

PUBLIC SERVICE COMMISSION OF WISCONSIN

Minutes and Informal Instructions of the Open Meeting of
Wednesday, November 9, 2016

The Public Service Commission of Wisconsin (Commission) met as noticed. Present were Chairperson Nowak, Commissioner Montgomery and Commissioner Huebsch.

Minutes

The Commission approved the minutes of the open meeting of Thursday, November 3, 2016.

3280-CW-121 – Application of the City of Madison, as a Water Public Utility, for Authority to Construct a 1.0 MG Blackhawk Tower, in the City of Madison, Dane County, Wisconsin

The Commission approved the Notice of Investigation and directed it be signed by the Secretary to the Commission on behalf of the Commission.

3720-CW-126 – Application of the City of Milwaukee, as a Municipal Water Utility, for Authority to Replace Coagulation Basin No. 4 at the Howard Water Treatment Plant, in the City of Milwaukee, Milwaukee County, Wisconsin

The Commission approved the Notice of Investigation and directed it be signed by the Secretary to the Commission on behalf of the Commission.

3720-WI-104 – Investigation into the City of Milwaukee, Milwaukee County, Wisconsin, as a Water Public Utility, for the Installation of Bypass Valves at the Linnwood Water Treatment Plant

The Commission approved the Notice of Investigation and directed it be signed by the Secretary to the Commission on behalf of the Commission.

4020-CW-104 – Application of the Village of Necedah, as a Water Public Utility, for Authority to Construct Well No. 5 and Water Treatment Facility, in the Village of Necedah, Juneau County, Wisconsin

The Commission approved the Notice of Investigation and directed it be signed by the Secretary to the Commission on behalf of the Commission.

5820-UI-100 – Investigation of the Superior Water, Light and Power Company, as an Electric, Gas and Water Public Utility, and its Construction of Automatic Metering Infrastructure Facilities

The Commission approved the Notice of Investigation and directed it be signed by the Secretary to the Commission on behalf of the Commission.

6570-CW-102 – Application of the Windsor Sanitary District No. 1, as a Water Public Utility, for Authority to Construct a High Pressure Booster Pumping Station in the Windsor Sanitary District No. 1, Dane County, Wisconsin

The Commission approved the Notice of Investigation and directed it be signed by the Secretary to the Commission on behalf of the Commission.

5-BS-218 – Joint Application of the Village of Centuria Municipal Electric Utility, Polk County, Wisconsin, and Northwestern Wisconsin Electric Company for Approval of an Agreement for the Sale of Assets of the Centuria Municipal Electric Utility

The Commission approved the Notice of Proceeding and directed it be signed by the Secretary to the Commission on behalf of the Commission.

5740-ER-109 – Application of the City of Stoughton, Dane County, Wisconsin, as an Electric Public Utility, for Authority to Adjust Electric Rates

The Commission approved the Notice of Proceeding and directed it be signed by the Secretary to the Commission on behalf of the Commission.

5050-WR-104 – Application of the City of Rice Lake, Barron County, Wisconsin, as a Water Public Utility, for Authority to Adjust Water Rates

The Commission approved the Notice of Proceeding and directed it be signed by the Secretary to the Commission on behalf of the Commission.

5150-SA-100 – Application of the Village of Rock Springs, Sauk County, Wisconsin, as a Sewer Public Utility, for Authority to Deregulate the Sanitary Sewer Utility

The Commission approved the Notice of Proceeding and directed it be signed by the Secretary to the Commission on behalf of the Commission.

5296-WR-102 – Application of the Town of Scott, Brown County, Wisconsin, as a Water Public Utility, for Authority to Adjust Water Rates

The Commission approved the Notice of Proceeding and directed it be signed by the Secretary to the Commission on behalf of the Commission.

3270-UR-121 – Application of Madison Gas and Electric Company for Authority to Change Electric and Natural Gas Rates

The Commission discussed the application filed on behalf of Madison Gas and Electric Company (MGE) for authority to change its electric and natural gas rates and made preliminary determinations, including the following:

1. The Commission accepted the uncontested alternatives identified in the Final Decision Matrix for the following issues: Issue 2d, 3a, 3b, 3d, 5 through 14, 19, 20a, 20c through 20h, 21d, 28, 29, 31 and 32. For Issue 21b, the Commission determined that a reasonable rate for MGE's short-term borrowing is .9 percent. For Issue 21c, a reasonable rate for MGE's forecasted \$40 million issuance of 10-year debt in January 2017 is 3.30 percent, and a reasonable rate of MGE's forecasted \$30 million issuance of 30-year debt in July 2017 is 4.20 percent.
2. The impact from the amended change in depreciation rates for the Columbia Energy Center (Columbia) shall be incorporated in the 2017 test-year revenue requirement.
3. The impact of the change in ownership of shares in Columbia shall be incorporated into the 2017 test year revenue requirement.
4. The revenue requirement impact of the further reduction in Columbia ownership after December 31, 2017, shall be deferred until a future rate case proceeding.
5. Carrying costs for any deferrals related to changes in the ownership shares of Columbia shall be included at the weighted cost of capital.
6. MGE shall work with Commission staff to develop performance metrics for its Customer Service Conservation activities.
7. The On-Demand Savings Pilot Program and the Smart Thermostat Demand Response Pilot Program shall be excluded from the conservation escrow, but included in the revenue requirement.
8. The payments obligated under the Wisconsin Pollutant Discharge Elimination System consent decree shall be included in the revenue requirement.
9. MGE shall be allowed to record 100 percent Allowance for Funds Used During Construction for expenditures during 2017 relating to a new Customer Information System project. Commission staff is directed to monitor this project and its costs.

