 million increase in natural gas margin, partially offset by a $2.1 million increase in operating and maintenance expenses. The increase in operating and maintenance expense was driven by an increase in customer assistance expense related to payments made to the Focus on Energy program, which aims to help residents and businesses install cost-effective, energy efficient, and renewable energy products.

Other Expense

Other expense at the regulated natural gas utility segment increased $0.6 million, driven by a decrease in AFUDC related to the construction of natural gas laterals for connection to the Guardian II pipeline that were placed in service in February 2009.

Other Segment Operations

(Millions)	Three Months Ended March 31 2010	2009	Change in 2010 Over 2009
Operating income	**$0.2**	$0.1	100.0 %
Other income	**1.6**	2.3	(30.4)%
Income before taxes	**$1.8**	$2.4	(25.0)%

First Quarter 2010 Compared with First Quarter 2009

Income before taxes for other segment operations decreased $0.6 million, driven by a $0.9 million increase in interest expense on deferred compensation plans.

Provision for Income Taxes

	Three Months Ended March 31	
	2010	**2009**
Effective Tax Rate	**38.8%**	36.5%

First Quarter 2010 Compared with First Quarter 2009

The higher effective tax rate for the quarter ended March 31, 2010, compared with the same quarter in 2009, was driven by the elimination of the deductibility of prescription drug payments to retirees, to the extent those payments will be offset by the receipt of the Medicare Part D subsidy, as mandated in the recently passed federal health legislation. See "*Other Future Considerations – Federal Health Care* Reform" for more information. As a result of the legislation, WPS expensed $4.5 million of deferred income tax benefits during the quarter ended March 31, 2010, which were previously recognized as a reduction of provision for income taxes. This additional provision for income taxes will not reoccur in future periods. The 2010 effective tax rate has also been adjusted to reflect an additional provision for income taxes of $0.6 million related to current year expected retiree benefits. The increase in the effective tax rate was partially offset by an increase in wind production tax credits in 2010.

LIQUIDITY AND CAPITAL RESOURCES

WPS believes that its cash balances, liquid assets, operating cash flows, access to debt markets and available borrowing capacity provide adequate resources to fund ongoing operating requirements and future capital expenditures related to expansion of existing businesses and development of new projects. However, WPS's operating cash flows and access to capital markets can be impacted by macroeconomic factors outside of its control. In addition, WPS's borrowing costs can be impacted by its short-term and long-term debt ratings assigned by independent credit rating agencies.

Operating Cash Flows

During the quarter ended March 31, 2010, net cash provided by operating activities was $140.9 million, compared with $186.8 million for the same quarter in 2009. The $45.9 million quarter-over-quarter decrease in net cash provided by operating activities was largely driven by a $40.3 million decrease in cash provided by working capital, primarily due to a $34.5 million quarter-over-quarter decrease in cash generated from accounts receivable and accrued unbilled revenues, and a $32.5 million quarter-over-quarter decrease in cash generated by inventories, both driven by a larger decrease in natural gas prices during the first quarter of 2009, compared with the first quarter of 2010. Partially offsetting these changes was the quarter-over-quarter change in federal income tax payments.

Investing Cash Flows

Net cash used for investing activities was $22.2 million during the quarter ended March 31, 2010, compared with $45.9 million for the same quarter in 2009. The $23.7 million quarter-over-quarter decrease in net cash used for investing activities was primarily driven by a $23.1 million quarter-over-quarter decrease in cash used to fund capital expenditures (discussed below).

Capital Expenditures

Capital expenditures by business segment for the quarter ended March 31 were as follows:

Reportable Segment *(millions)*	2010	2009	Change
Electric utility	**$19.3**	$40.5	$(21.2)
Natural gas utility	**4.1**	6.0	(1.9)
WPS consolidated	**$23.4**	$46.5	$(23.1)

The decrease in capital expenditures at the electric utility segment for the quarter ended March 31, 2010, compared with the same quarter in 2009, was mainly due to decreased expenditures related to the Crane Creek Wind Farm project, which was placed in service for accounting purposes in December 2009.

Financing Cash Flows

Net cash used for financing activities was $47.8 million during the quarter ended March 31, 2010, compared with $75.2 million for the same quarter in 2009. The $27.4 million quarter-over-quarter decrease in net cash used for financing activities was primarily driven by a $43.0 million quarter-over-quarter decrease in the repayment of short-term borrowings, mainly due to the generation of more cash from operating activities in 2009 compared with 2010, offset by $15.0 million in return of capital payments to Integrys Energy Group during the quarter ended March 31, 2010.

Significant Financing Activities

WPS had no outstanding commercial paper borrowings at March 31, 2010, and 2009. WPS had other outstanding short-term debt of $10.0 million at March 31, 2010, and 2009.

Credit Ratings

The current credit ratings for WPS are listed in the table below.

	Standard & Poor's	Moody's
Issuer credit rating	A-	A2
First mortgage bonds	N/A	A1
Senior secured debt	A	A1
Preferred stock	BBB	Baa1
Commercial paper	A-2	P-1
Credit facility	N/A	A2

Credit ratings are not recommendations to buy or sell securities and are subject to change, and each rating should be evaluated independently of any other rating.

On January 26, 2010, Standard and Poor's revised the outlook for Integrys Energy Group and all of its subsidiaries to "stable" from "negative." The revised outlook reflected Integrys Energy Group's decision to retain a selected portion of its nonregulated operations, which resulted in a revision to Integrys Energy Group's business risk profile to "strong" from "excellent." The revised outlook also reflected Integrys Energy Group's improved financial measures and decreasing regulatory risk, which resulted in a change in its financial risk profile to "significant" from "aggressive."

On June 9, 2009, Moody's lowered the issuer credit rating for WPS from "A1" to "A2." Moody's also lowered the senior secured debt and first mortgage bonds ratings for WPS from "Aa3" to "A1" and the preferred stock rating from "A3" to "Baa1." Additionally, Moody's lowered the credit facility rating from "A1" to "A2." According to Moody's, the downgrades reflect the risk that WPS's internal cash flow could be pressured to support Integrys Energy Group's continuing cash needs and that near-term financial metrics will be negatively impacted by reduced demand for energy.

On March 5, 2009, Standard & Poor's lowered the issuer credit rating for WPS from "A" to "A-." According to Standard and Poor's, the downgrade reflects Integrys Energy Group's weak financial measures that do not support an "A" category credit profile. Standard and Poor's also stated that the downgrade reflects the changes to Integrys Energy Group's business and financial risk profiles. Standard & Poor's revised Integrys Energy Group's business risk profile to "excellent" from "strong" and changed its financial risk profile to "aggressive" from "intermediate." The change in the business risk profile reflected the strategy change with respect to Integrys Energy Services and helped to moderate the downgrade. Additionally, Standard & Poor's lowered the senior secured debt rating for WPS from "A+" to "A" and the preferred stock rating from "BBB+" to "BBB."

Future Capital Requirements and Resources

Contractual Obligations

The following table shows the contractual obligations of WPS, including its subsidiary, as of March 31, 2010.

		Payments Due By Period			
(Millions)	**Total Amounts Committed**	**2010**	**2011 to 2012**	**2013 to 2014**	**2015 and Thereafter**
Long-term debt principal and interest payments (1)	$1,268.9	$ 36.3	$ 383.2	$202.6	$ 646.8
Operating lease obligations	25.5	2.7	4.5	2.6	15.7
Commodity purchase obligations (2)	1,772.2	252.5	575.2	432.4	512.1
Purchase orders (3)	239.2	235.0	2.9	1.3	-
Pension and other postretirement funding obligations (4)	257.8	30.5	89.1	54.5	83.7
Total contractual cash obligations	**$3,563.6**	**$557.0**	**$1,054.9**	**$693.4**	**$1,258.3**

(1) Represents bonds and notes issued by WPS. WPS records all principal obligations on the balance sheet.

(2) The costs of commodity purchase obligations are expected to be recovered in future customer rates.

(3) Includes obligations related to normal business operations and large construction obligations.

(4) Obligations for pension and other postretirement benefit plans, other than the Integrys Energy Group Retirement Plan, cannot be estimated beyond 2012.

The table above does not reflect payments related to the manufactured gas plant remediation liability of $75.1 million at March 31, 2010, as the amount and timing of payments are uncertain. WPS anticipates incurring costs annually to remediate these sites, but management believes that any costs incurred for environmental activities relating to former manufactured gas plant operations that are not recoverable through contributions from other entities or from insurance carriers have been prudently incurred and are, therefore, recoverable through rates. See Note 8, "*Commitments and Contingencies,*" for more information about environmental liabilities. In addition, the table does not reflect any payments for the March 31, 2010, liability related to uncertain tax positions, as the amount and timing of payments are uncertain. See Note 7, "*Income Taxes,*" for more information about this liability.

Capital Requirements

Estimated construction expenditures for WPS for the three-year period 2010 through 2012 are listed below.

(Millions)	
Environmental projects	**$164.1**
Electric and natural gas distribution projects	**150.9**
Electric and natural gas delivery and customer service projects	**59.1**
Other projects	**108.0**
Total capital expenditures	**$482.1**

All projected capital and investment expenditures are subject to periodic review and may vary significantly from the estimates depending on a number of factors, including, but not limited to, industry restructuring, regulatory constraints, market volatility, and economic trends.

Capital Resources

As of March 31, 2010, WPS was in compliance with all covenants related to outstanding short-term and long-term debt and expects to be in compliance with all such debt covenants for the foreseeable future.

See Note 5, "*Short-Term Debt and Lines of Credit,*" for more information on WPS's credit facilities and other short-term credit agreements, including short-term debt covenants.

WPS's long-term debt obligations contain covenants related to payment of principal and interest when due and various financial reporting obligations. Failure to comply with these covenants could result in an event of default, which, if not cured or waived, could result in acceleration of outstanding debt obligations.

WPS plans to meet its capital requirements for the period 2010 through 2012 primarily through internally generated funds (net of forecasted dividend payments), debt financings, and equity infusions from Integrys Energy Group. WPS plans to maintain current debt to equity ratios at appropriate levels to support current credit ratings and corporate growth. Management believes WPS has adequate financial flexibility and resources to meet its future needs.

Under an existing shelf registration statement, WPS may issue up to $250.0 million of senior debt securities with amounts, prices and terms to be determined at the time of future offerings. In December 2008, WPS issued $125.0 million of 6.375%, 7-year Senior Notes under this shelf registration statement.

Other Future Considerations

Customer Usage

Due to the general economic slowdown and the increased focus on energy efficiency, sales volumes excluding the impact of weather have been decreasing at WPS. The PSCW approved the implementation of decoupling on a four-year trial basis, effective January 1, 2009, for WPS's natural gas and electric residential and small commercial and industrial sales. Decoupling allows WPS to adjust rates going forward to recover or refund differences between the actual and authorized margin per customer impact of variations in volumes. The mechanism does not adjust for changes in volume resulting from changes in customer count. This decoupling mechanism includes an annual $14.0 million cap for electric service and an annual $8.0 million cap for natural gas service. The cap for natural gas service was reached in the first quarter of 2010, and WPS had $2.7 million remaining under the cap for electric service at the end of the first quarter of 2010.

Weston 4 Operating Issue

In the fourth quarter of 2008, the supercritical boiler at WPS's Weston 4 power plant experienced several forced outages related to significant oxidation and subsequent exfoliation within the superheater outlet tubes and the reheater. The additional maintenance costs incurred to date relative to repairing and returning the superheater and reheater to service have been covered by the boiler's manufacturer. WPS temporarily reduced the main steam operating temperature of the boiler to address this issue from a short-term perspective, resulting in reduced output. The reduced output from Weston 4 required replacement purchased power to meet WPS's supply requirements. WPS subsequently raised the steam operating temperature back to initial design level. WPS is reviewing potential options to resolve this issue with the boiler manufacturer, including a technological solution and an extended warranty. WPS, working with the manufacturer, has been able to manage the exfoliation issue thus far. WPS expects to increase the time between outages for exfoliation purposes over the next several years. The PSCW has not yet acted on the fuel cost over/under recovery impacts related to this issue. For more information, see Note 14, "*Regulatory Environment.*"

Climate Change

Recently, efforts have been initiated to develop state and regional greenhouse gas programs, to create federal legislation to limit carbon dioxide emissions and to create national or state renewable portfolio standards. Some examples of these efforts are the Waxman-Markey bill, which passed the United States House of Representatives, and the Kerry-Boxer draft bill, which was introduced in the United States Senate. In addition, in April 2009, the EPA declared carbon dioxide and several other greenhouse gases to be a danger to public health and welfare, which is the first step towards the EPA potentially regulating greenhouse gases under the Clean Air Act. A risk exists that such legislation or regulation will increase the cost of energy. However, WPS believes the capital expenditures being made at its generation units are appropriate under any reasonable mandatory greenhouse gas program and that future expenditures related to control of greenhouse gas emissions or renewable portfolio standards by its regulated electric utilities will be recoverable in rates. WPS will continue to monitor and manage potential risks and opportunities associated with future greenhouse gas legislative or regulatory actions.

