

PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of Northern States Power Company-Wisconsin for
Authority to Adjust Electric and Natural Gas Rates

4220-UR-118

FINAL DECISION

This is the Final Decision in the matter of the appropriate accounting treatment for System Support Resources (SSR) (otherwise known as Midwest Independent Transmission System Operator, Inc. (MISO) Schedule 43) costs for Madison Gas and Electric Company (MGE), Northern States Power Company-Wisconsin (NSPW), Wisconsin Electric Power Company (WEPCO), Wisconsin Power and Light Company (WP&L), and Wisconsin Public Service Corporation (WPSC), hereafter, “the Wisconsin Utilities.”

At its open meeting of April 12, 2013, the Commission ordered that net SSR costs be deferred and that the calculated interest would be set at the utility’s authorized short-term debt rate until December 31, 2015.

Conclusions of Law

The Commission has jurisdiction under Wis. Stat. §§ 196.02, 196.025, 196.03, 196.20, 196.37 and 196.395 and Wis. Admin. Code ch. PSC 116 to enter a Final Decision authorizing accounting and ratemaking treatment for SSR costs.

Discussion

In its rate increase request under this docket, NSPW requested in rebuttal testimony that, in the event it would be charged for SSR costs (MISO Schedule 43), that it be able to recover such costs through the monitored fuel rules. SSR costs result when a generation owner wishes to

retire a generating unit that is losing money due to low locational marginal prices (LMPs) for its unit, but MISO needs the unit for system reliability. MISO would require the generating unit to remain in service, but the Generator Owner would be compensated for keeping the unit in service. If the unit in question operates in the American Transmission Company (ATC) footprint, MISO would charge all of the utilities in the ATC footprint based on each utility's load ratio share. The Commission, in its rate order under this docket, ordered the utilities, Commission staff, and interested intervenors to work together after January 1, 2013, to address the proper treatment of the SSR charges.

On January 18, 2013, Commission staff mailed a data request (PSC REF#: 179328) to the investor-owned utilities, with copies sent to the Citizens Utility Board (CUB), the Wisconsin Industrial Energy Group (WIEG), and the Wisconsin Paper Council.

In its response dated January 31, 2013 (PSC REF#: 180613), the Wisconsin Utilities requested fuel rules treatment, stating that the costs were too unpredictable to include in non-monitored fuel costs. All of the utilities except for WEPCO proposed the current two percent window for the SSR charges. WEPCO proposed that the tolerance band for SSR costs be set to zero percent, as was done with the Cross-State Air Pollution Rule (CSAPR) costs and revenues for the 2012 test year.

In its response dated February 14, 2013 (PSC REF#: 180949), CUB and WIEG (collectively, the Wisconsin Customers) agreed that the SSR costs should be recovered in their entirety. They noted that not only are the costs uncertain, but that the process for determining those costs have not as yet been established by the Federal Energy Regulatory Commission. The Wisconsin Customers argued against inclusion in monitored fuel costs, stating that there would

be the possibility of creating “winners and losers” depending on whether a particular utility was within or outside its two percent fuel window. The Wisconsin Customers also argued that if utilities were being charged for SSR costs, there would also be a reduction in revenue sufficiency guarantee make-whole payments paid to the SSR unit as well as other MISO charges associated with changing a unit’s status to SSR. The Wisconsin Customers argued that these net SSR costs should be deferred. The Wisconsin Customers further commented that the utilities should be encouraged to participate in the process of deciding whether a particular unit should be given SSR treatment.

The Commission finds, for the reasons identified by the Wisconsin Customers, it reasonable to defer the net SSR costs through December 31, 2015. At that time, the Commission will determine the appropriate accounting and ratemaking treatment beyond that date.

The Wisconsin Customers were silent on the issue of carrying costs for the net SSR amounts to be deferred. The Commission finds it reasonable to allow the utilities to collect carrying costs at their respective authorized short-term debt rate.

Order

1. Net SSR costs shall be deferred through December 31, 2015, for the Wisconsin Utilities.
2. The Wisconsin Utilities are authorized to collect carrying costs on the deferred balance of net SSR costs at each individual utility’s authorized short-term debt rate.

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3. Jurisdiction is retained.

Dated at Madison, Wisconsin, this 30th day of April, 2013.

By the Commission:

A handwritten signature in black ink, appearing to read "Sandra Paske", written in a cursive style.

Sandra J. Paske
Secretary to the Commission

SJP:MAR:cmk:DL:00721195

See attached Notice of Rights

PUBLIC SERVICE COMMISSION OF WISCONSIN
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**NOTICE OF RIGHTS FOR REHEARING OR JUDICIAL REVIEW, THE
TIMES ALLOWED FOR EACH, AND THE IDENTIFICATION OF THE
PARTY TO BE NAMED AS RESPONDENT**

The following notice is served on you as part of the Commission's written decision. This general notice is for the purpose of ensuring compliance with Wis. Stat. § 227.48(2), and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

PETITION FOR REHEARING

If this decision is an order following a contested case proceeding as defined in Wis. Stat. § 227.01(3), a person aggrieved by the decision has a right to petition the Commission for rehearing within 20 days of the date of service of this decision, as provided in Wis. Stat. § 227.49. The date of service is shown on the first page. If there is no date on the first page, the date of service is shown immediately above the signature line. The petition for rehearing must be filed with the Public Service Commission of Wisconsin and served on the parties. An appeal of this decision may also be taken directly to circuit court through the filing of a petition for judicial review. It is not necessary to first petition for rehearing.

PETITION FOR JUDICIAL REVIEW

A person aggrieved by this decision has a right to petition for judicial review as provided in Wis. Stat. § 227.53. In a contested case, the petition must be filed in circuit court and served upon the Public Service Commission of Wisconsin within 30 days of the date of service of this decision if there has been no petition for rehearing. If a timely petition for rehearing has been filed, the petition for judicial review must be filed within 30 days of the date of service of the order finally disposing of the petition for rehearing, or within 30 days after the final disposition of the petition for rehearing by operation of law pursuant to Wis. Stat. § 227.49(5), whichever is sooner. If an *untimely* petition for rehearing is filed, the 30-day period to petition for judicial review commences the date the Commission served its original decision.¹ The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

If this decision is an order denying rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not permitted.

Revised: March 27, 2013

¹ See *State v. Currier*, 2006 WI App 12, 288 Wis. 2d 693, 709 N.W.2d 520.