

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

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In re : Chapter 11  
NEWPAGE CORPORATION, *et al.*, : Case No. 11-12804  
Debtors. : Joint Administration Pending  
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**ADDITIONAL ASSURANCE REQUEST OF  
WISCONSIN PUBLIC SERVICE CORPORATION AND UPPER PENINSULA POWER**

TO: New Page Corporation, *et al.*  
8540 Gander Creek Drive  
Miamisburg, Ohio 45342  
Attn: Douglas K. Cooper

Pachulski Stang Ziehl & Jones LLP  
919 North Market Street, 17<sup>th</sup> Floor  
Wilmington, DE 19801  
Attn: Laura Davis Jones, Esq.

Dewey & LeBoeuf LLP  
New York, NY 10019  
Attn: Judy G.Z. Liu, Esq. and  
Philip M. Ableson, Esq.

Davis Pollk & Wardwell LLP  
450 Lexington Avenue  
New York, NY 10017  
Attn: Marshall S. Huebner

Wisconsin Public Service Corporation (“WPSC”) and Upper Peninsula Power Company (“UPPCO” and collectively with WPSC, the “Utilities”), by their counsel, hereby make this Additional Assurance Request (the “Request”) on the above-referenced debtors (the “Debtors”) pursuant to the *Interim Order (i) Prohibiting Utility Utilities from Altering, Refusing, or Discontinuing Utility Services, (ii) Approving the Debtors’ Proposed Form of Adequate Assurance, (iii) Establishing Procedures for Resolving Objections Thereto by Utility Utilities, and (iv) Scheduling a Final Hearing Thereon* (the “Order”). In support of this Request, the Utilities state as follows:



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### **Background**

1. WPSC is a Wisconsin corporation which operates as a gas and electric utility provider in Wisconsin and upper Michigan.

2. UPPCO is a Michigan corporation which operates as an electric utility provider in upper Michigan.

3. The Utilities provide power services to certain of the Debtors at various locations. The relevant providers, account numbers and services address/descriptions are attached hereto as Exhibit A.

### **Adequate Assurance of Payment**

4. Pursuant to the terms of the Order, the Debtors currently plan to provide the Utilities with adequate assurance of payment funding an escrow account for the benefit of all utilities with an amount totaling 50% of the Debtor's average monthly utility bills (the "Proposed Adequate Assurance"). See Motion ¶ 18.

5. The Proposed Adequate Assurance is not satisfactory to the Utilities because it does not provide adequate assurance of post-petition payments.

### **Form of Adequate Assurance**

6. The Proposed Adequate Assurance is unacceptable to the Utilities to the extent it provides for an escrow account, rather than a cash deposit to be held by the Utilities. An escrow account is not one of the forms of adequate assurance identified in Section 366 of the Bankruptcy Code and is not acceptable to the Utilities.

7. Accordingly, Utilities request that any deposit to be provided as adequate assurance of payment be directly held by Utilities, rather than held in an escrow account by Debtors.

### Amount of Adequate Assurance

8. Due to the large and regular indebtedness incurred by the Debtors to the Utilities, which is set forth in greater detail on the attached Exhibit B, and the uncertainty of the future of these proceedings, a 50% deposit for one month of future bills is insufficient to adequately protect the Utilities.

9. A better measure of the proper amount of adequate assurance merited under Section 366 of the Bankruptcy Code is that provided by state law. Specifically, the Michigan Administrative Code provides that a deposit for commercial customers may be up to 25% of the customer's annual electric or gas bill (15% if the customer constitutes a small commercial customer). Mich. Admin. Code § 460.1607(3). The Wisconsin Administrative Code provides that a commercial account deposit may be up to the highest estimated gross bill for any two consecutive billing periods selected by the utility. Wis. Admin. Code § 134.0615(8)(a). Per the calculations set forth on the attached Exhibit C, the Utilities have calculated the maximum deposits allowed under state law and determined this figure to be approximately \$2,262,044.

