



Public Service Commission of Wisconsin

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PSC Reduces Rate Request for MGE Customers

MADISON – Today, the Public Service Commission of Wisconsin (PSC) reduced a rate increase request by Madison Gas and Electric (MGE) for their electric and natural gas rates. The reduced increase will help cover costs associated with meeting growing energy demands and requirements outlined in 2005 Wisconsin Act 141.

“Today’s modest rate adjustment will help MGE meet the state’s energy efficiency and renewable requirements and will allow the utility to make the improvements necessary to meet growing energy demands,” said Chairperson Dan Ebert. “Wisconsin is moving in the right direction and today’s decision will help MGE construct renewable energy projects – helping the state become more energy independent.”

In a verbal decision today, the Commission set 2008 residential electric rates for MGE to increase by 3.7 percent, or approximately \$3.00 on the average homeowner’s monthly electric bill. In addition, the Commission approved a 4.9 percent increase in residential natural gas rates, or about \$4.40 on the average homeowner’s monthly gas bill. The Commission also approved a 10.8 percent return on equity for MGE.

“Global Warming continues to be a topic of great interest,” said Commissioner Mark Meyer. “I am happy to see that Wisconsin utilities have started to examine the effects of and solutions to global warming. I look forward to reviewing the recommendations from Governor Jim Doyle’s Task Force on Global Warming and helping guide the state to adopt practices that will reduce greenhouse gas emissions.”

“As utility costs increase due to combating global warming and other environmental problems, we must develop creative solutions to mitigate rate hikes. Many ideas were identified in this case including rate designs that would encourage energy conservation and assist low-income customers,” said Commissioner Lauren Azar. “During the case, the Commission endeavored to investigate many of these ideas in the near future to proactively prepare for the upcoming global warming regulations.”

When a utility requests a change in rates, the PSC conducts a thorough audit of the utility’s expenses and revenues. In preparing for today’s decision, the Commission considered the amount MGE needs to provide a reliable source of energy to customers, which includes costs of fuel, maintenance, new construction and environmental protection. Public hearings on MGE’s rate proposal were held in October in Madison. The testimony provided at the hearings and comments submitted by the public were part of the record the Commission reviewed as it

considered all the aspects of the application. The Commission will issue a written order to finalize today's decision and the new rates become effective after the order is issued.

The documents associated with MGE's rate application can be viewed on the PSC's Electronic Regulatory Filing System at <http://psc.wi.gov/>. Type case number 3270-UR-115 in the boxes provided on the PSC homepage or click on Electronic Regulatory Filing System button.

Background on 2005 Wisconsin Act 141 and Task Force on Global Warming

Last year, Governor Doyle signed Act 141 into law, a bipartisan effort to increase energy efficiency and renewables in Wisconsin. The law calls for the state's utilities to produce 10 percent of Wisconsin's electricity from renewables by 2015, encourages government agencies to improve energy efficiency, and strengthens the state's energy efficiency programs. The Governor later launched Wisconsin's "Declaration of Energy Independence" which set goals for the state to produce 25% of its energy by the year 2025, reduce the use of fossil fuels and to become a national leader in alternative energy research and energy independence. For more information on the state utilities' compliance with such requirements, please see a recent news release on the PSC's website at:

<http://psc.wi.gov/pdf/News%20Releases/2007/10%20October/Renewable%20Portfolio%20Standards%20Compliance.pdf>.

Governor Jim Doyle's Task Force on Global Warming is comprised of a variety of environmental, industry and utility leaders as well as representatives from the DNR and PSC and other stakeholders, who have undertaken the Governor's mission to examine the effects of and solutions to global warming in Wisconsin. For more information about the Task Force, please visit the DNR's website at: <http://dnr.wi.gov/environmentprotect/gtfgw>.

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