



We Energies
231 W. Michigan Street
Milwaukee, WI 53203

www.we-energies.com

Public Service Commission of Wisconsin
RECEIVED: 08/19/14, 12:24:10 PM

August 19, 2014

Ms. Sandra Paske
Secretary to the Commission
Public Service Commission of Wisconsin
610 North Whitney Way
Madison, Wisconsin 53705-2729

**Re: Joint Application of Wisconsin Electric Power Company and
Wisconsin Gas LLC, both d/b/a We Energies, to Conduct a Biennial
Review of Costs and Rates - Test Year 2015 Rates
Docket No. 5-UR-107**

Dear Ms. Paske:

Enclosed for filing are the bill inserts Wisconsin Electric Power Company and Wisconsin Gas LLC, both d/b/a We Energies, are sending to its customers in Wisconsin regarding the price change request for its electric, gas and steam utilities. The period of insertion is August 14 to September 17, 2014.

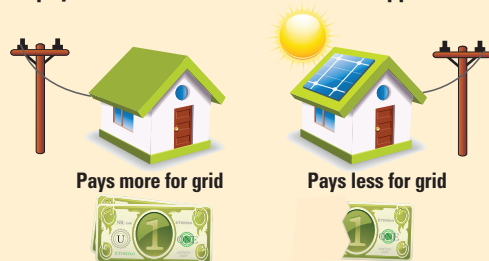
Sincerely,

A handwritten signature in blue ink, appearing to read "J. Schubilske".

James A. Schubilske
Vice President
State Regulatory Affairs

Enclosures

Because all customers use the grid, all customers should pay their fair share of the costs to support it.



Currently, customers using their own renewable energy systems still need to use the electric grid, yet they pay less than their share for their use of the grid. This leaves more of the cost of the grid to be paid by customers who do not have or cannot afford their own systems.

The proposed rate structure – which would become effective Jan. 1, 2016, if approved – addresses these issues by:

- Paying customers for their generation, based on comparable market rates.
- Ending customer generation subsidies paid by customers who do not have or use their own generation.
- Changing rate design to make it easier for customers to understand how they are paid for the power they generate.

We support use of renewable energy. In fact, we've invested approximately one billion dollars in renewable energy over the past decade. The change we are proposing is about keeping costs for access and use of our grid fair for all customers.



Customers generating their own energy still use the grid whether they're selling excess electricity or using electricity when their system cannot generate it.

Next steps

Your bills will continue to be calculated using current rates until new rates are approved by the PSCW. Following are the next steps in the process:

- The PSCW will conduct a thorough review of our request and will hold a technical hearing session on Sept. 24 at 9:30 a.m. in Madison. A public hearing session will be held in Milwaukee at a location and time to be determined.
- After taking our information and public testimony into account, the PSCW will set new rates. They may be higher or lower than what we requested.
- If approved, we anticipate new electric and natural gas rates taking effect in January 2015. Customer-owned generation rates would take effect Jan. 1, 2016.

You can visit psc.wi.gov or call 608-266-5481 to learn about the hearing schedule in docket 5-UR-107. You also can submit comments in lieu of testifying at the public hearing by submitting them online in the Public Comments section of the PSCW website.

For more information

If you have questions about our request, please contact us at 800-242-9137 or contactwe@mail.we-energies.com.



2K14107-GJ-RP-1.2M



214107



Learn about our 2015-16 rate request

Wisconsin Electric Power Company and Wisconsin Gas LLC (doing business as We Energies) filed a request (docket 5-UR-107) on May 30, 2014, with the Public Service Commission of Wisconsin (PSCW) to set 2015-16 rates for electric, natural gas and steam utility operations in Wisconsin. This insert provides an overview of our request.



We Energies – Energy You Can Depend On

Reasons for the request

We continue to make significant investments to:

- Renew and modernize our electric and natural gas distribution systems.
- Meet new environmental standards.
- Reduce overall operating costs for customers.

Projects include replacement of wires, power poles, substation components, natural gas lines and upgrades to our generating facilities – projects previously approved by the PSCW.