10. Additionally, the Utilities request that the Debtors be required to pay prepay estimated electrical costs on a weekly basis and make "true-up" payments on a monthly basis. This arrangement would adequately assure the Utilities of protection from the time at which payments may cease to the time at which the Utilities may seek further relief from the Court.

### CONTACT

The Debtors may respond to this Additional Assurance Request by contacting Timothy F. Nixon via the information set forth below.

Dated: September 26, 2011.

By: /s/ Timothy F. Nixon  
Timothy F. Nixon (*pro hac vice* admission pending)  
GODFREY & KAHN, S.C.  
780 North Water Street  
Milwaukee, WI 53202  
Telephone: (414) 273-3500  
Facsimile: (414) 273-5198  
E-mail: [tnixon@gklaw.com](mailto:tnixon@gklaw.com)

--AND--

/s/ Daniel C. Kerrick  
Daniel C. Kerrick (DE #5027)  
CICONTE WASSERMAN & SCERBA, LLC  
1300 King Street  
Wilmington, DE 19801  
Telephone: (302) 658-7101  
Facsimile: (302) 658-4982  
E-mail: [dkerrick@cicontewasserman.com](mailto:dkerrick@cicontewasserman.com)

*Attorneys for Wisconsin Public Service Corporation  
and Upper Peninsula Power Company*

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**EXHIBIT A**  
**Utility Provider Information**

**Account Number**

**Service Address/Description**

**UPPCO**

0414361724-1	State Road M189, Iron River, MI
0414361724-2	State Road M189, Iron River, MI
04743617724-3	group billing

**UPPCO**

0406241937-2	2402 W US Highway 2, Gulliver, MI
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**UPPCO**

0406359681-3	Old Ken-Mar, Gladstone, MI
0406359681-4	Railroad Cross, Escanaba, MI
0406359681-6	Emergency Power, Escanaba, MI
0406359681-7	7100 County Rd 426, Escanaba MI
0406359681-9	Mead Rd., Garage, Gladstone MI
0406359681-10	Switch Crew Cab, Escanaba MI
0406359681-11	Hydro Energy, Escanaba MI
0406359681-12	Parking Lot, Escanaba MI
0406359681-14	6843 Highway US2, Gladstone MI
0406359681-16	15911 Mead Rd., Lanse, MI
0406359681-17	Mead Paper Contractor Row, Escanaba
0406359681-18	Railyard Lights, Escanaba
0406359681-19	Elec Facility Agreement, Houghton
0406359681-20	Mead Paper, Escanaba
0406359681-21	Weather Station, Escanaba
0406359681-22	Cytec Building, Escanaba
0406359681-23	Mead Office, Escanaba
0406359681-24	Scale House, Escanaba
0406359681-25	group billing
0406359681-28	9000 Mead Lodge, Gladstone
0406359681-42	ESC Paper, Escanaba

**WPS**

0414393275-1	1825 US Hwy 8, Monico, Stevens Point, WI
0414393275-3	1825A US Hwy 8, Monico, Stevens Point, WI
0414393275-4	56 S Brown St., Rhinelander, WI
0414393275-5	group billing

**WPS**

0414387115-1	901 Arlington Pl, Stevens Point WI
0414387115-2	Wisconsin St., Stevens Point, WI
0414387115-4	901 Arlington Pl, Stevens Point, WI
0414387115-5	group billing
0414387115-6	707 Arlington Pl, Stevens Point, WI
0414387115-7	Wisconsin St. Shed & Lites, Stevens Point WI

