



# Public Service Commission of Wisconsin

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## **PSC Approves \$200 million in Savings for WP&L and WPSC Ratepayers** *Announces Initiatives to Implement Buy Back Rates, Decoupling and Distributed Solar Energy*

MADISON – Today, the PSC ordered that there will be no increase in electric rates and a slight decrease in gas rates for Wisconsin Public Service Corporation (WPSC) and Wisconsin Power and Light (WP&L) customers in 2009.

“Declining fuel costs have played a major role in allowing us to successfully hold the line on electric and gas rates for many Wisconsin ratepayers,” said PSC Chairperson Eric Callisto. “With Wisconsin in the clutch of tough economic times, lower fuel costs have been a silver lining, and I am pleased at how PSC staff, the utilities and ratepayer groups have come together to look at ways to turn this into relief for Wisconsin ratepayers.”

In its decision today, the Commission set 2009 residential electric rates for WPSC and WP&L customers at the same level as they currently, and ordered slight decreases in gas rates for both utilities. WPSC customers will see gas rates drop by a total of \$3 million overall or by 0.44 percent. As a result, the average WPSC customer will see approximately \$7 in annual savings. WP&L customers will see gas rates drop a total of \$4 million or by 1.14 percent. The average WP&L customer will see \$15 in annual savings due to the decrease.

With projected higher fuel costs as a major driver, WPSC had originally requested to raise electric rates by a total of \$85 million and gas rates by \$15.7 million for 2009. WP&L also originally requested an electric rate increase of \$93 million largely due to higher fuel expenses, but proposed a slight decrease in gas rates totaling \$1 million for 2009. However the struggling world economy has instead caused fuel costs to drop sharply, allowing the Commission and the utilities to avoid rate increases.

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 WPSC and WP&L needed to provide a reliable source of energy to customers, which can include costs of fuel, maintenance, new construction and environmental protection.

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Other actions taken by the commission today include:

- Citing the importance of energy efficiency and conservation to curb demand and address global warming, the Commission approved WPSC's request to conduct a pilot test of rates that "decouple" profits from sales. Decoupling removes a disincentive for aggressive conservation and efficiency efforts by allowing the utility to maintain revenues even if sales decline as a result of effective demand reduction programs.
- As part of the WP&L rate case, approving the utility's request to offer enhanced experimental buyback rates to customers who generate electricity from renewable resources and sell it back to the utility. Taking this positive development one step further, Commissioners announced their intention to open an investigation that will explore specific recommendations on this subject from the Governor's Task Force on Global Warming, with the goal of expanding the availability of advanced renewable tariffs across the state in 2009.
- Announced the Commission's intention to launch a statewide solar collaborative that will explore how utilities could dramatically accelerate the cost-effective deployment of distributed solar photovoltaic panels across Wisconsin.

"The parties to the WPSC case, including the utility and the Citizens Utility Board agreed to a proposal that will help to promote energy efficiency in Wisconsin," said Commissioner Lauren Azar. "Today's result is an important step in changing the current culture surrounding energy use and will encourage additional energy efficiency."

Azar added that in the WP&L case, she was pleased to see WP&L agree to increase its focus on solar energy and encouraged further deployment of solar resources in Wisconsin. She went on to say that the agreement with Sierra Club further advances Wisconsin's commitment to reducing greenhouse gases and global warming.

Documents associated with both the WPSC and WP&L rate case can be viewed on our Electronic Regulatory Filing System at: <http://psc.wi.gov>. For WPSC type case numbers 6690-UR-119 and for WP&L type case numbers 6680-UR-116 in the boxes provided on the PSC homepage or click on the Electronic Regulatory Filing System button.

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