All of WPS's generation and distribution facilities are located in the upper Midwest region of the United States. The same is true for all of WPS's customers' facilities. The physical risks posed by climate change for these areas are not expected to be significant at this time. Ongoing evaluations will be conducted as more information on the extent of such physical changes becomes available.

Federal Health Care Reform

In March 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (HCR) were signed into law. HCR contains various provisions that will affect the cost of providing health care coverage to active and retired employees of WPS and their dependents. Although these provisions become effective at various times over the next 10 years, some provisions that affect the cost of providing benefits to retirees will be reflected starting in 2010.

Most notably, there is a provision of HCR that, beginning in 2013, eliminates the tax deduction for employer-paid postretirement prescription drug charges to the extent those charges will be offset by the receipt of a federal Medicare Part D subsidy. As a result, WPS was required to eliminate a portion of its deferred tax asset related to postretirement benefits. The total amount of the deferred tax asset that was reduced for the loss of the deduction was $4.5 million, all of which flowed through to income as a component of income tax expense in the first quarter of 2010. This additional provision for income taxes will not reoccur in future periods. WPS intends to seek recovery in rates of the income impact of this tax law change related to regulated utility operations, but at this time is not able to predict how much will ultimately be recovered in rates.

Other provisions of HCR include the elimination of annual and lifetime maximum benefits, elimination of pre-existing condition restrictions, an excise tax on high-cost health plans, changes to the Medicare Part D prescription drug program, and numerous other changes. WPS is currently evaluating what other impacts the health care legislation may have on its future results of operations, cash flows or financial positions, and if plan structure changes are necessary for its health care programs.

Wisconsin Fuel Rules

Assembly Bill (AB) 600 was introduced to streamline the current fuel rule administered by the PSCW. This bill currently awaits action by the Governor of Wisconsin. The current fuel rule results in regulatory lag and hampers the ability of the PSCW to respond to rapid changes in fuel costs. AB 600 provides for deferral of any change in approved fuel costs in excess of 2% of the fuel costs. Prior to these new rules becoming effective, the PSCW must initiate a rule-making to revise the current fuel rule. As a result, the effective date of the new rules is uncertain.

CRITICAL ACCOUNTING POLICIES

WPS has reviewed its critical accounting policies for new critical accounting estimates and other significant changes. WPS found that the disclosures made in its Annual Report on Form 10-K for the year ended December 31, 2009, are still current and that there have been no significant changes.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

WPS's market risks have not changed materially from the market risks reported in its 2009 Annual Report on Form 10-K.

Item 4. Controls and Procedures

WPS's management, with the participation of WPS's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of WPS's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this report and has concluded that, as of the end of such period, WPS's disclosure controls and procedures were effective to ensure that information required to be disclosed by WPS in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to its management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control

There were no changes in the internal control over financial reporting of WPS (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended March 31, 2010, that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For information on material legal proceedings and matters related to WPS and its subsidiary, see Note 8, "*Commitments and Contingencies.*"

Item 1A. Risk Factors

There were no material changes in the risk factors previously disclosed in Part I, Item 1A of WPS's 2009 Annual Report on Form 10-K, which was filed with the SEC on February 26, 2010.

Item 6. Exhibits

The documents listed in the Exhibit Index are attached as exhibits or incorporated by reference herein.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant, Wisconsin Public Service Corporation, has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Wisconsin Public Service Corporation

Date: May 5, 2010

/s/ Diane L. Ford
Diane L. Ford
Vice President and Corporate Controller

(Duly Authorized Officer and Chief Accounting Officer)

WISCONSIN PUBLIC SERVICE CORPORATION
EXHIBIT INDEX TO FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2010

Exhibit No.	**Description**
4.1	Forty-First Supplemental Indenture, dated as of December 18, 2008
4.2	42nd Supplemental Indenture, dated as of April 25, 2010
12	Computation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Fixed Charges and Preferred Stock Dividend Requirements
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934 for Wisconsin Public Service Corporation
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934 for Wisconsin Public Service Corporation
32	Written Statement of the Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 for Wisconsin Public Service Corporation

FORTY-FIRST

SUPPLEMENTAL INDENTURE

* * *

FROM

WISCONSIN PUBLIC SERVICE CORPORATION

TO

U.S. BANK NATIONAL ASSOCIATION

**(successor to Firstar Bank, National Association,
successor to Firstar Trust Company,
formerly known as First Wisconsin Trust Company),**

AS TRUSTEE

* * *

DATED AS OF DECEMBER 18 , 2008

* * *

**SUPPLEMENTAL
to
First Mortgage and Deed of Trust
dated as of January 1, 1941,
as supplemented, amended and modified**

* * *

This Supplemental Indenture, and the Indenture as defined and described herein, collectively, are a "construction mortgage" as defined in and for purposes of section 706.11 of the Wisconsin Statutes, as the same may be amended or renumbered from time to time.

This Supplemental Indenture and the Indenture, collectively, are a "construction mortgage lien" as defined in and for purposes of the Iowa Code, as the same may be amended from time to time.

Forty-First Supplemental Indenture, (hereinafter sometimes called this "Supplemental Indenture"), made as of the 18th day of December, 2008 by and between WISCONSIN PUBLIC SERVICE CORPORATION, a corporation duly organized and existing under and by virtue of the laws of the State of Wisconsin, having its principal office in the City of Green Bay, in the County of Brown, in the State of Wisconsin (hereinafter sometimes called the "Company"), party of the first part, and U.S. BANK NATIONAL ASSOCIATION (successor to Firstar Bank, National Association, successor to Firstar Trust Company, formerly known as First Wisconsin Trust Company), a national banking association duly organized and existing under and by virtue of the laws of the United States, having its Corporate Trust Services Office in the City of Milwaukee, in the County of Milwaukee, in the State of Wisconsin, as Trustee (hereinafter sometimes called the "Trustee"), party of the second part.

This Supplemental Indenture, and the Indenture as defined and described herein, collectively, are a "construction mortgage" as defined in and for purposes of section 706.11 of the Wisconsin Statutes, as the same may be amended or renumbered from time to time.

This Supplemental Indenture and the Indenture, collectively, are a "construction mortgage lien" as defined in and for purposes of the Iowa Code, as the same may be amended from time to time.

WHEREAS, the Company has heretofore executed and delivered to the predecessor of the Trustee its First Mortgage and Deed of Trust made as of January 1, 1941 (hereinafter referred to as the "1941 Mortgage") and has heretofore executed and delivered to the predecessor of the Trustee or to the Trustee supplemental indentures dated and hereinafter referred to as follows (hereinafter sometimes called, collectively, the "Prior Supplemental Indentures"):

Supplemental Indenture Dated (as of)	Hereinafter referred to as
November 1, 1947	First Supplemental Indenture*
August 1, 1948	Second Supplemental Indenture
September 1, 1949	Third Supplemental Indenture
November 1, 1950	Fourth Supplemental Indenture*
May 1, 1953	Fifth Supplemental Indenture*
January 1, 1954	Sixth Supplemental Indenture
October 1, 1954	Seventh Supplemental Indenture
December 1, 1957	Eighth Supplemental Indenture
November 1, 1959	Ninth Supplemental Indenture
October 1, 1963	Tenth Supplemental Indenture
June 1, 1964	Eleventh Supplemental Indenture
November 1, 1967	Twelfth Supplemental Indenture
April 1, 1969	Thirteenth Supplemental Indenture
August 1, 1970	Fourteenth Supplemental Indenture
May 1, 1971	Fifteenth Supplemental Indenture
August 1, 1973	Sixteenth Supplemental Indenture*
September 1, 1973	Seventeenth Supplemental Indenture
October 1, 1975	Eighteenth Supplemental Indenture
February 1, 1977	Nineteenth Supplemental Indenture
July 15, 1980	Twentieth Supplemental Indenture

Supplemental Indenture Dated (as of)	**Hereinafter referred to as**
December 1, 1980	Twenty-First Supplemental Indenture*
April 1, 1981	Twenty-Second Supplemental Indenture
February 1, 1984	Twenty-Third Supplemental Indenture
March 15, 1984	Twenty-Fourth Supplemental Indenture
October 1, 1985...	Twenty-Fifth Supplemental Indenture
December 1, 1987	Twenty-Sixth Supplemental Indenture*
September 1, 1991	Twenty-Seventh Supplemental Indenture
July 1, 1992..	Twenty-Eighth Supplemental Indenture
October 1, 1992..	Twenty-Ninth Supplemental Indenture
February 1, 1993	Thirtieth Supplemental Indenture
July 1, 1993	Thirty-First Supplemental Indenture
November 1, 1993..	Thirty-Second Supplemental Indenture
December 1, 1998	Thirty-Third Supplemental Indenture
August 1, 2001	Thirty-Fourth Supplemental Indenture
December 1, 2002	Thirty-Fifth Supplemental Indenture
December 1, 2003	Thirty-Sixth Supplemental Indenture
December 1, 2006	Thirty-Seventh Supplemental Indenture
August 1, 2006	Thirty-Eighth Supplemental Indenture
November 1, 2007..	Thirty-Ninth Supplemental Indenture
December 1, 2008	Fortieth Supplemental Indenture

*Includes amendments to or modifications of certain provisions of the 1941 Mortgage.

(said 1941 Mortgage, as supplemented, amended and modified by the aforesaid Prior Supplemental Indentures, being hereinafter referred to as the "Indenture"), whereby the Company granted, bargained, sold, warranted, released, conveyed, assigned, transferred, mortgaged, pledged, set over and confirmed unto the Trustee, and to its respective successors in trust, upon the terms, conditions and trusts therein set forth, all the property as therein described, real, personal and mixed, then owned or thereafter acquired by the Company, with certain exceptions as in the granting clauses and definitions of the Indenture set forth, to be held by the Trustee in trust, under the terms and subject to the conditions of the Indenture, as security for the bonds of the Company issued and to be issued thereunder in accordance with the provisions of the Indenture; and

WHEREAS, the Indenture provides that bonds may be issued thereunder in one or more series, each series to have such distinctive designation as the Board of Directors of the Company may select for such series; and

WHEREAS, the Company has heretofore issued and there are now outstanding, in accordance with the provisions of the 1941 Mortgage and said Prior Supplemental Indentures, bonds of several series designated as follows: First Mortgage Bonds, 7-1/8% Series Due July 1, 2023; First Mortgage Bonds Collateral Series A; First Mortgage Bonds Collateral Series B; First Mortgage Bonds Collateral Series C; First Mortgage Bonds Collateral Series D;

First Mortgage Bonds Collateral Series E; First Mortgage Bonds Collateral Series F; First Mortgage Bonds Collateral Series G; and First Mortgage Bonds Collateral Series H; and

WHEREAS, the Indenture further provides that the amount of bonds which may be issued under the Indenture is not limited except as may be limited by law or by the stockholders and/or the Board of Directors of the Company, and that bonds so issued thereunder will be secured by the lien of the Indenture equally and ratably with all other bonds then outstanding thereunder except insofar as a sinking fund, or similar fund, established in accordance with the provisions of the Indenture may afford additional security for the bonds of any specific series; and

WHEREAS, the Indenture further provides that all of the property, rights and franchises acquired by the Company after the date of the 1941 Mortgage shall be as fully embraced within the lien thereof as if such property were then owned by the Company and were specifically described therein and conveyed thereby; and

WHEREAS, the Company has acquired and may acquire hereafter certain property, real, personal and mixed, comprising or relating to the Company's windfarm development site and wind energy generation facilities in the State of Iowa (hereinafter sometimes called the "Iowa Property"); and

WHEREAS, the Iowa Property is now, and upon its acquisition will be, subject to the lien of the Indenture by virtue of the provisions thereof conveying to the Trustee property acquired after the execution and delivery of the 1941 Mortgage; and

WHEREAS, the Company now desires in and by this Supplemental Indenture to give constructive notice of the Indenture, the lien and security interest thereof and certain terms and provisions thereof, as they affect or relate to the Iowa Property; and

WHEREAS, the Company further desires in and by this Supplemental Indenture to record and file the description of and to confirm unto the Trustee, the Iowa Property;

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH: Wisconsin Public Service Corporation, in consideration of the premises and of one dollar to it duly paid by the Trustee at or before the ensealing and delivery of these presents, the receipt whereof is hereby acknowledged, does hereby covenant and agree to and with U.S. Bank National Association, as Trustee, as follows:

ARTICLE I

MEMORANDUM OF INDENTURE

Section 1.01. The Company and the Trustee now enter into this Supplemental Indenture, and the same shall be recorded and filed in the appropriate public records, for the purpose of giving constructive notice of the Indenture, the lien and security interest thereof and certain terms and provisions thereof, all of which affect or relate to the Iowa Property.