**EXHIBIT B**  
**Historical Indebtedness**

**UPPCO**

Account No.	Average Annual Energy Usage (for period of approximately September 2010 through August 2011)	Average Annual Energy Cost (for period of approximately September 2010 through August 2011)
414361724-1	258 kwh	\$233.02
414361724-2	3,359 kwh	\$677.04
406241937-2	16,743 kwh	\$3,047.79
406359681-3	1,892 kwh	\$515.77
406359681-4	240 kwh	\$237.74
406359681-6	30,600 kwh	\$5,352.95
406359681-7		\$7,689,788.00
406359681-9	20,794 kwh	\$3,329.61
406359681-10	10,545 kwh	\$1,975.70
406359681-11		\$816,223.00
406359681-12	57,785 kwh	\$9,896.45
406359681-14	2,495 kwh	\$536.16
406359681-16	11,409 kwh	\$2,161.44
406359681-17	35,184 kwh	\$6,170.68
406359681-18	46,720 kwh	\$8,042.36
406359681-19	non-service acct - contracted services - electric facilities agreement - monthly installment charges	\$81,600.00
406359681-20	31,728 kwh	\$5,542.99
406359681-21	76 kwh	\$210.00
406359681-22	38,880 kwh	\$6,783.44
406359681-23	119,960 kwh	\$20,477.01
406359681-24		\$2,491.00
406359681-28	7,680 kwh	\$1,505.73
406359681-42	30,441 kwh	\$5,343.17

**WPS**

Account No.	Two Highest Consecutive Months for Billing (for the last 12 months)	Amount Billed for Two Highest Consecutive Months
414393275-1	Feb & March 2011	\$264.04
414393275-3	Nov & Dec 2010	\$47.72
414393275-4	July & Aug 2011	\$1,058.14
414387115-1	Jan & Feb 2011	\$39.80
414387115-2	April & May 2011	\$17.21
414387115-4	Jan & Feb 2011	\$474.53
414387115-6	April & May 2011	\$92,989.93
414387115-7	Feb & March 2011	\$173.60

**EXHIBIT C**  
**Deposit Calculations**

**UPPCO**

Account No.	Amount of Deposit	Calculation	
		15% for Small Customers (Annual Usage < 15,000 kwh)	25% for Large Customers (Annual Usage >15,000 kwh)
414361724-1	\$34.95		258 kwh (\$233.02 x 15%)
414361724-2	\$101.56		3,359 kwh (\$677.04 x 15%)
406241937-2	\$761.95		16,743 kwh (\$3,047.79 x 25%)
406359681-3	\$77.35		1,892 kwh (\$515.77 x 15%)
406359681-4	\$35.66		240 kwh (\$237.74 x 15%)
406359681-6	\$1,338.24		30,600 kwh (\$5,352.95 x 25%)
406359681-7	\$1,922,447.00		(\$7,689,788.00 x 25%)
406359681-9	\$832.40		20,794 kwh (3,329.61 x 25%)
406359681-10	\$296.36		10,545 kwh (\$1,975.70 x 15%)
406359681-11	\$204,055.00		(\$816,223.00 x 25%)
406359681-12	\$2,474.11		57,785 kwh (\$9,896.45 x 25%)
406359681-14	\$80.42		2,495 kwh (\$536.16 x 15%)
406359681-16	\$324.22		11,409 kwh (\$2,161.44 x 15%)
406359681-17	\$1,542.67		35,184 kwh (\$6,170.68 x 25%)
406359681-18	\$2,010.59		46,720 kwh (\$8,042.36 x 25%)
406359681-19	\$20,400.00		(\$81,600 x 25%)
406359681-20	\$1,385.75		31,728 kwh (\$5,542.99 x 25%)
406359681-21	\$31.50		76 kwh (\$210.00 x 15%)
406359681-22	\$1,695.86		38,880 kwh (\$6,783.44 x 25%)
406359681-23	\$5,119.25		119,960 kwh (\$20,477.01 x 25%)
406359681-24	\$373.00		(\$2,491.00 x 15%)
406359681-28	\$225.86		7,680 kwh (\$1,505.73 x 15%)
406359681-42	\$1,335.79		30,441 kwh (\$5,343.17 x 25%)

