



Public Service Commission of Wisconsin

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PSC Reduces Rate Request for We Energies Customers

Proceeds from Point Beach Sale Returned to Customers

MADISON – Today, the Public Service Commission of Wisconsin (PSC) approved an increase in We Energies' electric and natural gas rates. The approved amount was less than that requested by the utility and will help cover costs associated with meeting energy demands, renewable energy requirements outlined in 2005 Wisconsin Act 141, emissions control equipment and other environmental improvements.

“Today’s rate adjustment struck a balance between helping the utility meet energy efficiency and renewable energy requirements while mitigating the rate impacts on customers,” said Chairperson Dan Ebert. “I believe the results of this decision will help the state of Wisconsin meet growing energy demands while keeping our focus on environmental and consumer concerns.”

In a verbal decision today, the Commission set overall 2008 and 2009 electric rates for We Energies to increase by 3.4 percent for each year. This would increase the average residential homeowner’s electric bill by about \$3.75 per month each year. In addition, the Commission approved a 2.1 percent increase for Wisconsin Gas Company natural gas customers and a 0.7 percent increase for Wisconsin Electric Gas Company customers. This would increase the average residential monthly natural gas bill by about \$1.87 for Wisconsin Gas Company and \$0.34 for Wisconsin Electric Company. The Commission also approved a 10.75 percent return on equity for We Energies.

In September 2007, the Commission approved the sale of the Point Beach Nuclear Power Plant to FPL Energy Point Beach, LLC. The Commission determined today that the proceeds from the sale should be given back to ratepayers over three years beginning in 2008. The \$880 million credit from the sale was incorporated in the rates set today and detailed above.

“This rate case included an epic number of issues, all of them extremely important to utilities and ratepayers alike,” said Commissioner Mark Meyer. “I think the decisions made here today will ultimately keep Wisconsin on the right track to providing environmentally conscious and reliable energy.”

“We Energies’ rising utility costs arise primarily from We Energies’ commitments to a robust electrical system, renewable energy and pollution control,” said Commissioner Lauren Azar. “These are not only laudable goals, but critical to our state’s future. With rising energy costs, all parties must make sacrifices including the utilities, ratepayers and shareholders. Our decision

today minimizes those sacrifices while continuing to support the initiatives that invest in tomorrow.”

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 We Energies needs to provide a reliable source of energy to customers, which includes costs of fuel, maintenance, new construction and environmental protection.

Public hearings on We Energies’ rate proposal were held in November in Madison, Brookfield and Kenosha. 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, but not before January 1, 2008.

The documents associated with We Energies’ application can be viewed on the PSC’s Electronic Regulatory Filing System at <http://psc.wi.gov/>. Type case number 5-UR-103 in the boxes provided on the PSC homepage or click on Electronic Regulatory Filing System button.

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