



Public Service Commission of Wisconsin

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PSC Adjusts MGE Electric Rates for 2006 and 2007

MADISON – Today the Public Service Commission of Wisconsin pointed to the need for change of the fuel rule process when it adjusted Madison Gas and Electric Company's (MGE) rates for a refund for 2006 and for an interim increase going forward in 2007.

“The process worked well when fuel prices were fairly stable, but today fuel prices are so volatile that it's like a roller coaster ride when it comes to setting electric rates,” PSC Chairperson Dan Ebert said. “We seem to be constantly readjusting electric rates up and down. It's confusing to the customers, counterproductive and could ultimately increase costs to ratepayers.”

When rates are set for utilities, fuel costs are forecast and a range for fuel costs is set. Under the fuel rules, when the utility's fuel costs go outside that range, the utility follows a regulatory process for Commission approval to provide a credit to customers for overcharges or to increase its rates to meet increased fuel costs.

In a verbal decision today, the Commission approved a \$2.4 million credit for MGE customers for fuel overcharges in November and December 2006 and set an interim rate increase of \$12.2 million for higher fuel costs in 2007. The average MGE customer will receive a one-time credit of approximately \$5.40 and also see approximately \$2.00 more charged per month in the interim for electric service.

“The time is ripe for a resolution of the fuel rules. Wisconsin ratepayers deserve less confusing rate adjustments,” Commissioner Mark Meyer said.

“The PSC has been working on ways to improve the fuel rule process that will operate more efficiently in today's volatile fuel markets,” Chairperson Ebert announced today. “We expect to start the administrative rule making process to implement the needed changes soon.”

Today's refund is the second credit MGE customers will receive for 2006. Last December customers received \$7.1 million due to lower fuel costs from March through October.

The increase in 2007 electric rates was set today on an interim basis pending a PSC audit. After the audit, a public hearing will be held to determine if the rates are reasonable. The interim rate increase is subject to a customer refund at 11% interest if the Commission later determines that the increase was not reasonable when it makes the final determination.

Written orders which will detail today's decisions will be issued at a later date.

The documents associated with these cases can be viewed on the PSC Electronic Regulatory Filing System at <http://psc.wi.gov/>. Type case number 3270-FR-100 for information on the refund or 3270-FR-101 for information on the interim increase in the boxes provided on the PSC homepage or click on the Electronic Regulatory Filing System button.

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