Section 1.02. The Company and Trustee hereby give constructive notice of the following terms and provisions set forth in the Indenture. The foregoing notwithstanding, reference is hereby made to the Indenture for all of its covenants, agreements, conditions, terms and provisions, all of which are incorporated herein by this reference, and no term or provision of this Article I shall limit, alter, vary, modify or amend, in any manner or respect, the Indenture, the lien and security interest thereof or any term or provision thereof.

(a) The granting clauses of the Indenture contain the following terms and provisions, among others and without limitation because of enumeration:

> "NOW, THEREFORE, THIS INDENTURE WITNESSETH: Wisconsin Public Service Corporation, in consideration of the premises and of the purchase and acceptance of said bonds by the holders thereof and of one dollar to it duly paid by the Trustee at or before the ensealing and delivery of these presents, the receipt whereof is hereby acknowledged, and in order to secure the payment, both of the principal and interest, of all bonds of the Company at any time outstanding hereunder according to their tenor and effect and the performance of and compliance with the covenants and conditions in this Indenture contained, has granted, bargained, sold, warranted, released, conveyed, assigned, transferred, mortgaged, pledged, set over and confirmed, and by these presents does grant, bargain, sell, warrant, release, convey, assign, transfer, mortgage, pledge, set over and confirm unto First Wisconsin Trust Company, as Trustee, and to its respective successors in said trust forever:
>
> "(1) all property, real, personal and mixed, now owned or hereafter acquired or to be acquired by the Company, and wheresoever situated (except as hereinafter excepted from the lien hereof), subject to the rights reserved by the Company in and by other provisions of this Indenture, including (without in any manner limiting or impairing by the enumeration of the same the scope and intent of the foregoing or of any general description contained in this Indenture) all lands, rights of way, other land rights, flowage and other water rights, reservoirs, dams, waterways, docks, roads, and other land improvements; steam, hydro and other electric generating plants, including buildings and other structures, water wheels, turbines, generators, exciters, boilers and other boiler plant equipment, condensing equipment, and all other equipment; substations; electric transmission and distribution systems, including structures, poles, towers, fixtures, conduits, insulators, wires, cables, transformers, services and meters; gas generating and coke plants, including buildings, holders and other structures, boilers and other boiler plant equipment, benches, retorts, coke ovens, water gas sets, condensing and purification equipment, piping and other accessory works equipment; gas transmission and distribution systems, including structures, mains, pressure holders, governors, services, and meters; office, shop and other general buildings and structures, furniture and equipment; apparatus and equipment of all other kinds and descriptions; and all municipal and other franchises and all leaseholds, licenses, permits and privileges; parts or parcels of such real property and items of other property being more specifically described and mentioned or enumerated in a schedule hereto annexed and marked Schedule A, reference to said schedule for

a more specific description and enumeration of the property therein described and enumerated being hereby made with the same force and effect as if the same were incorporated herein at length; [...]

"TOGETHER WITH all and singular the tenements, hereditaments and appurtenances belonging or in any wise appertaining to the aforesaid property or any part thereof with the reversion and reversions, remainder and remainders, tolls, rents and revenues, issues, income, product and profits thereof, and all the estate, right, title and interest and claim whatsoever, at law as well as in equity, which the Company now has or may hereafter acquire in and to the aforesaid property and franchises and every part and parcel thereof, except as hereinafter excepted or excluded from the lien hereof.

"It is hereby agreed by the Company that (except as hereinafter excepted from the lien hereof) all the property, rights and franchises acquired by the Company after the date hereof shall be as fully embraced within the lien hereof as if such property were now owned by the Company and were specifically described herein and conveyed hereby. [...]

"The lien of this Indenture, anything herein contained to the contrary notwithstanding, shall not extend to any property, permits or franchises of any other corporation of whatever character, [...] shares of stock or securities of which, or obligations secured by lien upon the properties and franchises of which, may be now owned or hereafter acquired or possessed by the Company, notwithstanding the fact that the Company may own or hereafter acquire all or substantially all of the shares of stock or other securities issued by, or secured by lien upon property of, any such corporation, or that any such corporation may be incorporated or organized at the instance of or for the account of the Company, or that all or any part of the shares of stock or other securities of such corporation may be subjected to the lien hereof by the Company. [...]

"THERE IS HEREBY EXCEPTED from the lien of this Indenture, whether now owned or hereafter acquired by the Company, anything herein contained to the contrary notwithstanding, (1) all shares of stock, bonds, notes, evidences of indebtedness and other securities other than such as may be or are required to be deposited from time to time with the Trustee in accordance with the provisions hereof; (2) cash other than such as may be or is required to be deposited from time to time with the Trustee in accordance with the provisions hereof; (3) contracts, claims, bills and accounts receivable and choses in action other than such as may be or are required to be from time to time assigned to the Trustee in accordance with the provisions hereof; (4) motor vehicles; (5) any timber on lands owned by the Company; and (6) any stock of goods, wares and merchandise, equipment and supplies acquired for the purpose of sale or resale in the usual course of business or for the purpose of consumption in the operation, construction or repair of any of the properties of the Company.

"To Have And To Hold all said properties, real, personal and mixed, mortgaged, pledged or conveyed by the Company as aforesaid, or intended so to be, unto the Trustee and its successors and assigns forever; subject, however, to permissible encumbrances as herein defined;

"In Trust Nevertheless, for the equal pro rata benefit and security of all and every of the bonds issued and to be issued hereunder in accordance with the provisions of this Indenture without preference, priority or distinction as to lien of any over the others by reason of priority in time of the issue, negotiation or maturity thereof; subject, however, to the provisions of this Indenture and of any supplemental indenture relating to any sinking fund or similar fund for the benefit of the bonds of any particular series or of the bonds or any portion thereof issued under this Indenture; it being intended that the lien and security of all of said bonds of all series issued or to be issued hereunder shall take effect from the execution and delivery of this Indenture, and that the lien and security of this Indenture shall take effect from the date of execution and delivery thereof as though all of the said bonds of all series were actually authenticated and delivered upon such date.

"Provided, However, and these presents are upon the condition that if the Company, its successors, or assigns, shall pay or cause to be paid unto the holders of said bonds the principal and interest to become due in respect thereof, at the times and in the manner stipulated therein and herein, and shall keep, perform and observe all and singular the covenants and promises in said bonds and in this Indenture expressed as to be kept, performed and observed by or on the part of the Company, then this Indenture and the estate and rights hereby granted, shall cease, determine and be void, otherwise to be and remain in full force and effect."

(b) Article II of the Indenture contains the following terms and provisions, among others and without limitation because of enumeration:

"Section 2.01. (a) This Indenture creates a continuing lien to secure the full and final payment of the principal and interest of all bonds which may from time to time be made, issued, authenticated and delivered hereunder. The amount of bonds which may be so issued, authenticated and delivered hereunder is not limited except that no further bonds shall be issued at any time if the total amount of bonds to be outstanding, after such issue, would in any event exceed the then limit of indebtedness, if any, of the Company permitted by law or authorized from time to time by the stockholders and/or directors of the Company in the manner required by law; provided that the aggregate principal amount of bonds that may be issued, authenticated and delivered hereunder and/or the aggregate principal amount of bonds of any particular series that may be issued, authenticated and delivered hereunder, may at any time at the election of the Company, evidenced from time to time by an indenture supplemental hereto executed by the Company and delivered to the Trustee reciting that it has been authorized by a resolution adopted by the Board of Directors of the Company, be limited to such definite aggregate principal amount not less than the aggregate principal amount of all bonds, or of bonds of such particular series, as the case may be, then outstanding hereunder, as may be specified in such supplemental indenture."

(c) Article XII of the Indenture contains the following terms and provisions, among others and without limitation because of enumeration:

"Section 12.08. […] (b) Any new property acquired by exchange or purchase to take the place of any property released under any provision of this Article shall forthwith and without further conveyance become subject to the lien of and be covered by this Indenture as a part of the mortgaged property[.]"

ARTICLE II

CONFIRMATION OF LIEN

Section 2.01. The Company, in order to record the description of, and confirm unto the Trustee, the Iowa Property (which Iowa Property is now, and upon its acquisition will be, subject to the lien of the Indenture by virtue of the provisions thereof conveying to the Trustee property acquired after the execution and delivery of the 1941 Mortgage), by these presents does grant, bargain, sell, warrant, release, convey, assign, transfer, mortgage, pledge, set over and confirm unto U.S. Bank National Association, as Trustee, and to its respective successors in said trust forever, subject to the rights reserved by the Company in and by other provisions of the Indenture and this Supplemental Indenture, all of the property described and mentioned or enumerated or referred to in a schedule hereto annexed and marked **SCHEDULE A**, reference to said schedule for a description and enumeration of the property therein described and enumerated being hereby made with the same force and effect as if the same were incorporated herein at length; and all other property, real, personal and mixed, comprising or relating to the Iowa Property, now owned or hereafter acquired or to be acquired by the Company, and wheresoever situated (except as in the Indenture excepted from the lien thereof), subject to the rights reserved by the Company in and by other provisions of the Indenture, including (without in any manner limiting or impairing by the enumeration of the same the scope and intent of the foregoing or of any general description contained in the Indenture) all lands, rights of way, other land rights, flowage and other water rights, reservoirs, dams, waterways, docks, roads, and other land improvements; steam, hydro and other electric generating plants, including buildings and other structures, water wheels, turbines, generators, exciters, boilers and other boiler plant equipment, condensing equipment, and all other equipment; substations; electric transmission and distribution systems, including structures, poles, towers, fixtures, conduits, insulators, wires, cables, transformers, services and meters; gas generating and coke plants, including buildings, holders and other structures, boilers and other boiler plant equipment, benches, retorts, coke ovens, water gas sets, condensing and purification equipment, piping and other accessory works equipment; gas transmission and distribution systems, including structures, mains, pressure holders, governors, services, and meters; office, shop and other general buildings and structures, furniture and equipment; apparatus and equipment of all other kinds and descriptions; and all municipal and other franchises and all leaseholds, licenses, permits and privileges.

Together with all and singular the tenements, hereditaments and appurtenances belonging or in any wise appertaining to the aforesaid property or any part thereof with the reversion and reversions, remainder and remainders, tolls, rents and revenues, issues, income, product and profits thereof, and all the estate, right, title and interest and claim whatsoever, at law as well as in equity, which the Company now has or may hereafter acquire in and to the aforesaid property and every part and parcel thereof; and it is hereby agreed by the Company that (except as in the Indenture excepted from the lien thereof) all the property, rights and franchises acquired by the Company after the date hereof shall be as fully embraced within the lien thereof as if such property were now owned by the Company and were specifically described herein and conveyed hereby.

To have and to hold all said properties, mortgaged, pledged or conveyed by the Company as aforesaid, or intended so to be, unto the Trustee and its successors and assigns forever, subject, however, to permissible encumbrances as defined in the 1941 Mortgage; but in trust, nevertheless, for the same purposes and upon the same conditions as are fully set forth in the Indenture, which is hereby referred to.

ARTICLE III

PARTICULAR COVENANTS OF THE COMPANY

In addition to the covenants contained in the Indenture, the Company hereby covenants as follows:

Section 3.01. That it is duly authorized under the laws of the State of Wisconsin and under all other applicable provisions of law to execute and deliver this Supplemental Indenture, and that all corporate action on its part for the execution of this Supplemental Indenture has been duly and effectually taken.

Section 3.02. That it is lawfully possessed of all the property mortgaged and pledged by the Indenture; that it will maintain and preserve the lien of the Indenture on the property mortgaged and pledged thereby in accordance with the terms thereof and hereof so long as any of the bonds issued thereunder are outstanding; and that it has good right and lawful authority to mortgage and pledge the property mortgaged and pledged thereby as provided in and by the Indenture; and that the same is free and clear of all liens and encumbrances, except permissible encumbrances as defined in the Indenture.

ARTICLE IV

UNIFORM COMMERCIAL CODE AND ADDITIONAL STATE LAW MATTERS

Section 4.01. With respect to the property comprising or relating to the Iowa Property and the Trustee's security interest therein, the Company hereby represents and warrants to the Trustee as follows:

(a) That value has been given, that the Company has rights in the collateral or the power to transfer rights in the collateral to a secured party, and that the Company, by its execution and delivery of the Indenture and this Supplemental Indenture, has authenticated a security agreement that provides a description of the collateral;

(b) That the Company has an interest of record in or is in possession of the real property, that the security interest is a purchase-money security interest, and that the security interest has been or will be perfected by a fixture filing before the goods become fixtures or within 20 days thereafter; and

(c) That the Indenture and this Supplemental Indenture are a "construction mortgage" as defined in and for purposes of Article 9 of the Uniform Commercial Code, as the same may be amended or renumbered from time to time.

