PSC REF#:107210

DATE MAILED

JAN 2 6 2009

Public Service Commission of Wisconsin
RECEIVED: 01/27/09, 9:32:55 AM

BEFORE THE

PUBLIC SERVICE COMMISSION OF WISCONSIN

Fuel Rules Proceeding to Adjust Wisconsin Power and Light Company Electric Rates Originally Set in Docket 6680-UR-115 — 6680-FR-101

SECOND INTERIM DECISION

This is the Second Interim Decision in this docket regarding the approval of an interim rate increase for fuel costs subject to refund with interest at 10.80 percent to Wisconsin Power and Light Company (WP&L) retail electric ratepayers. This order authorizes the refund of a portion of the over-collected fuel costs from the effective date of the April 24, 2008, Interim Decision and Order through December 31, 2008. The Commission's Final Decision in docket 6680-UR-116 issued on December 30, 2008, establishing retail electric rates for WP&L customers effective January 1, 2009, effectively supersedes the rates in the Interim Decision and Order dated April 24, 2008.

On January 12, 2009, WP&L, the Wisconsin Industrial Energy Group (WIEG) and the Citizens' Utility Board (CUB) filed a Stipulation that requests authorization for WP&L to refund $18.0 million (approximately 80 percent of the 2008 estimated refund amount) to its retail electric ratepayers for over-collected fuel costs for the period April 24 through December 31, 2008. This refund would be implemented by a $0.002937 per kilowatt hour (kWh) credit for each customer's actual usage from May 1 through November 30, 2008. WP&L customers participating in the Second Nature Program would receive a prorated share of the credit, depending on the percentage of their usage not provided by the renewable resources included in the Second Nature Program resource portfolio.

The Stipulation also provides the following:

1. WP&L shall file with the Commission and provide WIEG and CUB a final refund report by January 31, 2009.

2. Interest on refunds will be computed on any newly-authorized rate of return on equity of WP&L as of the effective date of any new authorized rate of return on equity.

3. WP&L will not seek to recover any of the 2008 Interim Refund amount refunded to customers if the actual over-collected fuel costs for the period the April 24, 2008, Interim Order was effective is less than $18 million under this Stipulation.

Conclusions of Law

1. WP&L is a public utility as defined in Wis. Stat. § 196.01(5)(a) and is operating as an electric and natural gas utility.

2. The Commission has authority under Wis. Admin. Code ch. PSC 116 to decrease electric rates, subject to the conditions specified in this decision.

3. The fuel refund found here is reasonable as a matter of law.

Order

1. WP&L shall do all of the following:

a. Apply a one-time credit of $0.002937 per kWh for each retail customer's electric usage between May 1, 2008, and November 30, 2008. For WP&L customers participating in WP&L's Second Nature Program, WP&L shall apply a credit that is a prorated share of the refund. This share shall be based on the percentage of usage not provided by the renewable resources included in the Second Nature Program renewable resource portfolio.

b. Pay interest on any outstanding refund balance of fuel costs under the original Stipulation at the rate of 10.8 percent, from April 25, 2008, until the date any refund is made.

c. Notify each customer with an explanation of this credit.

2. This Second Interim Decision is effective on the date of mailing.

3. If WP&L over-refunds its fuel costs, WP&L may not recover the amount over-refunded.

4. Jurisdiction is retained.

Dated at Madison, Wisconsin, January 26, 2009

By the Commission:

Sandra J. Paske

Sandra J. Paske
Secretary to the Commission

SJP:JKW:jlt:g:\order\pending\6680-FR-101 2nd interim.doc

Attachments

See attached Notice of Rights

Docket 6680-FR-101

PUBLIC SERVICE COMMISSION OF WISCONSIN
610 North Whitney Way
P.O. Box 7854
Madison, Wisconsin 53707-7854

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 mailing of this decision, as provided in Wis. Stat. § 227.49. The mailing date is shown on the first page. If there is no date on the first page, the date of mailing 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 mailing 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 mailing 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 mailed 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: December 17, 2008

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

APPENDIX A
(CONTESTED)

In order to comply with Wis. Stat. § 227.47, the following parties who appeared before the agency are considered parties for purposes of review under Wis. Stat. § 227.53.

Public Service Commission of Wisconsin
(Not a party but must be served)
610 N. Whitney Way
P.O. Box 7854
Madison, WI 53707-7854

WISCONSIN POWER AND LIGHT COMPANY
Theresa M. Hottenroth
4902 North Biltmore Lane
Madison, WI 53707