Our overall request

This includes a request for **(across all rate classes)**:

- \$44.8 million (1.55%) increase in 2015 for electric operations excluding fuel, \$55.6 million (1.92%) increase with fuel, including requested funding to contribute to the Lake Michigan Fund and a solar project. Final fuel costs for 2015 will be determined later this year. 2016 base rates will increase \$3.5 million (0.12%) if the solar project is approved. Rates in 2016 also will be slightly higher due to the expiration of a Renewable Grant tax credit and fuel-cost-adjustment credit at the end of 2015.
- \$21.1 million (3.27%) increase in 2015 and a \$21.4 million (3.32%) increase in 2016 for Wisconsin Gas LLC.
- \$10.7 million (2.39%) **decrease** for Wisconsin Electric Gas Operations (WEGO). No adjustment to natural gas base rates will be made in 2016.
- \$0.5 million (2.10%) increase for the downtown Milwaukee steam utility. \$0.8 million (4.56%) increase for the Milwaukee County steam utility. No adjustment to steam base rates will be made in 2016.

The impact of the requested increase or decrease on your bill will vary depending on your rate class and amount of electricity and/or natural gas you use.

What this means to you

If you are an electric customer using 660 kilowatt-hours per month, we are proposing:

	2015 monthly increase	2016 monthly increase
Without estimated fuel adjustment	\$4.36 or 4.37%	\$0.89 or 0.86%
With estimated fuel adjustment	\$4.68 or 4.68%	\$0.89 or 0.86%

If you are a natural gas customer, we are proposing:

Customer type*	2015 monthly increase/decrease	2016 monthly increase/decrease
Wisconsin Gas <i>(using 781 therms per year)</i>	\$1.91 or 3.2%	\$1.84 or 2.9%
WEGO <i>(using 769 therms per year)</i>	-\$1.34 or -2.4%	No change

**If you do not know which natural gas utility serves you, check your bill or visit www.we-energies.com/naturalgasmap.*

Other billing changes provide greater transparency and fairness

We also are proposing changes to the electric facilities charge and customer-owned generation rates. These proposed changes are about keeping service costs and customer-owned generation fair, efficient and sustainable.

Facilities charge

Two main components make up electric charges on a customer's bill – the energy charge and the facilities charge. The energy charge is the cost of generating electricity and is based on how much electricity you use.

The facilities charge covers costs to serve customers – from meters to poles, from the person who answers a billing call to the person who restores service during a storm. The facilities charge covers the fixed costs to provide service.

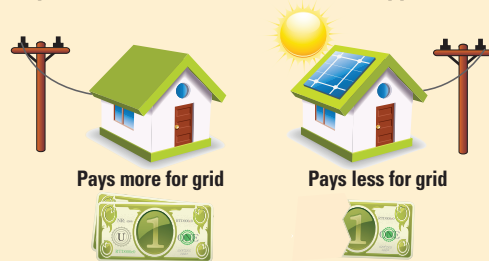


The energy charge has traditionally included items that also were considered facilities costs. To provide customers with a bill that better reflects delivery costs, we have simply recalculated the charges. We are requesting to increase the facilities charge from \$9 to \$16 per month (or from 30 cents to 52.6 cents per day) for residential and some small commercial customers.

Customer-owned generation

All customers benefit from access to our reliable electricity network, even if they use it intermittently. Under the current rate structure, customers with rooftop solar and other renewable and nonrenewable energy generation systems currently benefit from using our system (grid) essentially for free. Also, some customers generate more power than they need. When this happens, they use the grid to sell excess power to We Energies – without paying to use the grid. In effect, other customers are paying for it.

Because all customers use the grid, all customers should pay their fair share of the costs to support it.



Currently, customers using their own renewable energy systems still need to use the electric grid, yet they pay less than their share for their use of the grid. This leaves more of the cost of the grid to be paid by customers who do not have or cannot afford their own systems.

The proposed rate structure – which would become effective Jan. 1, 2016, if approved – addresses these issues by:

- Paying customers for their generation, based on comparable market rates.
- Ending customer generation subsidies paid by customers who do not have or use their own generation.
- Changing rate design to make it easier for customers to understand how they are paid for the power they generate.

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Customers generating their own energy still use the grid whether they're selling excess electricity or using electricity when their system cannot generate it.

Next steps

Your bills will continue to be calculated using current rates until new rates are approved by the PSCW. Following are the next steps in the process:

- The PSCW will conduct a thorough review of our request and will hold a technical hearing session on Sept. 24 at 9:30 a.m. in Madison. A public hearing session will be held in Milwaukee at a location and time to be determined.
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- If approved, we anticipate new electric and natural gas rates taking effect in January 2015. Customer-owned generation rates would take effect Jan. 1, 2016.