Section 4.02. With respect to the goods or accounts covered by this Supplemental Indenture that are or are to become fixtures related to the real property described herein, this Supplemental Indenture is and shall be effective, from the date of recording, as a financing statement filed as a fixture filing. In connection therewith:

(a) The name of the debtor is WISCONSIN PUBLIC SERVICE CORPORATION; the mailing address for the debtor is Wisconsin Public Service Corporation, 700 North Adams Street, P.O. Box 19001, Green Bay, Wisconsin 54307-9001; the debtor is a Wisconsin business corporation having the following organizational identification number (entity ID): 1W03350; the name of the secured party is U.S. BANK NATIONAL ASSOCIATION; the address of the secured party from which information concerning the security interest hereunder may be obtained is U.S. Bank National Association, Corporate Trust Services, 1555 RiverCenter Drive, Suite 203, Milwaukee, Wisconsin 53212; and the collateral covered hereby is set forth in Articles I and II hereof;

(b) This Supplemental Indenture covers fixtures, is to be filed for record in the real property records, and provides a description of the real property to which the collateral is related sufficient to give constructive notice of a mortgage under the law of the State of Iowa if the description were contained in a record of the mortgage of the real property;

(c) The debtor has an interest of record in the real property; and

(d) The debtor hereby authorizes the filing of any initial financing statement, any amendment that adds collateral covered by a financing statement, and any amendment that adds a debtor to a financing statement.

Section 4.03. The Company is a "transmitting utility" as defined in and for purposes of Article 9 of the Uniform Commercial Code, as the same may be amended or renumbered from time to time.

Section 4.04. **THE COMPANY ACKNOWLEDGES THE RECEIPT OF A COPY OF THIS DOCUMENT AT THE TIME IT WAS SIGNED.**

Section 4.05. **NOTICE: This mortgage secures credit in the amount of $997,100,000.00. Loans and advances up to this amount, together with interest, are senior**

to indebtedness to other creditors under subsequently recorded or filed mortgages and liens.

Section 4.06. The respective dates of maturity of the indebtedness or part thereof secured by the Indenture and this Supplemental Indenture are as follows:

Part of indebtedness	Date of maturity
First Mortgage Bonds, 7-1/8% Series Due July 1, 2023.....	July 1, 2023
First Mortgage Bonds Collateral Series A....................	December 1, 2028
First Mortgage Bonds Collateral Series B....................	August 1, 2011
First Mortgage Bonds Collateral Series C....................	December 1, 2012
First Mortgage Bonds Collateral Series D....................	December 1, 2013
First Mortgage Bonds Collateral Series E....................	December 1, 2036
First Mortgage Bonds Collateral Series F....................	February 1, 2013
First Mortgage Bonds Collateral Series G....................	November 1, 2017
First Mortgage Bonds Collateral Series H....................	December 1, 2015

Section 4.07. The Company is a "transmitting utility" as defined in and for purposes of sections 554B.1 and 554B.3 of the Iowa Code, as the same may be amended or renumbered from time to time. Property of the Company, whether owned at the time of the execution of the Indenture or this Supplemental Indenture or subsequently acquired, shall secure the obligations covered by the Indenture and this Supplemental Indenture.

Section 4.08 This Supplemental Indenture and the Indenture, collectively, are a "construction mortgage lien" as defined in and for purposes of the Iowa Code, as the same may be amended from time to time.

Section 4.09 For the purpose of giving further constructive notice of the Indenture and the lien and security interest thereof, annexed to the original of this Supplemental Indenture that will be recorded in the Office of the Recorder for Howard County, Iowa and marked **SCHEDULE B**, are true, correct and complete copies of the 1941 Mortgage and the Prior Supplemental Indentures; notwithstanding the foregoing, copies of the 1941 Mortgage, and/or of any or all of the Prior Supplemental Indentures, may be annexed to, or may be omitted from, any other original, counterpart, duplicate, copy or other form of this Supplemental Indenture that may be executed or delivered by or to any party, recorded or filed in any office, or attached to any financing statement or other agreement or instrument. In each such case, such annexation or omission shall not, in itself, amend, modify, impair or otherwise affect the Indenture or this Supplemental Indenture, or any term, provision, lien or security interest thereof or hereof.

ARTICLE V

MISCELLANEOUS

Section 5.01. The recitals of fact herein shall be taken as statements of the Company and shall not be construed as made or warranted by the Trustee. The Trustee makes no representations as to the validity of this Supplemental Indenture. Except as herein otherwise provided, no duties, responsibilities or liabilities are assumed, or shall be construed to be assumed, by the Trustee by reason of this Supplemental Indenture other than as set forth in the Indenture; and this Supplemental Indenture is executed and accepted on behalf of the Trustee, subject to all the terms and conditions set forth in the Indenture, as fully to all intents as if the same were herein set forth at length.

Section 5.02. This Supplemental Indenture shall be construed in connection with and as a part of the Indenture.

Section 5.03. (a) Whenever in this Supplemental Indenture either of the parties hereto is named or referred to, such naming or reference shall be deemed to include the successors or assigns of such party, and all the covenants and agreements in this Supplemental Indenture contained by or on behalf of the Company or by or on behalf of the Trustee shall bind and inure to the benefit of the respective successors and assigns of such parties, whether so expressed or not.

(b) The descriptive headings of the several Articles of this Supplemental Indenture were formulated, used and inserted in this Supplemental Indenture for convenience only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

Section 5.04. (a) If any provision of this Supplemental Indenture limits, qualifies or conflicts with another provision of this Supplemental Indenture or the Indenture required or deemed to be included in indentures qualified under the Trust Indenture Act of 1939 (as enacted prior to the date of this Supplemental Indenture) by any of Sections 310 to 317, inclusive, of the said Act, such required provisions shall control.

(b) In case any one or more of the provisions contained in this Supplemental Indenture should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected, impaired, prejudiced or disturbed thereby.

Section 5.05. This Supplemental Indenture may be executed in several counterparts, and all said counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the party of the first part has caused its corporate name and seal to be hereunto affixed and this Supplemental Indenture to be signed by its President or Vice President, and attested by its Secretary or an Assistant Secretary, for and in its behalf, and the party of the second part has caused its corporate name to be hereunto affixed, and this Supplemental Indenture to be signed by its Vice President for and in its behalf, all done as of the 18th day of December, 2008.

WISCONSIN PUBLIC SERVICE CORPORATION,

By: /s/ Diane L. Ford
Diane L. Ford
Vice President and Corporate Controller

(SEAL)

Attest:

/s/ Barth J. Wolf
Barth J. Wolf
Secretary

Executed by Wisconsin Public Service Corporation, in presence of:

/s/ Janet K. McKee

Name: Janet K. McKee

/s/ Aaron L. Wallin

Name: Aaron L. Wallin

U.S. BANK NATIONAL ASSOCIATION,
As Trustee,

By: /s/ Peter M. Brennan
Peter M. Brennan
Vice President

Executed by U.S. Bank National Association
in presence of:

/s/ Christine Maynard

Name: Christine Maynard

/s/ Benjamin D. Levin

Name: Benjamin D. Levin

STATE OF WISCONSIN }
} ss.
BROWN COUNTY }

Personally came before me this 15th day of December, 2008, Diane L. Ford, to me known to be the Vice President and Corporate Controller, and Barth J. Wolf, to me known to be the Secretary of the above-named WISCONSIN PUBLIC SERVICE CORPORATION, the corporation described in and which executed the foregoing instrument, and to me known to be the persons who as such officers executed the foregoing instrument in the name and behalf of said corporation, and acknowledged the same, and acknowledged that the seal affixed to said instrument is the corporate seal of said corporation, and that they signed, sealed and delivered said instrument in the name and behalf of said corporation by authority of its Board of Directors and said Diane L. Ford and Barth J. Wolf then and there acknowledged said instrument to be the free act and deed of said corporation by each of them voluntarily executed.

Given under my hand and notarial seal this 15th day of December, 2008.

/s/ Kim M. Michiels

Name: Kim M. Michiels

Notary Public, State of Wisconsin

My commission expires: February 19, 2012

(NOTARIAL SEAL)

STATE OF WISCONSIN } ss.
MILWAUKEE COUNTY }

Personally came before me this 12th day of December, 2008, Peter M. Brennan, to me known to be a Vice President of the above-named U.S. BANK NATIONAL ASSOCIATION, the corporation described in and which executed the foregoing instrument, and to me known to be the person who as such officer executed the foregoing instrument in the name and behalf of said corporation, and acknowledged the same, and that he signed and delivered said instrument in the name and behalf of said corporation by authority of its Board of Directors and said Peter M. Brennan then and there acknowledged said instrument to be the free act and deed of said corporation by him voluntarily executed.

Given under my hand and notarial seal this 12th day of December, 2008.

/s/ Sheril L. Hare

Name: Sheril L. Hare

Notary Public, State of Wisconsin

My commission expires: August 22, 2010

(NOTARIAL SEAL)

This instrument was drafted by Benjamin D. Levin of the law firm of Foley & Lardner LLP, Milwaukee, Wisconsin.

SCHEDULE A

The property referred to in Article II of the foregoing Forty-First Supplemental Indenture by and between Wisconsin Public Service Corporation and U.S. Bank National Association (successor to Firstar Bank, National Association, successor to Firstar Trust Company, formerly known as First Wisconsin Trust Company), Trustee, is that herein specifically described and enumerated or referred to in this Schedule A.

HOWARD COUNTY, IOWA

Easements in gross as more particularly identified on Schedule A-1 attached hereto and hereby made a part hereof, and affecting the land described on Schedule A-2 attached hereto and hereby made a part hereof.

SCHEDULE A-1

Easements in Gross

[Attached]

[All references in this Schedule A-1 to recorded instruments are to instruments as recorded in the Office of the Recorder for Howard County, Iowa.]

SCHEDULE A-2

Land

[Attached]

SCHEDULE B

1941 Mortgage and Prior Supplemental Indentures

[Attached]

42^{ND} SUPPLEMENTAL INDENTURE

* * *

FROM

WISCONSIN PUBLIC SERVICE CORPORATION

TO

U.S. BANK NATIONAL ASSOCIATION

**(successor to Firstar Bank, National Association,
successor to Firstar Trust Company,
formerly known as First Wisconsin Trust Company),**

AS TRUSTEE

* * *

DATED AS OF APRIL 25, 2010

* * *

**SUPPLEMENTAL
to
First Mortgage and Deed of Trust
dated as of January 1, 1941,
as supplemented, amended and modified**

* * *

This Supplemental Indenture, and the Indenture as defined and described herein, collectively, (a) secure obligations incurred for the construction of improvements on the land described herein and therein, including the acquisition costs of said land, and (b) are a "construction mortgage" as defined in and for purposes of section 706.11 of the Wisconsin Statutes, and as defined in and for purposes of Article 9 of the Uniform Commercial Code, as each of the same may be amended or renumbered from time to time.

This Supplemental Indenture and the Indenture, collectively, are a "construction mortgage lien" as defined in and for purposes of the Iowa Code, as the same may be amended from time to time.

42nd Supplemental Indenture, (hereinafter sometimes called this "Supplemental Indenture"), made as of the 25th day of April, 2010, by and between WISCONSIN PUBLIC SERVICE CORPORATION, a corporation duly organized and existing under and by virtue of the laws of the State of Wisconsin, having its principal office in the City of Green Bay, in the County of Brown, in the State of Wisconsin (hereinafter sometimes called the "Company"), party of the first part, and U.S. BANK NATIONAL ASSOCIATION (successor to Firstar Bank, National Association, successor to Firstar Trust Company, formerly known as First Wisconsin Trust Company), a national banking association duly organized and existing under and by virtue of the laws of the United States, having its Corporate Trust Services Office in the City of Milwaukee, in the County of Milwaukee, in the State of Wisconsin, as Trustee (hereinafter sometimes called the "Trustee"), party of the second part.

This Supplemental Indenture, and the Indenture as defined and described herein, collectively, (a) secure obligations incurred for the construction of improvements on the land described herein and therein, including the acquisition costs of said land, and (b) are a "construction mortgage" as defined in and for purposes of section 706.11 of the Wisconsin Statutes, and as defined in and for purposes of Article 9 of the Uniform Commercial Code, as each of the same may be amended or renumbered from time to time.

This Supplemental Indenture and the Indenture, collectively, are a "construction mortgage lien" as defined in and for purposes of the Iowa Code, as the same may be amended from time to time.