10. The requested costs associated with the inverters used for MGE's Community Solar Pilot Project shall not be included in the revenue requirement.
11. MGE's Community Solar Pilot Project shall be recorded "below the line" and all project costs shall be removed from the revenue requirement.
12. Any compensation transfer from MGE's ratepayers to MGE's shareholders shall be disallowed in regard to any excess energy generated by the solar array.
13. A reasonable target level for MGE's test-year average common equity measured on a financial basis continues to be 55.00 percent. MGE shall file information in its next rate case proceeding to assist in determining whether the 55.00 percent target remains reasonable.
14. A reasonable rate of return on MGE's common equity is 9.80 percent.
15. The Commission determined it would not adopt a specific electric cost-of-service study (COSS), but would rely on multiple models for revenue allocation and rate design.
16. A reasonable electric revenue allocation, before the impact of updated fuel costs, of the overall rate decrease of .33 percent is as follows: an increase of .46 percent to residential; a decrease of 1.94 percent to small commercial and industrial; a decrease of 1.25 percent to lighting/miscellaneous; a decrease of .69 percent to medium and large commercial/industrial; a decrease of .59 percent to Cp-1; and an increase of .30 percent to Sp-3.
17. It is reasonable to allocate changes to the final revenue requirement using an appropriate method of distribution to the customer classes, e.g., energy or revenue.
18. The electric rate design proposed by Mr. Blair in Ex.-PSC-Blair-2r, as adjusted for the remaining sub-issues and the final revenue requirement, is approved.
19. No change shall be made to the residential monthly fixed charge for electric customers.
20. The Renewable Energy Rider as proposed by MGE is not approved. MGE is directed to revise and refile the proposed Rider. The Commission delegated review and approval of any revised Rider to the Administrator of the Division of Energy Regulation. Should the Administrator have any concerns with the language or terms of the revised Rider, the matter shall be returned to the Commission for final review and approval.

Commissioner Montgomery dissents.

21. No change shall be made to the Green Power Tomorrow (GPT) rate. MGE is directed to provide an analysis of the methodology used to calculate the GPT rate in its next rate case proceeding.
22. The Commission will consider a range of natural gas COSS as reasonable models for revenue allocation and rate design.
23. The natural gas revenue allocation proposed by Commission staff in Ex.-PSC-Singletary-1, as adjusted for the final revenue requirement, is approved.
24. The natural gas rate design proposed by Commission staff in Ex.-PSC-Singletary-1, as adjusted for the final revenue requirement, is approved.
25. No changes will be made to the residential monthly fixed charge for natural gas customers.
26. MGE is directed to develop demand charges for its largest-volume customers as a pilot program in its next natural gas rate case.

Commissioner Montgomery dissents.

27. Ms. Nancy Korda's process proposals relating to public comments are not approved.
28. The Commission declines to open an investigation to examine utility rate structure as proposed by Ms. Korda.

The Commission directed the Division of Energy Regulation to draft an order consistent with its discussion. The order shall be returned to the Commission for final review and approval.

CLOSED SESSION – The Commission recessed the open meeting, went into closed session under Wis. Stat. § 19.85(1)(g) to discuss the litigation matters noted below with legal counsel, and reconvened the open meeting pursuant to Wis. Stat. § 19.85(2).

Commissioner Huebsch moved, pursuant to Wis. Stat. § 19.85(1)(g), that the Commission convene in closed session to discuss the litigation matter listed below. Commissioner Montgomery seconded the motion. The motion was carried and the Commission went into closed session.

After a discussion in closed session, the Commission reconvened in open session.

FERC Docket No. ER17-284-000 – Midcontinent Independent System Operator, Inc.

Proposed Competitive Retail Solution in New Module E-3 and Corresponding Revisions to Existing Tariff Sections in Modules A, D, and E-1

During the discussion held in closed session, information was presented to the Commission regarding the above litigation matter. The Commission determined that it would file a motion to intervene and comments with the Federal Energy Regulatory Commission (FERC) in this docket, consistent with its discussion. The Commission delegated authority to Commissioner Huebsch to review and approve the final motion and comments prior to filing with FERC.

The Commission further determined that it would delegate authority to Commissioner Huebsch to determine whether the Commission should join in and give final approval to any pleading in this docket filed on behalf of the Organization of MISO States.

The Commission adjourned the meeting at 3:20 p.m.

Sandra J. Paske
Secretary to the Commission

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