Amount of Deposit based on Two  
Highest Consecutive Months of Billing  
(for last 12 months)

**WPS**

	Amount of Deposit based on Two Highest Consecutive Months of Billing (for last 12 months)	Applicable Months
414393275-1	\$264.04	Feb & March 2011
414393275-3	\$47.72	Nov & Dec 2010
414393275-4	\$1,058.14	July & Aug 2011
414387115-1	\$39.80	Jan & Feb 2011
414387115-2	\$17.21	April & May 2011
414387115-4	\$474.53	Jan & Feb 2011
414387115-6	\$92,989.93	April & May 2011
414387115-7	\$173.60	Feb & March 2011

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Debtors.	:	Joint Administration Pending
	:	
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STATE OF WISCONSIN            }  
  }  
COUNTY OF MILWAUKEE        }

**AFFIDAVIT OF SERVICE**

Darcy L. Miller, being first duly sworn on oath, deposes and says that she is a resident of this state and not a party to this action; that on September 27, 2011, she caused the *Objection of Wisconsin Public Service Corporation and Upper Peninsula Power Company to Debtors' Motion Pursuant to Sections 105(a) and 366 of the Bankruptcy Code for Order (i) Prohibiting Utility Providers from Altering, Refusing, or Discontinuing Utility Services, (ii) Approving the Debtors' Proposed Form of Adequate Assurance, (iii) Establishing Procedures for Resolving Objections Thereto by Utility Providers, and (iv) Scheduling a Final Hearing Thereon and the Additional Assurance Request of Wisconsin Public Service Corporation and Upper Peninsula Power Company* to be served upon the parties on the attached service list via first class United States mail.

/s/ Darcy L. Miller  
Darcy L. Miller

Subscribed and sworn before me  
this 27<sup>th</sup> day of September, 2011.  
/s/ Jennifer B. Herzog  
Notary Public, State of Wisconsin  
My commission is permanent.



Kemira Chemicals, Inc.  
Attn: Walt Bilynski  
1950 Vaughn Road  
Kennesaw, GA 30144

Archer Daniels Midland  
Company  
Attn: Mike McLain  
4666 Faires Parkway  
Decatur, IL 62526

Accenture LLP  
Attn: David Abood  
200 Public Square, Suite 1900  
Cleveland, OH 44114

Quad Graphics  
Attn: Chris Grond  
N63 W23075 Highway 74  
Sussex, WI 53089-2827

Celtic International, Inc.  
Attn: Mike Amerio 7840  
Graphics Drive, Suite 100  
Tinley Park, IL 60477

Hartt Transportation Systems,  
Inc.  
Attn: Ricky Hughes  
262 Bromac Road  
Bangor, ME 04401

Allete Water Services, Inc.  
Attn: Bob Nanti  
30 W Superior Street  
Duluth, MN 55802

Corenso North America Corp.  
Attn: Jeff Zimmerman  
800 Fremont Street  
Wisconsin Rapids, WI 54495

National Starch LLC  
Attn: Larry Batanian  
10 FINDERNE AVENUE  
BRIDGEWATER, NJ 08807

Sprague Energy Corp.  
Attn: Tom Flaherty 2  
International Drive  
Portsmouth, NH 03801

Shell Energy North America  
(US), LP  
Attn: Sean Williams  
909 FANNIN STREET  
HOUSTON, TX 77010

Societe PCI Chimie Canada  
(Olin Corp.)  
Attn: Linus Staskvicius  
2020 RUE UNIVERSITY BLVD  
MONTREAL, QUEBEC H3A-2A5

C. Reiss Coal Company  
Attn: Bill Reis  
1011 S. 8<sup>th</sup> Street  
Sheboygan, WI 53081

Rumford Falls Hydro LLC  
Attn: Mel Jiganti  
200 Donald Lynch Blvd, Suite  
300  
Marlborough, MA 01752

