



Public Service Commission of Wisconsin

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Mark Meyer, Commissioner
Lauren Azar, Commissioner

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PSC Orders Rate Adjustment for We Energies Customers *Reduces Utility's Rate Request by 53%*

MADISON – In an oral decision today, the Public Service Commission of Wisconsin (PSC) approved in part Wisconsin Electric Power Company's (WEPCO) request to adjust its electricity rates. The PSC approved an electric rate increase of approximately \$90 million, less than half of what the utility had requested in its rate adjustment application, an approximately \$190 million proposed increase. The PSC's rate adjustment amounts to a roughly 4% increase overall for electric rates, and the average residential WEPCO customer will see a monthly increase of approximately \$5.00 for electric service, as a result of this adjustment.

The PSC also reduced WEPCO's natural gas operations rates by about \$1.4 million, amounting to a monthly decrease of approximately \$0.09 for gas distribution service. Additionally, Wisconsin Gas Company's gas rates were increased by \$6.182 million, and the average residential natural gas customer will see a monthly increase of approximately \$0.84 for gas distribution service.

"This is the first rate case since the full effect of the recession hit Wisconsin, and our current economic condition weighed heavily in today's decision," said Chairperson Eric Callisto. "Today's action strikes a balance between allowing the utility to fairly recover its costs while minimizing impacts to customers to the greatest extent possible."

"Regardless of the current economic situation, the Commission has duties to many constituencies that are always difficult to balance, and even more in today's economy," said Commissioner Lauren Azar. "There can be a temptation to defer many of today's costs to the future counting on a significant economic recovery; however the likelihood of future carbon emissions costs have to factor into our decisions today."

"The high volume of public participation in this case is both a reflection of the involvement of ratepayers and where we all find ourselves in this current economy," said Commissioner Mark Meyer. "We are all doing everything we can to defray costs and expenses. The Commission has taken that principle to heart in the review of this request which is reflected in today's decision."

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Among major drivers behind today's adjustment were costs associated with construction, primarily of the utility's Oak Creek power plant, conservation projects, and the effects of the economic downturn.

When a utility requests a change in rates, the PSC conducts a thorough audit of the utility's forecasted expenses and revenues. The agency looked at the amount WEPCO needs to provide a reliable source of energy which includes costs for maintenance, new construction, fuels, environmental protection and employee wages.

The Commission will issue a written order to finalize the rates approved in today's decision. The new rates become effective after the written order is issued.

Public hearings were held in October in Madison, Appleton, Racine and Milwaukee. The testimony provided at the hearings was part of the record the Commission reviewed as it considered all the aspects of the application

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-104 in the boxes provided on the PSC homepage or click on Electronic Regulatory Filing System button.

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