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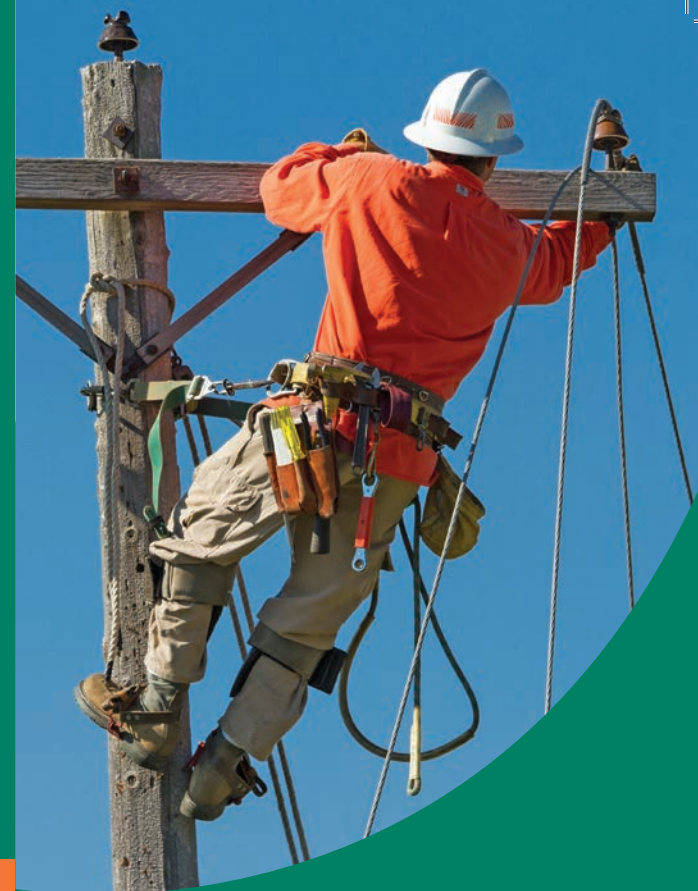
For more information

If you have questions about our request, please contact us at 800-714-7777 or contactwe@mail.we-energies.com.

2K14108-GJ-RP-150K



214108



Learn about our 2015-16 rate request

Wisconsin Electric Power Company and Wisconsin Gas LLC (doing business as We Energies) filed a request (docket 5-UR-107) on May 30, 2014, with the Public Service Commission of Wisconsin (PSCW) to set 2015-16 rates for electric, natural gas and steam utility operations in Wisconsin. This insert provides an overview of our request.



We Energies – Energy You Can Depend On

Reasons for the request

We continue to make significant investments to:

- Renew and modernize our electric and natural gas distribution systems.
- Meet new environmental standards.
- Reduce overall operating costs for customers.

Projects include replacement of wires, power poles, substation components, natural gas lines and upgrades to our generating facilities – projects previously approved by the PSCW.

Our overall request

This includes a request for **(across all rate classes):**

- \$44.8 million (1.55%) increase in 2015 for electric operations excluding fuel, \$55.6 million (1.92%) increase with fuel, including requested funding to contribute to the Lake Michigan Fund and a solar project. Final fuel costs for 2015 will be determined later this year. 2016 base rates will increase \$3.5 million (0.12%) if the solar project is approved. Rates in 2016 also will be slightly higher due to the expiration of a Renewable Grant tax credit and fuel-cost-adjustment credit at the end of 2015.
- \$21.1 million (3.27%) increase in 2015 and a \$21.4 million (3.32%) increase in 2016 for Wisconsin Gas LLC.
- \$10.7 million (2.39%) **decrease** for Wisconsin Electric Gas Operations (WEGO). No adjustment to natural gas base rates will be made in 2016.
- \$0.5 million (2.10%) increase for the downtown Milwaukee steam utility. \$0.8 million (4.56%) increase for the Milwaukee County steam utility. No adjustment to steam base rates will be made in 2016.

The impact of the requested increase or decrease on your bill will vary depending on your rate class and amount of electricity and/or natural gas you use.

What this means to you

Electric

Proposed average small commercial and industrial electric customers

	2015 average increase/decrease	2016 average increase/decrease
Without estimated fuel adjustment*	-\$0.76 or -0.27%	\$2.70 or 0.96%
With estimated fuel adjustment*	\$0.23 or 0.09%	\$2.70 or 0.96%

*Assumes customer using 2,000 kWh per month.

Proposed average annual change to medium commercial and industrial electric customers

	2015 average increase/decrease	2016 average increase/decrease
Without estimated fuel adjustment*	2.89%	0.9%
With estimated fuel adjustment*	3.23%	0.9%

*Assumes medium commercial and industrial firm electric customer. Identifying any medium commercial or industrial electric customer as a typical customer is difficult because there are many combinations of rate components that impact bills, which can vary significantly.