Thiele Kaolin Company  
Attn: Mark Markilie  
520 Kaolin Road  
Sandersville, GA 31082-1056

Omnova Solutions, Inc.  
Attn: Robert McCann  
1701 Cornell Road  
Green Bay, WI 54313-8934

Schneider National, Inc.  
Attn: John Shimek  
3101 Packerland Drive  
Green Bay, WI 54313

Omaya Inc.  
Attn: Bob Hurst  
39 Main Street  
Proctor, VT 05765-1178

Kamin, LLC  
Attn: Warren Popp  
822 Huber Road  
Macon, GA 31217

EKA Chemicals Inc.  
Attn: Craig White  
1775 W. Oak Commons Street  
Marietta, GA 30062-2254

R.R. Donnelly  
Attn: Kip Alexander  
3075 Highland Parkway  
Downers Grove, IL 60515

West Fraser Timber Co. Ltd  
Attn: Jim Stymiest  
858 Beatty Street, Suite 501  
Vancouver, BC V6B 1C1

NALCO Company  
Attn: Sam Casale  
1601 W. Diehl Road  
Naperville, IL 60563-1252

HSBC Bank USA, National  
Association  
Attn: Gloria Alii  
425 Fifth Avenue  
New York, NY 10018

Richards Layton & Finger PA  
One Rodney Square  
Wilmington, DE 19801  
Attn: Mark D. Collins, Esquire

NewPage Corporation, *et al.*  
8540 Gander Creek Drive  
Miamisburg, OH 45342  
Attn: Douglas K. Cooper

Dewey & LeBoeuf LLP  
1301 Avenue of the Americas  
New York, New York 10019  
Attn: Martin J. Bienenstock,  
Esquire, Judy G.Z. Liu,  
Esquire, Philip M. Abelson,  
Esquire

Akin Gump Strauss Hauer &  
Feld LLP  
One Bryant Park  
New York, NY 10036-6745  
Attn: Ira S. Dizengoff, Esquire

Blank Rome LLP  
1201 Market Street  
Suite 800  
Wilmington, DE 19801  
Attn: David W. Carickhoff,  
Esquire

Davis Polk & Wardell LLP  
450 Lexington Avenue  
New York, NY 10017  
Attn: Marshall Huebner, Esquire

Otterbourg, Steindler, Houston &  
Rosen, P.C. 230 Park Avenue  
New York, NY 10169  
Attn: Matthew Miller, Esquire

Emmet, Marvin & Marvin, LLP  
120 Broadway, NY 10271  
Attn: Edward P. Zujkowski,  
Esquire

Barclays Capital  
745 Seventh Avenue South  
20<sup>th</sup> Floor  
New York, NY 10019  
Attn: Joel S. Moss, Esquire

Milbank, Tweed, Hadley &  
McCloy LLP  
1 Chase Manhattan Plaza  
New York, NY 10005  
Attn: Dennis Dunne, Esquire

Pryor Caslunan LLP  
7 Times Square  
New York, NY 10036  
Attn: Michael Fruchter, Esquire

Pachulski Stang Ziehl Jones LLP  
919 N. Market Street, 17<sup>th</sup> Floor  
Wilmington, DE 19801  
Attn: Laura Davis Jones

Cascades Inc.  
Attn: Tom Kurt  
457 Rue Marie-Victorin, CP249  
Kingsey Falls, Quebec JOA 1B0

Buckman Laboratories Inc.  
Attn: Tim Schultz  
1256 N. McLean Blvd.  
Memphis, TN 38108-1297

David Klauder  
Office of the United States  
Trustee  
844 King Street, Suite 2207  
Lockbox 35  
Wilmington, DE 19801

Asten Technologies Inc.  
Attn: JP Bouchard  
4399 Corporate Road  
Charleston, SC 29405

Kentucky Utilities Company  
Attn: Chuck Lane  
138 N. Blair Street  
Morehead, KY 40351-1516

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