

**Rate Proceeding Initial Data Request**  
**Non-Major Electric IOU**  
**Revenue Requirement**  
Updated June 21, 2024

This is Commission staff’s initial data request. To allow staff to begin its audit process, responses should be provided at the time the initial rate application is filed. Subsequent data requests will occur during the normal course of the audit. When filing responses to these questions on the Commission’s Electronic Records Filing (ERF) system, please label the response by question number and include a short title of the subject matter. If the information was provided in the initial rate application, please reference by providing the description of the document and the ERF number. Below is a summary of changes from the September 27, 2023 initial data request, followed by the updated initial data request.

**Summary of Changes to Non-Major Electric IOU Initial Data Request**

**New Questions**

- Question 4. Provide the date of the Rate Proceeding Data Request used.
  
- Question 43. Provide a copy of the applicant’s wholesale contract(s) and bills for each month of the previous 12 months. Identify any contracts set to expire and any new contracts the applicant expects to adopt in the next 12 months.
- Question 44. Does the applicant anticipate any major purchase power fluctuations in the test year? If so, detail the anticipated changes.
- Question 45. Identify how often purchase power rates are updated and the date of the last update.
- Question 52. For each bonus or incentive payments included in the test year revenue requirement, provide a narrative describing the ratepayer benefit and identify if the amount is tied to a financial or operational driver.

**Edited Questions**

- Question 37. Question expanded.
- Question 49. Question expanded.
- Question 50. Question expanded.
- Question 62. Question expanded.
- Question 75. Question expanded.
- Question 117. Question expanded.
- Question 118. Question expanded.

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**General Information**

1. Provide the requested dollar amount and percent of increase/decrease, the rates of return on equity and rate base. Include a statement of general assumptions, inflation rates and methods of projection in developing the test year income statement and rate base and provide the instructions given to budget preparers for this rate case. In addition, explain any material changes to accounting procedures implemented since the last rate case, and any proposed for the test year. Summarize the major changes in rate base and/or operating results since the last rate application filing.
2. Provide a derivation of composite inflation rates used to inflate the most recent actuals through the bridge period and the test year, and a description of where such overall assumptions impact the test year revenue requirement.
3. If the earned regulatory return on equity (ROE) for the latest calendar year exceeds the authorized ROE, provide explanations in both narrative and quantitative forms regarding the main causes of such overearnings.
4. Provide the date of the Rate Proceeding Initial Data Request used.

**Electric Sales Forecast**

5. Provide a step-by-step description of how the forecast was developed. Be specific and include not only how but why a certain assumption or method was used. Note any significant changes in how the forecast was developed from the methods used in the last rate filing and any significant changes in assumptions. The data should include, but not be limited to, the following:
  - a. Assumptions
  - b. Weather normalization methods
  - c. Growth expectations
  - d. Time period used as the base for building test year sales
6. Provide historical billing determinants **by rate schedule** for the most recent five years on a calendar basis including, but not be limited to the following:
  - a. Monthly and annual kilowatt-hour (kWh) sales
  - b. Monthly and annual weather-normalized kWh sales (using HDD and CDD 20-year actual on a 65 degree basis)
  - c. Monthly and annual average customers
  - d. Annual demands (show each separately)
  - e. Annual on-peak/off-peak splits

- f. Annual summer/winter splits
- g. Annual secondary/primary/transmission splits
- h. Annual limiters
- i. Annual discounts
- j. Average annual number of streetlights in each street lighting rate schedule

The information should be provided in the same format as the sales priced out so the relationships among billing determinants can be compared.

The historical data should include a restatement of all historical billing determinants to show any adjustments to the historical data to correct for billing errors. Any billing error corrections should be shown in the month the error occurred, not in the month in which it was corrected. In addition, the restatement of all historical billing determinants should include adjustments for any rate schedule switches, such that the historical usage is stated as if the customer who switched was on the new rate schedule during the entire historical period.

Provide a summary schedule showing these annual electric sales, by rate schedule, with a separate column showing the test year electric sales by rate schedule on a calendar basis.