WHEREAS, the Company has heretofore executed and delivered to the predecessor of the Trustee its First Mortgage and Deed of Trust made as of January 1, 1941 (hereinafter referred to as the "1941 Mortgage") and has heretofore executed and delivered to the predecessor of the Trustee or to the Trustee supplemental indentures dated and hereinafter referred to as follows (hereinafter sometimes called, collectively, the "Prior Supplemental Indentures"):

Supplemental Indenture Dated (as of)	Hereinafter referred to as
November 1, 1947	First Supplemental Indenture*
August 1, 1948	Second Supplemental Indenture
September 1, 1949	Third Supplemental Indenture
November 1, 1950	Fourth Supplemental Indenture*
May 1, 1953	Fifth Supplemental Indenture*
January 1, 1954	Sixth Supplemental Indenture
October 1, 1954	Seventh Supplemental Indenture
December 1, 1957	Eighth Supplemental Indenture
November 1, 1959	Ninth Supplemental Indenture
October 1, 1963	Tenth Supplemental Indenture
June 1, 1964	Eleventh Supplemental Indenture
November 1, 1967	Twelfth Supplemental Indenture
April 1, 1969	Thirteenth Supplemental Indenture
August 1, 1970	Fourteenth Supplemental Indenture
May 1, 1971	Fifteenth Supplemental Indenture
August 1, 1973	Sixteenth Supplemental Indenture*
September 1, 1973	Seventeenth Supplemental Indenture
October 1, 1975	Eighteenth Supplemental Indenture

Supplemental Indenture Dated (as of)	**Hereinafter referred to as**
February 1, 1977	Nineteenth Supplemental Indenture
July 15, 1980	Twentieth Supplemental Indenture
December 1, 1980	Twenty-First Supplemental Indenture*
April 1, 1981	Twenty-Second Supplemental Indenture
February 1, 1984	Twenty-Third Supplemental Indenture
March 15, 1984	Twenty-Fourth Supplemental Indenture
October 1, 1985	Twenty-Fifth Supplemental Indenture
December 1, 1987	Twenty-Sixth Supplemental Indenture*
September 1, 1991	Twenty-Seventh Supplemental Indenture
July 1, 1992	Twenty-Eighth Supplemental Indenture
October 1, 1992	Twenty-Ninth Supplemental Indenture
February 1, 1993	Thirtieth Supplemental Indenture
July 1, 1993	Thirty-First Supplemental Indenture
November 1, 1993	Thirty-Second Supplemental Indenture
December 1, 1998	Thirty-Third Supplemental Indenture
August 1, 2001	Thirty-Fourth Supplemental Indenture
December 1, 2002	Thirty-Fifth Supplemental Indenture
December 1, 2003	Thirty-Sixth Supplemental Indenture
December 1, 2006	Thirty-Seventh Supplemental Indenture
August 1, 2006	Thirty-Eighth Supplemental Indenture
November 1, 2007	Thirty-Ninth Supplemental Indenture
December 1, 2008	Fortieth Supplemental Indenture
December 18, 2008	Forty-First Supplemental Indenture

*Includes amendments to or modifications of certain provisions of the 1941 Mortgage.

(said 1941 Mortgage, as supplemented, amended and modified by the aforesaid Prior Supplemental Indentures, being hereinafter referred to as the "Indenture"), whereby the Company granted, bargained, sold, warranted, released, conveyed, assigned, transferred, mortgaged, pledged, set over and confirmed unto the Trustee, and to its respective successors in trust, upon the terms, conditions and trusts therein set forth, all the property as therein described, real, personal and mixed, then owned or thereafter acquired by the Company, with certain exceptions as in the granting clauses and definitions of the Indenture set forth, to be held by the Trustee in trust, under the terms and subject to the conditions of the Indenture, as security for the bonds of the Company issued and to be issued thereunder in accordance with the provisions of the Indenture; and

WHEREAS, the Indenture provides that bonds may be issued thereunder in one or more series, each series to have such distinctive designation as the Board of Directors of the Company may select for such series; and

WHEREAS, the Company has heretofore issued and there are now outstanding, in accordance with the provisions of the 1941 Mortgage and said Prior Supplemental Indentures, bonds of several series designated as follows: First Mortgage Bonds, 7-1/8% Series Due July 1, 2023; First Mortgage Bonds Collateral Series A; First Mortgage Bonds Collateral Series B; First Mortgage Bonds Collateral Series C; First Mortgage Bonds Collateral Series D; First Mortgage Bonds Collateral Series E; First Mortgage Bonds Collateral Series F; First Mortgage Bonds Collateral Series G; and First Mortgage Bonds Collateral Series H; and

WHEREAS, the Indenture further provides that the amount of bonds which may be issued under the Indenture is not limited except as may be limited by law or by the stockholders and/or the Board of Directors of the Company, and that bonds so issued thereunder will be secured by the lien of the Indenture equally and ratably with all other bonds then outstanding thereunder except insofar as a sinking fund, or similar fund, established in accordance with the provisions of the Indenture may afford additional security for the bonds of any specific series; and

WHEREAS, the Indenture further provides that all of the property, rights and franchises acquired by the Company after the date of the 1941 Mortgage shall be as fully embraced within the lien thereof as if such property were then owned by the Company and were specifically described therein and conveyed thereby; and

WHEREAS, the Company has acquired and may acquire hereafter certain property, real, personal and mixed, located in the States of Wisconsin, Michigan and/or Iowa (hereinafter sometimes called, collectively, the "Additional Company Property"), the Additional Company Property including without limitation the property described on **SCHEDULE A**, annexed hereto and hereby made a part hereof; and

WHEREAS, the Additional Company Property is now, and upon its acquisition will be, subject to the lien of the Indenture by virtue of the provisions thereof conveying to the Trustee property acquired after the execution and delivery of the 1941 Mortgage; and

WHEREAS, the Company now desires in and by this Supplemental Indenture to give constructive notice of the Indenture, the lien and security interest thereof and certain terms and provisions thereof, as they affect or relate to the Additional Company Property; and

WHEREAS, the Company further desires in and by this Supplemental Indenture to record and file the description of and to confirm unto the Trustee, the Additional Company Property;

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH: Wisconsin Public Service Corporation, in consideration of the premises and of one dollar to it duly paid by the Trustee at or before the ensealing and delivery of these presents, the receipt whereof is hereby acknowledged, does hereby covenant and agree to and with U.S. Bank National Association, as Trustee, as follows:

ARTICLE I

MEMORANDUM OF INDENTURE

Section 1.01. The Company and the Trustee now enter into this Supplemental Indenture, and the same shall be recorded and filed in the appropriate public records, for the purpose of giving constructive notice of the Indenture, the lien and security interest thereof and certain terms and provisions thereof, all of which affect or relate to the Additional Company Property.

Section 1.02. The Company and Trustee hereby give constructive notice of the following terms and provisions set forth in the Indenture. The foregoing notwithstanding, reference is hereby made to the Indenture for all of its covenants, agreements, conditions, terms and provisions, all of which are incorporated herein by this reference, and no term or provision of this Article I shall limit, alter, vary, modify or amend, in any manner or respect, the Indenture, the lien and security interest thereof or any term or provision thereof.

(a) The granting clauses of the Indenture contain the following terms and provisions, among others and without limitation because of enumeration:

> "NOW, THEREFORE, THIS INDENTURE WITNESSETH: Wisconsin Public Service Corporation, in consideration of the premises and of the purchase and acceptance of said bonds by the holders thereof and of one dollar to it duly paid by the Trustee at or before the ensealing and delivery of these presents, the receipt whereof is hereby acknowledged, and in order to secure the payment, both of the principal and interest, of all bonds of the Company at any time outstanding hereunder according to their tenor and effect and the performance of and compliance with the covenants and conditions in this Indenture contained, has granted, bargained, sold, warranted, released, conveyed, assigned, transferred, mortgaged, pledged, set over and confirmed, and by these presents does grant, bargain, sell, warrant, release, convey, assign, transfer, mortgage, pledge, set over and confirm unto First Wisconsin Trust Company, as Trustee, and to its respective successors in said trust forever:
>
> "(1) all property, real, personal and mixed, now owned or hereafter acquired or to be acquired by the Company, and wheresoever situated (except as hereinafter excepted from the lien hereof), subject to the rights reserved by the Company in and by other provisions of this Indenture, including (without in any manner limiting or impairing by the enumeration of the same the scope and intent of the foregoing or of any general description contained in this Indenture) all lands, rights of way, other land rights, flowage and other water rights, reservoirs, dams, waterways, docks, roads, and other land improvements; steam, hydro and other electric generating plants, including buildings and other structures, water wheels, turbines, generators, exciters, boilers and other boiler plant equipment, condensing equipment, and all other equipment; substations; electric transmission and distribution systems, including structures, poles, towers, fixtures, conduits, insulators, wires, cables, transformers, services and meters; gas generating and coke plants, including buildings, holders and other structures, boilers and other

boiler plant equipment, benches, retorts, coke ovens, water gas sets, condensing and purification equipment, piping and other accessory works equipment; gas transmission and distribution systems, including structures, mains, pressure holders, governors, services, and meters; office, shop and other general buildings and structures, furniture and equipment; apparatus and equipment of all other kinds and descriptions; and all municipal and other franchises and all leaseholds, licenses, permits and privileges; parts or parcels of such real property and items of other property being more specifically described and mentioned or enumerated in a schedule hereto annexed and marked Schedule A, reference to said schedule for a more specific description and enumeration of the property therein described and enumerated being hereby made with the same force and effect as if the same were incorporated herein at length; [...]

"TOGETHER WITH all and singular the tenements, hereditaments and appurtenances belonging or in any wise appertaining to the aforesaid property or any part thereof with the reversion and reversions, remainder and remainders, tolls, rents and revenues, issues, income, product and profits thereof, and all the estate, right, title and interest and claim whatsoever, at law as well as in equity, which the Company now has or may hereafter acquire in and to the aforesaid property and franchises and every part and parcel thereof, except as hereinafter excepted or excluded from the lien hereof.

"It is hereby agreed by the Company that (except as hereinafter excepted from the lien hereof) all the property, rights and franchises acquired by the Company after the date hereof shall be as fully embraced within the lien hereof as if such property were now owned by the Company and were specifically described herein and conveyed hereby. [...]

"The lien of this Indenture, anything herein contained to the contrary notwithstanding, shall not extend to any property, permits or franchises of any other corporation of whatever character, [...] shares of stock or securities of which, or obligations secured by lien upon the properties and franchises of which, may be now owned or hereafter acquired or possessed by the Company, notwithstanding the fact that the Company may own or hereafter acquire all or substantially all of the shares of stock or other securities issued by, or secured by lien upon property of, any such corporation, or that any such corporation may be incorporated or organized at the instance of or for the account of the Company, or that all or any part of the shares of stock or other securities of such corporation may be subjected to the lien hereof by the Company. [...]

"THERE IS HEREBY EXCEPTED from the lien of this Indenture, whether now owned or hereafter acquired by the Company, anything herein contained to the contrary notwithstanding, (1) all shares of stock, bonds, notes, evidences of indebtedness and other securities other than such as may be or are required to be deposited from time to time with the Trustee in accordance with the provisions hereof; (2) cash other than such as may be or is required to be deposited from time to time with the Trustee in accordance with the provisions hereof; (3) contracts, claims, bills and accounts receivable and choses in action other than such as may be or are required to be from time to time assigned to the Trustee in accordance with the provisions hereof; (4) motor vehicles; (5) any timber on lands owned by the Company; and (6) any stock of goods, wares and merchandise, equipment and supplies acquired for the purpose of sale or resale in the usual course of business or for the purpose of consumption in the operation, construction or repair of any of the properties of the Company.

"TO HAVE AND TO HOLD all said properties, real, personal and mixed, mortgaged, pledged or conveyed by the Company as aforesaid, or intended so to be, unto the Trustee and its successors and assigns forever; subject, however, to permissible encumbrances as herein defined;

"IN TRUST NEVERTHELESS, for the equal pro rata benefit and security of all and every of the bonds issued and to be issued hereunder in accordance with the provisions of this Indenture without preference, priority or distinction as to lien of any over the others by reason of priority in time of the issue, negotiation or maturity thereof; subject, however, to the provisions of this Indenture and of any supplemental indenture relating to any sinking fund or similar fund for the benefit of the bonds of any particular series or of the bonds or any portion thereof issued under this Indenture; it being intended that the lien and security of all of said bonds of all series issued or to be issued hereunder shall take effect from the execution and delivery of this Indenture, and that the lien and security of this Indenture shall take effect from the date of execution and delivery thereof as though all of the said bonds of all series were actually authenticated and delivered upon such date.

"PROVIDED, HOWEVER, and these presents are upon the condition that if the Company, its successors, or assigns, shall pay or cause to be paid unto the holders of said bonds the principal and interest to become due in respect thereof, at the times and in the manner stipulated therein and herein, and shall keep, perform and observe all and singular the covenants and promises in said bonds and in this Indenture expressed as to be kept, performed and observed by or on the part of the Company, then this Indenture and the estate and rights hereby granted, shall cease, determine and be void, otherwise to be and remain in full force and effect."