Proposed average annual change to large commercial and industrial electric customers

	2015 average increase/decrease	2016 average increase/decrease
Without estimated fuel adjustment*	-0.60%	1.24%
With estimated fuel adjustment*	-0.13%	1.23%

*Assumes large commercial and industrial firm electric customer. Identifying any large commercial or industrial electric customer as a typical customer is difficult because there are many combinations of rate components that impact bills, which can vary significantly.

Proposed average annual change to street lighting electric customers

	2015 average increase/decrease	2016 average increase/decrease
Without estimated fuel adjustment*	-0.26%	0.53%
With estimated fuel adjustment*	0.01%	0.53%

*Assumes average across all street lighting schedules. Identifying any street lighting customer as a typical customer is difficult because there are many combinations of rate components that impact bills, which can vary significantly.

Natural gas

If you do not know which natural gas utility serves you, check your bill or visit www.we-energies.com/naturalgasmap.

Proposed average monthly change to small commercial natural gas customers

Customer type	2015 average increase/decrease	2016 average increase/decrease
Wisconsin Gas*	2.8%	3.2%
WEGO*	-3.4%	No change

*Assumes customer using 1,900 therms per year.

Proposed average annual change to large commercial and industrial natural gas customers

Customer type	2015 average increase/decrease	2016 average increase/decrease
Wisconsin Gas*	1.1%	1.0%
WEGO*	-0.5%	No change

*Assumes large interruptible commercial natural gas customer using 6 million therms annually. Identifying any large commercial or industrial natural gas customer as a typical customer is difficult because there are many combinations of rate components that impact bills, which can vary significantly.

Other billing changes provide greater transparency and fairness

Our proposed changes are about keeping costs and customer-owned generation fair, efficient and sustainable.

Customer-owned generation

All customers benefit from access to our reliable electricity network, even if they use it intermittently. Under the current rate structure, customers with rooftop solar and other renewable and nonrenewable energy generation systems currently benefit from using our system (grid) essentially for free. Also, some customers generate more power than they need. When this happens, they use the grid to sell excess power to We Energies – without paying to use the grid. In effect, other customers are paying for it.



Learn about our 2015-16 rate request

Wisconsin Electric Power Company (doing business as We Energies) filed a request (docket 5-UR-107) on May 30, 2014, with the Public Service Commission of Wisconsin (PSCW) to set 2015-16 rates for steam utility operations in Wisconsin. This insert provides an overview of our request.



We Energies – Energy You Can Depend On

Impacts for steam customers

We continue to make investments in upgrades to our steam systems with an overall request for a \$0.5 million (2.10%) increase for the downtown Milwaukee steam utility. No adjustment to steam base rates will be made in 2016.

A customer using 400 MLBS of steam per month would see a monthly increase of \$103.69 or 2.07 percent.

The impact of the requested increase on your bill will vary depending on your rate class and amount of steam you use.

Proposed billing changes to steam rates

We also are proposing to more accurately capture fixed costs and a customer's demand by adding a new demand charge and increasing the facilities charge. It is established practice to include demand charges for many business customer electric rates.

The demand charge will be based on the highest average use per day during the current or preceding 11 billing periods. All steam customers, including those that use steam on only a seasonal basis, will see a demand charge each month of the year. The two energy charges that are currently applied will be replaced with a single energy charge.

Next steps

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- After taking our information and public testimony into account, the PSCW will set new rates. They may be higher or lower than what we requested.
- If approved, we anticipate the new rates taking effect in January 2015.

You can visit psc.wi.gov or call 608-266-5481 to learn about the hearing schedule in docket 5-UR-107. You also can submit comments in lieu of testifying at the public hearing by submitting them online in the Public Comments section of the PSCW website.

For more information

If you have questions about the request, contact us at 800-714-7777 or contactwe@mail.we-energies.com.





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We Energies – Energy You Can Depend On

Impacts for steam customers

We continue to make investments in upgrades to our steam systems with an overall request for a \$0.8 million (4.56%) increase for the Milwaukee County steam utility. No adjustment to steam base rates will be made in 2016.

A customer using 400 MLBS of steam per month would see a monthly increase of \$536.06 or 5.05 percent.

The impact of the requested increase on your bill will vary depending on your rate class and amount of steam you use.

Next steps

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