- 7. If the test year was developed using rate classes rather than rate schedules, provide the calculation of the conversion. For example, indicate which rate schedules are included in Residential.
- 8. Provide the test year estimate of unbilled megawatt hour (MWh) sales and dollars and description of the method used to develop such estimates and related computations. Also provide historical net unbilled MWh sales and dollars for the most recent five years.
- 9. Provide five years' historical company use and line losses separately in kWh, as well as the test year estimates for each and provide descriptions of the methods used to develop such estimates and related computations. Show line losses separated between distribution and transmission.
- 10. Provide five years' historical interdepartmental sales and revenues, as well as the test year estimate. Indicate which rate schedule(s) these sales fall under. Separate the information by rate schedule. Also provide description of the method used to develop such sales estimates and related computations.
- 11. Provide actual HDD and CDD information, by month, and totaled for each calendar year, for the most recent 20 years on a 65-degree basis. Show the 20-year average, for each month, and the annual total. Show what degree day information was used to calculate the test year electric sales forecast.

12. Explain any significant customer usage changes between historical data and the test year. Include explanations of any significant changes in large customer volume sales or large customer count changes.
13. Provide seasonal/monthly sales information for firm rate schedules with seasonal rates.
14. Provide a detailed analysis of how sales revenues were calculated for the test year at both present and proposed rates. Show each billing component, by rate schedule. The analysis should also identify the sales data and applicable billing adjustments for Act 141 large-energy customers by each rate schedule.

### **Other Operating Revenues**

15. Provide a summary schedule that shows actual Other Operating Revenues, by account, for the test year and each of the most recent three years. For any test year estimates that are significantly different from historical actuals, provide support/explanation.

### **Operation and Maintenance (O&M) Expenses**

16. Provide a summary of O&M expenses by account for the test year and most recent three calendar years of actual, broken down between labor and other. Show fuel and non-fuel amounts separately. If the test year estimate is shown by something other than PSC account, provide the most recent three calendar years of actual on the same basis.
17. Provide a description and amounts, by account, of items that have previously been disallowed by the Commission.
18. Provide clearing account activity for each of the most recent three calendar years of actual and the test year. Provide the detail of charges to and allocations from all clearing accounts.
19. Provide a schedule of regulatory assets and liabilities of the year-end balances by account with descriptions for each of the most recent three calendar years through the test year, as applicable, showing the actual year-end balances along with the annual activity of amortizations and expenditures by account.
20. Provide uncollectible accounts expense for the test year and each of the most recent three calendar years of actual. Include gross write-offs and collections of amounts previously written off. Also show net write-offs as a percentage of applicable sales revenue.

21. Describe the company's current procedures related to bad debt collections and identify any changes from the last rate case. Also describe any anticipated changes to such procedures during the current year and test year.
22. Provide customer service expenses for the test year and each of the most recent three calendar years of actual. Provide the breakdown between conservation (including weatherization) and other costs, by program, between labor and other.
23. Provide all sales promotion expenses by project and account for the test year and for each of the most recent three calendar years of actual. Show labor and non-labor separately.
24. Provide all economic development costs by program and by account for the test year and each of the most recent three calendar years of actual. Show labor and non-labor separately.
25. Identify all governmental related expenses, including lobbying and other political activity, for the test year and each of the most recent three calendar years of actual. Indicate the expense accounts charged and show labor and non-labor separately.
26. Provide a breakdown of non-labor expenses in Account 920, Administrative and General Salaries, for the test year and each of the most recent three calendar years.
27. Provide a breakdown of non-labor expenses in Account 921, Office Supplies and Expenses, for the test year and each of the most recent three calendar years.
28. Provide a breakdown of Administrative Expenses Transferred (Account 922) for the test year and each of the most recent three calendar years.
29. Provide a summary of most recent three calendar years of actual and test year estimated advertising expenses. This summary should provide the total amount by account and should be further broken down to show the type of advertising, such as Conservation and Load Management, Safety, Required by Law, Emergency Conditions, Sales Promotion, and Institutional or Goodwill.
30. Provide a breakdown of Outside Services Expense (Account 923) by vendor and by project for the test year and each of the most recent three calendar years.
31. Provide a breakdown of Insurance Expense (Account 924) by policy for the test year and the most recent three calendar years. Include current premiums and expiration dates. Provide the calculation of the test year amount.
32. Provide a breakdown of Injuries and Damages Expense (Account 925) for the test year and each of the most recent three calendar years.

