



# Public Service Commission of Wisconsin

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## Construction Costs Responsible for Change in WPSC Rates

MADISON - Today, the Public Service Commission of Wisconsin (PSC) reviewed Wisconsin Public Service Corporation's (WPSC) request to increase electric and gas rates.

The Commission determined that increased costs for infrastructure improvements and construction of the Weston 4 power plant were the factors driving the request and were necessary to meet growing demand for electricity and improve reliability.

In a verbal decision today, the Commission set 2007 residential electric rates for WPSC to increase by about 6 percent, or approximately \$4.25 on the average homeowner's monthly electric bill. In addition, the Commission approved an estimated 3.3 percent increase in residential gas rates, or about \$3.60 on the average homeowner's monthly gas bill.

When a utility requests a change in rates, the PSC conducts a thorough audit of the utility's forecasted expenses, fuel costs and revenues. WPSC filed for the increase this spring, requesting a 15.8 percent increase in electric rates. However, over the past year, dropping fuel prices have helped to lower WPSC's fuel costs significantly. The lower fuel costs are reflected in the rates set by the Commission today. The Commission found that the rate increase was driven almost solely by construction costs for infrastructure improvements.

Public hearings on WPSC's rate proposal were held in September and October in Madison, Green Bay and Wausau. The testimony provided at the hearings was 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. The new rates become effective after the written order is issued, but not before January 1, 2007.

The documents associated with WPSC's application can be viewed on the PSC's Electronic Regulatory Filing System at <http://psc.wi.gov/>. Type case number 6690-UR-118 in the boxes provided on the PSC homepage or click on Electronic Regulatory Filing System button.

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