

PUBLIC SERVICE COMMISSION OF WISCONSIN

Minutes and Informal Instructions of the Open Meeting of
Friday, November 18, 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 Wednesday, November 9, 2016.

4120-CW-102 – Application of the City of New Lisbon, as a Water Public Utility, for Authority to Construct Well No. 7, a Watermain Extension, and Other Water System Improvements, in the City of New Lisbon, 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.

2270-WR-104 – Application of the City of Glenwood City, St. Croix 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.

6630-FR-106 – Application of Wisconsin Electric Power Company for Authorization to Implement New Electric Rates According to its 2017 Fuel Cost Plan

The Commission discussed the application filed on behalf of Wisconsin Electric Power Company (WEPCO) for authorization to implement new electric rates according to its 2017 fuel cost plan and made preliminary determinations, including the following:

1. The Commission accepted all of the uncontested alternatives identified in the Final Decision Matrix.
2. It is reasonable to incorporate bid adders for off-peak hours for the Port Washington Generating Station, Whitewater, and Fox Energy as originally proposed by WEPCO.
3. It is reasonable to reflect the 2017 ABB Simulation Ready North American Electric Market (ABB) forecasted coal prices less 5 percent for Powder River Basin coal and ABB forecasted prices less 10 percent for bituminous coal.
4. WEPCO's forecasted heat rate for the Port Washington Generating Station is reasonable.

5. It is not reasonable to authorize escrow accounting treatment for WEPCO's 2017 capacity sales revenues.
6. It is not reasonable in this proceeding to disallow any uneconomic dispatch costs modeled in WEPCO's forecast of monitored fuel costs.
7. It is reasonable to grant WEPCO a waiver from the provisions of Order Condition 34 in WEPCO's 5-UR-106 order.

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.

6680-UR-120 – Application of Wisconsin Power and Light Company for Authority to Adjust Electric and Natural Gas Rates

The Commission discussed the application filed on behalf of Wisconsin Power and Light Company (WP&L) for authority to change its electric and natural gas rates and made preliminary determinations, including the following:

1. The Commission accepted all of the uncontested alternatives identified in the Final Decision Matrix. In connection with uncontested Issue 1.C(a), the Commission noted that accepting the settlement on the authorized return on equity was reasonable given the timing of and information available to Commission staff and the parties at that time the settlement was reached.
2. It is reasonable for WP&L to record \$1,450,000 in transmission amortization expense in 2017 and a negative amount of (\$37,245,035) for 2018. The Commission declined to set the amount of this expense for years after 2018 in this proceeding.
3. It is reasonable to defer the revenue requirement impacts of the change in ownership of the Columbia Energy Center (Columbia), excluding fuel, for 2017 and 2018.
4. It is reasonable for WP&L to record \$13,994,163 and \$5,062,865 for electric conservation escrow expense in 2017 and 2018, respectively; \$1,736,100 and a negative amount of (\$1,769,189) for natural gas conservation escrow expense in 2017 and 2018, respectively; and include in the revenue requirement for 2017 and 2018 a farm wiring escrow expense in the amount of \$1,900,000. The Commission declined to set the amount of these expenses for years after 2018 in this proceeding.
5. 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. It is

also reasonable to require WP&L to refine its allocation of distribution costs by separating single-phase and three-phase primary distribution circuit costs as part of its next rate case.

6. It is reasonable to adopt a single-step revenue allocation.
7. It is reasonable to adopt the electric revenue allocation proposed by WP&L in Ex.-WPL-Penington-3, as adjusted for the final revenue requirement.
8. It is reasonable to approve the customer charge increase for residential and general service customers proposed by Commission staff in Ex-PSC-Shannon-3-r.
9. It is reasonable to allocate changes to the final revenue requirement using an appropriate method of distribution to the customer classes (e.g., energy, revenue, or a particular COSS).
10. It is reasonable to approve the electric rate design proposed by WP&L in Ex.-WPL-Penington-1r2 and Ex.-WPL-Penington-3, as adjusted for other Commission decisions in this proceeding and the final revenue requirement.
11. It is reasonable to approve the time-of-use (TOU) periods for the optional TOU tariffs as proposed by Mr. Penington in Ex.-WPL-Penington-1r2.
12. It is reasonable to approve WP&L's proposed optional demand rate for residential and general service customers with Commission staff's modifications that eliminated the ratcheted demand charge and increased the reporting and customer education requirements.
13. It is reasonable to set the customer charges for the optional demand rates equal to the standard Rg-1 and Gs-1 tariffs.
14. It is reasonable to set the on-peak demand time period for the optional demand rates consistent with Ex.-WPL-Penington-1r2 as modified to include the additional reporting requirements that, for a period of two years following implementation, WP&L shall be required to provide the Commission with reports on customer participation, retention, and complaints, customer satisfaction survey results, and copies of all outreach and marketing materials sent to customers.

15. It is reasonable to approve the optional Fixed Bill program for residential customers, with the reporting conditions accepted by WP&L, and grant the associated waivers of applicable Wis. Admin. Code ch. PSC 113 provisions.
16. It is reasonable to modify WP&L's Fixed Bill tariff to require a refund for customers who leave the tariff with a credit balance compared to their actual usage.

Commissioner Huebsch dissents.

17. It is reasonable to require WP&L to file a zero-intercept study for all distribution accounts with customer-classified components as part of its next rate case.
18. It is reasonable to maintain the waiver language in WP&L's optional residential tariffs.
19. It is not necessary to include an order point requiring WP&L to meet with Commission staff and interested parties to propose alternative industrial rates.

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.

The Commission adjourned the meeting at 11:45 a.m.

Sandra J. Paske
Secretary to the Commission

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