(b) Article II of the Indenture contains the following terms and provisions, among others and without limitation because of enumeration:

"Section 2.01. (a) This Indenture creates a continuing lien to secure the full and final payment of the principal and interest of all bonds which may from time to time be made, issued, authenticated and delivered hereunder. The amount of bonds which may be so issued, authenticated and delivered hereunder is not limited except that no further bonds shall be issued at any time if the total amount of bonds to be outstanding, after such issue, would in any event exceed the then limit of indebtedness, if any, of the Company permitted by law or authorized from

> time to time by the stockholders and/or directors of the Company in the manner required by law; provided that the aggregate principal amount of bonds that may be issued, authenticated and delivered hereunder and/or the aggregate principal amount of bonds of any particular series that may be issued, authenticated and delivered hereunder, may at any time at the election of the Company, evidenced from time to time by an indenture supplemental hereto executed by the Company and delivered to the Trustee reciting that it has been authorized by a resolution adopted by the Board of Directors of the Company, be limited to such definite aggregate principal amount not less than the aggregate principal amount of all bonds, or of bonds of such particular series, as the case may be, then outstanding hereunder, as may be specified in such supplemental indenture."

(c) Article XII of the Indenture contains the following terms and provisions, among others and without limitation because of enumeration:

> "Section 12.08. [...] (b) Any new property acquired by exchange or purchase to take the place of any property released under any provision of this Article shall forthwith and without further conveyance become subject to the lien of and be covered by this Indenture as a part of the mortgaged property[.]"

ARTICLE II

CONFIRMATION OF LIEN

Section 2.01. The Company, in order to record the description of, and confirm unto the Trustee, the Additional Company Property (which Additional Company Property is now, and upon its acquisition will be, subject to the lien of the Indenture by virtue of the provisions thereof conveying to the Trustee property acquired after the execution and delivery of the 1941 Mortgage), by these presents does grant, bargain, sell, warrant, release, convey, assign, transfer, mortgage, pledge, set over and confirm unto U.S. Bank National Association, as Trustee, and to its respective successors in said trust forever, subject to the rights reserved by the Company in and by other provisions of the Indenture and this Supplemental Indenture, all of the property described and mentioned or enumerated or referred to in a schedule hereto annexed and marked **SCHEDULE A**, reference to said schedule for a description and enumeration of the property therein described and enumerated being hereby made with the same force and effect as if the same were incorporated herein at length; and all other property, real, personal and mixed, comprising or relating to the Additional Company Property, now owned or hereafter acquired or to be acquired by the Company, and wheresoever situated (except as in the Indenture excepted from the lien thereof), subject to the rights reserved by the Company in and by other provisions of the Indenture, including (without in any manner limiting or impairing by the enumeration of the same the scope and intent of the foregoing or of any general description contained in the Indenture) all lands, rights of way, other land rights, flowage and other water rights, reservoirs, dams, waterways, docks, roads, and other land improvements; steam, hydro and other electric generating plants, including buildings and other structures, water wheels, turbines, generators, exciters, boilers and other boiler plant equipment, condensing equipment, and all other equipment; substations; electric transmission and distribution systems, including structures, poles, towers, fixtures, conduits, insulators, wires, cables, transformers, services and meters; gas generating and coke plants, including buildings, holders and other structures, boilers and other boiler plant equipment, benches, retorts, coke ovens, water gas sets, condensing and purification equipment, piping and other accessory works equipment; gas transmission and distribution systems, including structures, mains, pressure holders, governors, services, and meters; office, shop and other general buildings and structures, furniture and equipment; apparatus and equipment of all other kinds and descriptions; and all municipal and other franchises and all leaseholds, licenses, permits and privileges.

Together with all and singular the tenements, hereditaments and appurtenances belonging or in any wise appertaining to the aforesaid property or any part thereof with the reversion and reversions, remainder and remainders, tolls, rents and revenues, issues, income, product and profits thereof, and all the estate, right, title and interest and claim whatsoever, at law as well as in equity, which the Company now has or may hereafter acquire in and to the aforesaid property and every part and parcel thereof; and it is hereby agreed by the Company that (except as in the Indenture excepted from the lien thereof) all the property, rights and franchises acquired by the Company after the date hereof shall be as fully embraced within the lien thereof as if such property were now owned by the Company and were specifically described herein and conveyed hereby.

To have and to hold all said properties, mortgaged, pledged or conveyed by the Company as aforesaid, or intended so to be, unto the Trustee and its successors and assigns forever, subject, however, to permissible encumbrances as defined in the 1941 Mortgage; but in trust, nevertheless, for the same purposes and upon the same conditions as are fully set forth in the Indenture, which is hereby referred to.

ARTICLE III

PARTICULAR COVENANTS OF THE COMPANY

In addition to the covenants contained in the Indenture, the Company hereby covenants as follows:

Section 3.01. That it is duly authorized under the laws of the State of Wisconsin and under all other applicable provisions of law to execute and deliver this Supplemental Indenture, and that all corporate action on its part for the execution of this Supplemental Indenture has been duly and effectually taken.

Section 3.02. That it is lawfully possessed of all the property mortgaged and pledged by the Indenture; that it will maintain and preserve the lien of the Indenture on the property mortgaged and pledged thereby in accordance with the terms thereof and hereof so long as any of the bonds issued thereunder are outstanding; and that it has good right and lawful authority to mortgage and pledge the property mortgaged and pledged thereby as provided in and by the Indenture; and that the same is free and clear of all liens and encumbrances, except permissible encumbrances as defined in the Indenture.

ARTICLE IV

UNIFORM COMMERCIAL CODE AND ADDITIONAL STATE LAW MATTERS

Section 4.01. With respect to the property comprising or relating to the Additional Company Property and the Trustee's security interest therein, the Company hereby represents and warrants to the Trustee as follows:

(a) That value has been given, that the Company has rights in the collateral or the power to transfer rights in the collateral to a secured party, and that the Company, by its execution and delivery of the Indenture and this Supplemental Indenture, has authenticated a security agreement that provides a description of the collateral;

(b) That the Company has an interest of record in or is in possession of the real property, that the security interest is a purchase-money security interest, and that the security interest has been or will be perfected by a fixture filing before the goods become fixtures or within 20 days thereafter; and

(c) That the Indenture and this Supplemental Indenture are a "construction mortgage" as defined in and for purposes of Article 9 of the Uniform Commercial Code, as the same may be amended or renumbered from time to time.

Section 4.02. With respect to the goods or accounts covered by this Supplemental Indenture that are or are to become fixtures related to the real property described herein, this Supplemental Indenture is and shall be effective, from the date of recording, as a financing statement filed as a fixture filing. In connection therewith:

(a) The name of the debtor is WISCONSIN PUBLIC SERVICE CORPORATION; the mailing address for the debtor is Wisconsin Public Service Corporation, 700 North Adams Street, P.O. Box 19001, Green Bay, Wisconsin 54307-9001; the debtor is a Wisconsin business corporation having the following organizational identification number (entity ID): 1W03350; the name of the secured party is U.S. BANK NATIONAL ASSOCIATION; the address of the secured party from which information concerning the security interest hereunder may be obtained is U.S. Bank National Association, Corporate Trust Services, 1555 Rivercenter Drive, Suite 203, Milwaukee, Wisconsin 53212; and the collateral covered hereby is set forth in Articles I and II hereof;

(b) This Supplemental Indenture covers fixtures, is to be filed for record in the real property records, and provides a description of the real property to which the collateral is related sufficient to give constructive notice of a mortgage under the law of the States of Wisconsin, Michigan and Iowa if the description were contained in a record of the mortgage of the real property;

(c) The debtor has an interest of record in the real property; and

(d) The debtor hereby authorizes the filing of any initial financing statement, any amendment that adds collateral covered by a financing statement, and any amendment that adds a debtor to a financing statement.

Section 4.03. The Company is a “transmitting utility” as defined in and for purposes of Article 9 of the Uniform Commercial Code, as the same may be amended or renumbered from time to time.

Section 4.04. **THE COMPANY ACKNOWLEDGES THE RECEIPT OF A COPY OF THIS DOCUMENT AT THE TIME IT WAS SIGNED.**

Section 4.05. **NOTICE: This mortgage secures credit in the amount of $997,100,000.00. Loans and advances up to this amount, together with interest, are senior to indebtedness to other creditors under subsequently recorded or filed mortgages and liens.**

Section 4.06. The respective dates of maturity of the indebtedness or part thereof secured by the Indenture and this Supplemental Indenture are as follows:

Part of indebtedness	**Date of maturity**
First Mortgage Bonds, 7-1/8% Series Due July 1, 2023…..	July 1, 2023
First Mortgage Bonds Collateral Series A………………...	December 1, 2028
First Mortgage Bonds Collateral Series B………………...	August 1, 2011
First Mortgage Bonds Collateral Series C………………...	December 1, 2012
First Mortgage Bonds Collateral Series D………………...	December 1, 2013
First Mortgage Bonds Collateral Series E…………………	December 1, 2036
First Mortgage Bonds Collateral Series F…………………	February 1, 2013
First Mortgage Bonds Collateral Series G………………...	November 1, 2017
First Mortgage Bonds Collateral Series H………………...	December 1, 2015

Section 4.07. The Company is a “transmitting utility” as defined in and for purposes of sections 554B.1 and 554B.3 of the Iowa Code, as the same may be amended or renumbered from time to time. Property of the Company, whether owned at the time of the execution of the Indenture or this Supplemental Indenture or subsequently acquired, shall secure the obligations covered by the Indenture and this Supplemental Indenture.

Section 4.08 This Supplemental Indenture and the Indenture, collectively:

(i) secure obligations incurred for the construction of improvements on the land described herein and therein, including the acquisition costs of said land, and are a “construction mortgage” as defined in and for purposes of section 706.11 of the Wisconsin Statutes, and as defined in and for purposes of Article 9 of the Uniform Commercial Code, as each of the same may be amended or renumbered from time to time; and

(ii) are a “construction mortgage lien” as defined in and for purposes of the Iowa Code, as the same may be amended or renumbered from time to time.

Section 4.09 For the purpose of giving further constructive notice of the Indenture and the lien and security interest thereof, reference is hereby made to:

(i) the Forty-First Supplemental Indenture dated as of December 18, 2008 (the "41st Supplemental Indenture"), as the same was recorded on December 30, 2008 in the Office of the Recorder for Howard County, Iowa at Book 2008, Page 1376, as Document No. 2008 1376; and

(ii) Schedule B annexed to the 41st Supplemental Indenture as so recorded, which Schedule B comprises true, correct and complete copies of the 1941 Mortgage and each of the Prior Supplemental Indentures, excepting only the 41st Supplemental Indenture.

Section 4.10. For purposes of Section 460.6q of the Michigan Compiled Laws (also known as Section 6q of 2008 Public Act 286, State of Michigan) and the orders, agreements and other proceedings of the Michigan Public Service Commission relating thereto, as any of the foregoing may be amended or renumbered from time to time, the Company hereby represents and warrants: All of the property made or to be made subject to the lien and security interest of the Indenture, and described as such in this Supplemental Indenture, has been or will be made subject to such lien and security interest for the purpose of facilitating, directly or indirectly, financing of utility operations, and/or for the purpose of facilitating, directly or indirectly, the provision of utility service.

ARTICLE V

MISCELLANEOUS

Section 5.01. The recitals of fact herein shall be taken as statements of the Company and shall not be construed as made or warranted by the Trustee. The Trustee makes no representations as to the validity of this Supplemental Indenture. Except as herein otherwise provided, no duties, responsibilities or liabilities are assumed, or shall be construed to be assumed, by the Trustee by reason of this Supplemental Indenture other than as set forth in the Indenture; and this Supplemental Indenture is executed and accepted on behalf of the Trustee, subject to all the terms and conditions set forth in the Indenture, as fully to all intents as if the same were herein set forth at length.

Section 5.02. This Supplemental Indenture shall be construed in connection with and as a part of the Indenture.

Section 5.03. (a) Whenever in this Supplemental Indenture either of the parties hereto is named or referred to, such naming or reference shall be deemed to include the successors or assigns of such party, and all the covenants and agreements in this Supplemental Indenture contained by or on behalf of the Company or by or on behalf of the Trustee shall bind and inure to the benefit of the respective successors and assigns of such parties, whether so expressed or not.

(b) The descriptive headings of the several Articles of this Supplemental Indenture were formulated, used and inserted in this Supplemental Indenture for convenience only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

Section 5.04. (a) If any provision of this Supplemental Indenture limits, qualifies or conflicts with another provision of this Supplemental Indenture or the Indenture required or deemed to be included in indentures qualified under the Trust Indenture Act of 1939 (as enacted prior to the date of this Supplemental Indenture) by any of Sections 310 to 317, inclusive, of the said Act, such required provisions shall control.

(b) In case any one or more of the provisions contained in this Supplemental Indenture should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected, impaired, prejudiced or disturbed thereby.

Section 5.05. This Supplemental Indenture may be executed in several counterparts, and all said counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

[Signatures pages follow this page.]

IN WITNESS WHEREOF, the party of the first part has caused its corporate name and seal to be hereunto affixed and this Supplemental Indenture to be signed by its President or Vice President, and attested by its Secretary or an Assistant Secretary, for and in its behalf, and the party of the second part has caused its corporate name to be hereunto affixed, and this Supplemental Indenture to be signed by its Vice President for and in its behalf, all done as of the 25th day of April, 2010.

