

Typical Steps in a Major Rate Case



Overview of the Rate Case Process

Before a public utility can raise its rates, it must file an application for a rate increase with the Public Service Commission of Wisconsin (PSC). In its application, the utility provides detailed information and proposals about its rate increase request. PSC staff analyzes the utility's information and proposals, and develops additional information and alternative proposals. The PSC also requests comments and holds hearings to gather information, ideas and opinions about issues raised by the utility's request. The Commissioners review the information and determine if a rate increase is appropriate.

Typical Steps in a Rate Case

Shown below are the typical steps in the rate case process when a large investor-owned utility requests a rate increase. (The rate case process for small investor-owned utilities and municipal utilities may differ from this. Please contact the PSC for more information.)

- The utility files an application for a rate increase with the PSC, including detailed information and proposals about its request.
- The utility notifies its customers about its rate increase request through a bill insert.
- PSC staff audits the utility's records, examines the utility's information and proposals, and develops additional information and alternative proposals.
- The PSC holds a prehearing conference to identify the issues, identify interested parties, and set a schedule for the case.
- The PSC issues a notice of hearing to inform residents, businesses, and news media in the utility's service area about the rate increase request and the case schedule, including when hearings will be held.
- The PSC requests comments and holds technical and public hearings. PSC staff, utility staff, interested parties and members of the public provide testimony and written comments regarding the issues raised in the case.

- The Commissioners review the information and make their decisions about the case in an open meeting.

Information Provided by the Utility

The utility provides forecasts of how much money it expects to need to cover its expenses in the next year. This includes a proposed return on its investment in assets used to provide service to its customers (such as power plants, electric lines or gas mains), which the utility uses to pay interest on money it borrows and to compensate investors. The utility also proposes customer rates, set at levels that the utility expects would generate enough revenue to cover its expenses and provide a return.

PSC Review

PSC staff audits the utility's financial records, examines the utility's forecasts and proposals, and develops additional information. PSC staff also makes proposals about how much revenue the utility needs to operate and how customer rates should be set.

The PSC holds technical hearings attended by Commission staff, utility staff, consumer groups, customers, and other interested parties. They provide testimony to explain their proposals and question witnesses about their recommendations in order to discuss the issues in the case.

The PSC also holds public hearings where members of the public express their ideas and opinions about the rate increase request. At the public hearings, members of the public can testify orally or provide written comments. They can also submit comments by mail, fax, or through the PSC website.

PSC Decision Process

The utility application, the technical hearing and public hearing testimony and exhibits, and the written comments become part of the case record that the Commissioners use to make decisions about the case.

After the case record is complete and the Commissioners have reviewed it, the Commissioners reach decisions about the case at an open meeting. The Commissioners make decisions on the issues raised by the case, including how much money the utility needs to operate and what rates customers should be charged.

How can members of the public get involved?

The PSC holds public hearings where members of the public can express their ideas and opinions about the issues raised in the case. At the public hearings, members of the public can testify

orally or submit written comments. They can also submit written comments by mail, fax, or through the PSC website.

For more information on public hearings, refer to the PSC publication titled, “Guide to Public Hearings.”

The Public Service Commission of Wisconsin is an independent state agency that oversees more than 1,100 Wisconsin public utilities that provide natural gas, electricity, heat, steam, water and telecommunication services.



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