WISCONSIN PUBLIC SERVICE CORPORATION,

(SEAL)

By: /s/ Diane L. Ford
Diane L. Ford
Vice President and Corporate Controller

Attest:

/s/ Barth J. Wolf
Barth J. Wolf
Secretary

Executed by Wisconsin Public Service Corporation, in presence of:

/s/ Lynn M. Mleziva

Name: Lynn M. Mleziva

/s/ Chrystl L. Wallace

Name: Chrystl L. Wallace

U.S. BANK NATIONAL ASSOCIATION,
As Trustee,

By: /s/ Peter M. Brennan
Peter M. Brennan
Vice President

Executed by U.S. Bank National Association
in presence of:

/s/ Steven F. Posto

Name: Steven F. Posto

/s/ Yvonne Siira

Name: Yvonne Siira

STATE OF WISCONSIN }
} ss.
BROWN COUNTY }

Personally came before me this 19th day of April , 2010, Diane L. Ford, to me known to be the Vice President and Corporate Controller, and Barth J. Wolf, to me known to be the Secretary, of the above-named **WISCONSIN PUBLIC SERVICE CORPORATION,** the corporation described in and which executed the foregoing instrument, and to me known to be the persons who as such officers executed the foregoing instrument in the name and behalf of said corporation, and acknowledged the same, and acknowledged that the seal affixed to said instrument is the corporate seal of said corporation, and that they signed, sealed and delivered said instrument in the name and behalf of said corporation by authority of its Board of Directors and said Diane L. Ford and Barth J. Wolf then and there acknowledged said instrument to be the free act and deed of said corporation by each of them voluntarily executed.

Given under my hand and notarial seal this 19th day of April , 2010.

/s/ Kim M. Michiels

Name: Kim M. Michiels

Notary Public, State of Wisconsin

My commission expires: February 19, 2012

(NOTARIAL SEAL)

STATE OF WISCONSIN }
} ss.
MILWAUKEE COUNTY }

Personally came before me this 16th day of April, 2010, Peter M. Brennan, to me known to be a Vice President of the above-named U.S. BANK NATIONAL ASSOCIATION, the corporation described in and which executed the foregoing instrument, and to me known to be the person who as such officer executed the foregoing instrument in the name and behalf of said corporation, and acknowledged the same, and that he signed and delivered said instrument in the name and behalf of said corporation by authority of its Board of Directors and said Peter M. Brennan then and there acknowledged said instrument to be the free act and deed of said corporation by him voluntarily executed.

Given under my hand and notarial seal this 16th day of April, 2010.

/s/ Benjamin D. Levin

Name: Benjamin D. Levin

Notary Public, State of Wisconsin

My commission ~~expires:~~ is permanent

(NOTARIAL SEAL)

This instrument was drafted by Benjamin D. Levin of the law firm of Foley & Lardner LLP, Milwaukee, Wisconsin.

SCHEDULE A

The property referred to in Article II of the foregoing 42nd Supplemental Indenture by and between Wisconsin Public Service Corporation and U.S. Bank National Association (successor to Firstar Bank, National Association, successor to Firstar Trust Company, formerly known as First Wisconsin Trust Company), Trustee, is that herein specifically described and enumerated or referred to in this Schedule A.

* * *

STATE OF WISCONSIN

Brown County:

Project 0150008036:

Lot One (1), Vol. 54 Certified Survey Maps, Page 165, Map No. 7857; said Lot being part of the Northwest Quarter of the Northwest Quarter (NW ¼ of the NW ¼), Section Thirty-three (33), Township Twenty-two (22) North, Range Twenty (20) East, in the Town of Wrightstown, Brown County, Wisconsin.

Tax Parcel Number: W-678-6 (NEW)

Project 0150008011:

The Westerly 60 feet of the Easterly 100 feet of Lot Eighteen (18), according to the recorded Plat of Fort Howard Military Reserve, in the City of Green Bay, West side of Fox River, Brown County, Wisconsin, excepting therefrom the Southerly 50 feet thereof.

Tax Parcel Number: TO BE ATTACHED TO 6-12, 6-12-A, 6-12-B, and 6-12-B-1

Kewaunee County:

Project 0150009025:

Parcel I:

Part of the Southwest Quarter (SW ¼) of the Northeast Quarter (NE ¼) of Section Twenty-six (26), Township Twenty-five (25) North, Range Twenty-four (24) East, Town of Lincoln, Kewaunee County, Wisconsin and more particularly described as follows:

Beginning at the Southeast of the said Southwest Quarter (SW ¼) of the Northeast Quarter (NE ¼) and in the center of the highway; thence North along the center of the highway a distance of Two Hundred (200) feet; thence West and parallel with the South line of said Southwest Quarter (SW ¼) of the Northeast Quarter (NE ¼) a distance of Four Hundred Thirty-six (436) feet; thence South and parallel with said highway a distance of Two Hundred (200) feet to the South line of said Southwest Quarter (SW ¼) of the Northeast Quarter (NE ¼); thence East along the South line of said Southwest Quarter (SW ¼) of the Northeast Quarter (NE ¼) a distance of Four Hundred Thirty-six (436) feet to the point of beginning.

Parcel II:

Part of the Southwest Quarter (SW ¼) of the Northeast Quarter (NE ¼) of Section Twenty-six (26), Township Twenty-five (25) North, Range Twenty-four (24) East, Town of Lincoln, Kewaunee County, Wisconsin and more particularly described as follows:

Commencing at the center of said Section Twenty-six (26), which is marked by a Kewaunee County Monument, thence S88°43′45″E along the South line of the said Southwest Quarter (SW ¼) of the Northeast Quarter (NE ¼) a distance of 657.74 feet to the point of real beginning; thence continue S88°43′45″E along the South line of the said Southwest Quarter (SW ¼) of the Northeast Quarter (NE ¼) 657.74 feet to the Southeast corner of the said Southwest Quarter (SW ¼) of the Northeast Quarter (NE ¼); thence N00°01′15″W along the East line of the said Southwest Quarter (SW ¼) of the Northeast Quarter (NE ¼) 423.98 feet; thence N88°43′43″W 658.38 feet, thence S00°06′15″E 424.00 feet to the point of real beginning EXCEPTING THEREFROM the South 200 feet of the East 436 feet of the Southwest Quarter (SW ¼) of the Northeast Quarter (NE ¼) of Section Twenty-six (26), Township Twenty-five (25) North, Range Twenty-four (24) East, Town of Lincoln, Kewaunee County, Wisconsin.

Tax Parcel Number: 31 010 26.032 & 31 010 26.032.1

Vilas County:

Project 0150008039:

A parcel of land in the Southwest Quarter of the Northwest Quarter (SW ¼ of the NW ¼), Section Thirty-three (33), Township Forty (40) North, Range Six (6) East, in the Town of Arbor Vitae, Vilas County, Wisconsin, described as follows:

Commencing at the quarter corner to Sections 32 and 33, marked by a 2 ½ inch Vilas County aluminum monument; thence North 1 deg. 29 min. 08 sec. West 924.50 feet along the West line of the SW ¼ of the NW ¼, Section 33 to the place of beginning, marked by a 1 inch iron pipe; thence continuing North 1 deg. 29 min. 08 sec. West 400.00 feet along the West line of the SW ¼ of the NW ¼ to the Northwest corner thereof, a 1/16th corner, marked by a 6 inch square concrete monument; thence South 89 deg. 27 min. 54 sec. East 175.59 feet along the North line of the SW ¼ of the NW ¼ to a 1 inch iron pipe on the South right of way line of State Highway "47"; thence Southeasterly 139.49 feet along said right of way line along the arc of a curve concave Northeasterly with a radius of 2031.69 feet, the chord of which bears South 64 deg. 42 min. 23 sec. East 139.47 feet to a 1 inch iron pipe; thence leaving said right of way line South 1 deg. 29 min. 08 sec. East 330.97 feet to a 1 inch iron pipe; thence South 88 deg. 30 min. 52 sec. West 300.00 feet to the place of beginning.

Tax Parcel Number: 002-1460-02 (PART OF)

* * *

STATE OF MICHIGAN

None.

*　　*　　*

STATE OF IOWA

<u>Howard County</u>:

<u>Parcel 1</u>:

Lot 1 of 1, in the Southeast Quarter of the Northeast Quarter (SE 1/4 of the NE 1/4), Section Twenty-eight (28), Township Ninety-nine (99) North, Range Thirteen (13) West of the Fifth Principal Meridian, Howard County, Iowa.

<u>Parcel 2</u>:

Lot One (1) of the North One-half (N 1/2) of the Northeast Quarter (NE 1/4), Section Twenty-one (21), Township Ninety-nine (99) North, Range Fourteen (14) West, Howard County, Iowa.

<u>Parcels 3 through 13</u>:

Easements in gross as more particularly identified on <u>Schedule A-1</u> attached hereto and hereby made a part hereof, and affecting the corresponding parcels of additional Iowa land described on <u>Schedule A-2</u> attached hereto and hereby made a part hereof.

SCHEDULE A-1

Easements in Gross

All references in this Schedule A-1 to recorded instruments are to instruments as recorded in the Office of the Recorder for Howard County, Iowa.

Parcel 3:

Perpetual Easement for the development, installation, construction, improvement, reconstruction, enlargement, removal, relocation, and replacement, and the use, maintenance, repair and operation, of facilities for the collection, distribution, step-up, step-down, wheeling, transportation and sale of electricity and for communications, together with right of access to equipment, granted in Ratification of and Amendment to Perpetual Easement Agreement from Amil Felper and Leota Felper to enXco Development Corporation, recorded September 21, 2009 as Document 2009-1682 in Book 2009 Page 1682; as subsequently assigned to Wisconsin Public Service Corporation by assignment dated September 22, 2009, recorded September 22, 2009 as Document 2009-1695 in Book 2009 Page 1695.

Parcel 4:

Easement for wind energy purposes and for any and all activities related thereto under and more particularly described in Windpark Easement Agreement dated as of January 9, 2009, by and between Dean O. and LaVonne A. Thompson, husband and wife, and Power Partners Midwest, LLC, a Delaware limited liability company, as disclosed by Memorandum of Windpark Easement Agreement dated as of January 9, 2009, recorded April 30, 2009 as Document 2009-699 in Book 2009 Page 699; as assigned to enXco Development Corporation by Assignment and Assumption Agreement dated as of July 1, 2009, by and between Power Partners Midwest, LLC, a Delaware limited liability company, and enXco Development Corporation, a Delaware corporation, recorded July 7, 2009 as Document 2009-1251 in Book 2009 Page 1251; as further assigned to Wisconsin Public Service Corporation, a Wisconsin corporation, by assignment dated September 22, 2009, recorded September 22, 2009 as Document 2009-1695 in Book 2009 Page 1695; and Supplemental Memorandum to Windpark Easement Agreement dated October 21, 2009 and recorded November 5, 2009 as Document 2009-1967 in Book 2009 Page 1967.

Parcel 5:

Easement for wind energy purposes and for any and all activities related thereto under and more particularly described in Windpark Easement Agreement dated as of January 9, 2009, by and between Lowell D. and Marjorie K. Dohlman, husband and wife, and Power Partners Midwest, LLC, a Delaware limited liability company, as disclosed by Memorandum of Windpark Easement Agreement dated as of January 9, 2009, recorded April 30, 2009 as Document 2009-700 in Book 2009 Page 700; as assigned to enXco Development Corporation by Assignment and Assumption Agreement dated as of July 1, 2009 made by and between Power Partners Midwest, LLC, a Delaware limited liability company, and enXco Development Corporation, a Delaware corporation, recorded July 7, 2009 as Document 2009-1251 in Book 2009 Page 1251; as further assigned to Wisconsin Public Service Corporation, a Wisconsin corporation, by assignment dated September 22, 2009, recorded September 22, 2009 as Document 2009-1695 in Book 2009

Page 1695; and Supplemental Memorandum to Windpark Easement Agreement dated October 21, 2009 and recorded November 5, 2009 as Document 2009-1965 in Book 2009 Page 1965.

Parcel 6:

Perpetual Easement for the development, installation, construction, improvement, reconstruction, enlargement, removal, relocation, and replacement, and the use, maintenance, repair and operation, of facilities for the collection, distribution, step-up, step-down, wheeling, transportation and sale of electricity and for communications, together with right of access to equipment, granted in Perpetual Easement from Arnold T. Felper and Mardella K. Felper to enXco Development Corporation, recorded October 5, 2009 as Document 2009-1768 in Book 2009 Page 1768, re-recorded December 15, 2009 as Document 2009-2184 in Book 2009 Page 2184; as assigned to Wisconsin Public Service Corporation, a Wisconsin corporation, by Assignment dated February 25, 2010, recorded March 2, 2010 as Document 2010-281 in Book 2010 Page 281.

Parcel 7:

Perpetual Easement for the development, installation, construction, improvement, reconstruction, enlargement, removal, relocation, and replacement, and the use, maintenance, repair and operation, of facilities for the collection, distribution, step-up, step-down, wheeling, transportation and sale of electricity and for communications, together with right of access to equipment, granted in Perpetual Easement from James Koenigs to enXco Development Corporation, recorded October 30, 2009 as Document 2009-1922 in Book 2009 Page 1922; as assigned to Wisconsin Public Service Corporation, a Wisconsin corporation, by Assignment dated February 25, 2010, recorded March 2, 2010 as Document 2010-281 in Book 2010 Page 281.

Parcel 8:

Perpetual Easement to construct, install, operate, maintain, remove and replace necessary and usual appurtenant equipment for electric cable and an electric junction box for the purpose of transmitting electrical energy, together with right of access to equipment, granted in Electric Junction Box Easement from Nita Albertson, Marlene Berg and Curtis J. Nelson to Wisconsin Public Service Corporation, a Wisconsin corporation, recorded April 6, 2009 as Document 2009-513 in Book 2009 Page 513.

Parcel 9:

Perpetual Easement to construct, install, operate, maintain, remove and replace necessary and usual appurtenant equipment for electric cable and an electric junction box for the purpose of transmitting electrical energy, together with right of access to equipment, granted in Electric Junction Box Easement from The Bart and Susan Brincks Revocable Trust dated January 9, 1997, The Wayne and Mary Brincks Revocable Trust dated January 9, 1997, and The Douglas and Carlene Brincks Revocable Trust dated January 9, 1997 to Wisconsin Public Service Corporation, a Wisconsin corporation, recorded April 6, 2009 as Document 2009-514 in Book 2009 Page 514.

Parcel 10A:

Perpetual Easement to construct, install, operate, maintain, remove and replace necessary and usual appurtenant equipment for electric cable and an electric junction box for the purpose of transmitting electrical energy, together with right of access to equipment, granted in Electric Junction Box Easement from Schwade Family L.P. to Wisconsin Public Service Corporation, a Wisconsin corporation, recorded July 9, 2009 as Document 2009-1265 in Book 2009 Page 1265.

Parcel 10B:

Perpetual Easement to construct, install, operate, maintain, remove and replace necessary and usual appurtenant equipment for electric cable and an electric junction box for the purpose of transmitting electrical energy, together with right of access to equipment, granted in Electric Junction Box Easement from Schwade Family L.P. to Wisconsin Public Service Corporation, a Wisconsin corporation, recorded July 9, 2009 as Document 2009-1266 in Book 2009 Page 1266.

Parcel 11:

Perpetual Easement to construct, install, operate, maintain, remove and replace necessary and usual appurtenant equipment for electric cable and an electric junction box for the purpose of transmitting electrical energy, together with right of access to equipment, granted in Electric Junction Box Easement from Carrol A. Watson and Mary E. Watson to Wisconsin Public Service Corporation, a Wisconsin corporation, recorded May 22, 2009 as Document 2009-890 in Book 2009 Page 890.

Parcel 12:

Perpetual Easement to construct, install, operate, maintain, remove and replace necessary and usual appurtenant equipment for electric cable and an electric junction box for the purpose of transmitting electrical energy, together with right of access to equipment, granted in Electric Junction Box Easement from Mark Christianson and Kristin Christianson and also Charles Christianson and Kathryn E. Christianson to Wisconsin Public Service Corporation, a Wisconsin corporation, recorded May 22, 2009 as Document 2009-889 in Book 2009 Page 889.

Parcel 13:

Perpetual Easement to construct, install, operate, maintain, remove and replace necessary and usual appurtenant equipment for electric cable and an electric junction box for the purpose of transmitting electrical energy, together with right of access to equipment, granted in Electric Junction Box Easement from Dean Stark and Helen Stark to Wisconsin Public Service Corporation, a Wisconsin corporation, recorded May 22, 2009 as Document 2009-891 in Book 2009 Page 891.

SCHEDULE A-2

Additional Iowa Land

Parcel 3:

The North 50.00 feet of the South 83.00 feet of the Southeast Quarter (SE 1/4) in Section Fifteen (15), Township Ninety-nine (99) North, Range Fourteen (14), West of the 5th P.M., Howard County, Iowa.

Parcel 4:

The Northwest Fractional Quarter of Section Five, Township Ninety-nine North, Range Fourteen, West of the Fifth P.M., Howard County, Iowa.

Parcel 5:

The Southeast Quarter (SE 1/4) of Section Nine (9), Township Ninety-nine (99) North, Range Fourteen (14) West of the 5th P.M., except the public highway, Howard County, Iowa.

Parcel 6:

That part of the North Half (N ½) of the Northeast Quarter (NE ¼) of Section Twelve (12), Township Ninety-nine (99) North, Range Fourteen (14), West of the 5th P.M., Howard County, Iowa described as follows: Beginning at a point 1321.75 feet West of the Northeast corner of the Northeast Quarter (NE ¼) on the North line of said Section Twelve (12); thence continuing West 605.42 feet; thence South 503.65 feet; thence East 605.42 feet; thence North 503.65 feet to point of beginning, except the public highway.

and

The South 30.00 feet of the North 79.50 feet of that part of the North Half (N1/2) of the Northeast Quarter (NE1/4) of Section Twelve (12), Township Ninety-nine (99) North, Range Fourteen (14), West of the 5th P.M., Howard County, Iowa described as follows: Beginning at a point 1321.75 feet West of the Northeast corner of the Northeast Quarter (NE1/4) on the North line of said Section Twelve (12); thence continuing West 605.42 feet; thence South 503.65 feet; thence East 605.42 feet; thence North 503.65 feet to point of beginning, except the public highway.

Parcel 7:

Lot One (1) located in the Northeast Quarter (NE ¼) of the Southeast Quarter (SE ¼) of Section Ten (10), Township Ninety-nine (99) North, Range Fourteen (14), West of the 5th P.M., Howard County, Iowa, more particularly described as follows: Beginning at the Northwest Corner of said Northeast Quarter (NE ¼) of said Southeast Quarter (SE ¼); thence South 89°18'28" East, 568.80 feet along the north line of said Northeast Quarter (NE ¼) of said Southeast Quarter (SE ¼); thence South 00°41'32" West, 385.50 feet; thence North 89°18'28" West, 565.44 feet to a point on the west line of said Northeast Quarter (NE ¼) of said Southeast Quarter (SE ¼); thence North 00°11'34" East, 385.52 feet along said west line to the point of beginning.

and

A 30.00 foot strip of land being 15 feet on either side of the following described line: Commencing at the Northwest corner of County Auditor's Lot #1 located in the Northeast Quarter (NE1/4) of the Southeast Quarter (SE1/4) of Section Ten (10), Township Ninety-nine (99) North, Range Fourteen (14), West of the 5th P.M., thence North 89 degrees 54 minutes 42 seconds East, assumed bearing along the North line of said Auditor's Lot #1, a distance of 90.04 feet to the beginning of the center line to be described; thence South 24 degrees 26 minutes 55 seconds East a distance of 423.18 feet to the south line of said Auditor's Lot #1 and said center line there terminating; Howard County, Iowa.

Parcel 8:

A strip of land 30 feet wide and 50 feet long lying Westerly of the following described line: Beginning at the intersection of the Westerly right-of-way line of Jade Avenue and the Southerly right-of-way line of 90th Street; thence South along said Westerly right-of-way line of Jade Avenue 50 feet, in part of the Northeast Quarter of the Northeast quarter of Section 21, Township 99 North, Range 13 West of the 5th P.M., Howard County, Iowa.

Parcel 9:

A strip of land 30 feet wide and 50 feet long lying Easterly of the following described line: Beginning at the intersection of the Easterly right-of-way line of Iris Avenue and the Southerly right-of-way line of 70th Street; thence South along said Easterly right-of-way line of Iris Avenue 50 feet, in part of the Northwest Quarter of the Northwest Quarter of Section 9, Township 99 North, Range 13 West of the 5th P.M., Howard County, Iowa.

Parcel 10A:

A strip of land 30 feet wide and 50 feet long lying Northerly of the following described line: Beginning at the intersection of the Easterly right-of-way line of Iris Avenue and the Northerly right-of-way line of 80th Street; thence East along said Northerly right-of-way line of 80th Street 50 feet, in part of the Southwest Quarter of the Southwest Quarter of Section 9, Township 99 North, Range 13 West of the 5th P.M., Howard County, Iowa.

Parcel 10B:

A strip of land 30 feet wide and 50 feet long lying Northerly of the following described line: Beginning at the intersection of the Westerly right-of-way line of Jade Avenue and the Northerly right-of-way line of 80th Street; thence West along said Northerly right-of-way line of 80th Street 50 feet, in part of the Southeast Quarter of the Southeast Quarter of Section 9, Township 99 North, Range 13 West of the 5th P.M., Howard County, Iowa.

Parcel 11:

The North 63.00 feet of the East 50.00 feet of the West 300.00 feet of the Southwest Quarter of the Southwest Quarter of the Southwest Quarter of Section 28, Township 99 North, Range 13 West of the 5th P.M., excepting that part used for roadway purposes, Howard County, Iowa.

Parcel 12:

A strip of land 30 feet wide and 50 feet long lying Westerly of the following described line: Beginning at the intersection of the Westerly right-of-way line of Grove Avenue and the Northerly right-of-way line of 110th Street extended; thence both North and South along said Westerly right-of-way line of Grove Avenue 25 feet in each direction, in part of the Southeast Quarter of the Southwest Quarter of Section 30, Township 99 North, Range 13 West of the 5th P.M., Howard County, Iowa.

Parcel 13:

A strip of land 30 feet wide and 50 feet long lying Westerly of the following described line: Beginning at the intersection of the Westerly right-of-way line of Grove Avenue and the Southerly right-of-way line of Highway 9; thence South along said Westerly right-of-way line of Grove Avenue 50 feet, in part of the Northeast Quarter of the Northwest Quarter of Section 30, Township 99 North, Range 13 West of the 5th P.M., Howard County, Iowa.

WISCONSIN PUBLIC SERVICE CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES AND
RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDEND REQUIREMENTS

(Millions)	2010 3 Months	2009	2008	2007	2006	2005
EARNINGS						
Net Income from continuing operations	**$48.3**	$120.4	$132.3	$113.3	$102.1	$84.5
Provision for income taxes	**30.6**	68.0	73.1	66.8	58.3	44.1
Income from continuing operations before income taxes	**78.9**	188.4	205.4	180.1	160.4	128.6
Less: Undistributed earnings of less than 50% owned affiliates	**(0.4)**	(1.8)	(2.2)	(2.5)	(3.2)	(2.0)
Adjusted income from continuing operations before income taxes	**78.5**	186.6	203.2	177.6	157.2	126.6
Total fixed charges as defined	**14.4**	58.5	48.1	45.3	42.3	38.0
Total earnings as defined	**$92.9**	$245.1	$251.3	$222.9	$199.5	$164.6
FIXED CHARGES						
Interest expense	**$13.7**	$54.0	$44.0	$43.5	$40.4	$35.9
Allowance for funds used during construction	**0.1**	2.0	1.8	0.3	0.2	0.4
Interest factor applicable to rentals	**0.6**	2.5	2.3	1.5	1.7	1.7
Total fixed charges as defined	**$14.4**	$58.5	$48.1	$45.3	$42.3	$38.0
Preferred stock dividend requirements *	**1.3**	4.9	4.8	4.9	4.9	4.7
Total fixed charges and preferred stock dividend requirements	**$15.7**	$63.4	$52.9	$50.2	$47.2	$42.7
RATIO OF EARNINGS TO FIXED CHARGES	**6.5**	4.2	5.2	4.9	4.7	4.3
RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDEND REQUIREMENTS	**5.9**	3.9	4.7	4.4	4.2	3.9

* Represents preferred stock dividend requirements of Wisconsin Public Service computed by dividing the preferred stock dividend requirements by 100% minus the income tax rate.

Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a)
or 15d-14(a) under the Securities Exchange Act of 1934

I, Lawrence T. Borgard, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Wisconsin Public Service Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2010

/s/ Lawrence T. Borgard
Lawrence T. Borgard
President and Chief Executive Officer

Exhibit 31.2

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a)
or 15d-14(a) under the Securities Exchange Act of 1934

I, Joseph P. O'Leary, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Wisconsin Public Service Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2010

/s/ Joseph P. O'Leary
Joseph P. O'Leary
Senior Vice President and Chief Financial Officer

Exhibit 32

Written Statement of the Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350

Solely for the purposes of complying with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, we, the undersigned Chief Executive Officer and Chief Financial Officer of Wisconsin Public Service Corporation (the "Company"), hereby certify, based on our knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2010, (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Lawrence T. Borgard
Lawrence T. Borgard
President and Chief Executive Officer

/s/ Joseph P. O'Leary
Joseph P. O'Leary
Senior Vice President and Chief Financial Officer

Date: May 5, 2010