33. Provide a breakdown of Pensions and Benefits Expense (Account 926) by benefit for the test year and the most recent three calendar years. Provide a calculation of how the test year estimate was derived for each benefit.
34. For medical and dental expense, provide the major assumptions used to derive the test year estimate, compared to the previous three years' actual experience.
35. Provide a breakdown of non-labor Regulatory Commission Expense (Account 928) for the test year and each of the most recent three calendar years.
36. Provide a breakdown of non-labor Miscellaneous General Expense (Account 930.2) for the test year and each of the most recent three calendar years.
37. Provide a detailed summary of all industry association dues, corporate memberships, etc., for the test year and each of the most recent three calendar years including dollar amount and account(s) charged. For each due or fee where the applicant is seeking recovery, provide justification and support identifying the specific customer benefit associated with each estimated payment.
38. Provide a breakdown of non-labor Maintenance of General Plant (Account 935) for the test year and each of the most recent three calendar years.
39. For test year forecasted non-fuel, non-labor expenses, provide a breakdown of the amounts that were inflated using general inflationary assumptions. Show what inflation rates were used, and show the test year impact of those assumptions.
40. Does the applicant currently offer credit card billing? If yes, provide the following:
  - a. Does the applicant or the customer currently pay the transaction fee?
  - b. What expense account(s) is used to record credit card convenience fees?
  - c. Provide the most recent three years of credit card convenience fee expenses.
  - d. Provide a breakdown of the cost per transaction and any other fees that are incurred by the applicant.
41. If expenses related to accepting credit cards are included in the test year O&M forecast provide the following:
  - a. Provide the test year estimate and methodology used to determine the forecast.
  - b. Identify the O&M account used for the test year estimate.
  - c. Identify the vendor to be used.
  - d. Identify the percentage of customers currently paying by credit card.
  - e. Is it expected that more customers will use credit cards if this payment option is offered at no charge to the customer? If so, what percentage of customers is anticipated to pay by credit card?
  - f. Has the applicant worked with any vendor(s) to negotiate lower fees? If yes, provide documentation.

42. Provide a budget to actual analysis of the forestry/tree trimming budget (including contractors) for the most recent four years. Additionally, provide a breakdown by FERC account for the most recent four years and the test year identifying all expense activity by category.
43. Provide a copy of the applicant's wholesale contract(s) and bills for each month of the previous 12 months. Identify any contracts set to expire and any new contracts the applicant expects to adopt in the next 12 months.
44. Does the applicant anticipate any major purchase power fluctuations in the test year? If so, detail the anticipated changes.
45. Identify how often purchase power rates are updated and the date of the last update.

## **Payroll**

46. Provide a description of how test year payroll and employee estimates were developed. Include payroll increases for the most recent calendar year and the test year, by employee group. Also explain how part-time, summer help, overtime, and vacancy factors were developed. Provide specific detail of any incentive pay program included in the test year estimates.
47. Provide a calculation of test year payroll expense for each employee. The calculation should begin with actual total payroll and build to test year payroll, showing wage increases for each employee, changes in employee levels, and any other factors used to derive test year total payroll.
48. Provide the distribution of total payroll for the most recent three calendar years and the test year between plant accounts, O&M, etc.
49. Provide the number of part-time and summer employees and related dollar amounts for the most recent three calendar years and the test year.
50. Provide overtime hours and dollars for each of the most recent three calendar years and the test year.
51. Provide a breakdown of total bonus and incentive payments for the most recent three calendar years and the test year.
52. For each bonus or incentive payments included in the test year revenue requirement, provide a narrative describing the ratepayer benefit and identify if the amount is tied to a financial or operational driver.
53. Provide the wage increases included in each employee union's current contract. Indicate the term of the contract and the status of negotiations for the next contract, if applicable.

## **Taxes Other than Income Taxes**

54. Provide a summary schedule that shows actual Taxes Other than Income Taxes (TOTIT), by component, for the most recent three calendar years, and the test year. For any test year estimates that are significantly different from historical actuals, provide support/explanation.
55. Provide test year calculations for the following items.
  - a. All payroll related taxes. Show the payroll amount used and the rate.
  - b. Wisconsin License Fee/Gross Receipts Tax. Show the revenue amount used and the rate.
  - c. Remainder Assessment. Show the revenue amount used and the rate.
  - d. Other.
  - e. Provide historical gross TOTITs by component for the most recent three calendar years.

For each item above, show the portion that is transferred to construction/removal and other accounts.

## **Income Taxes**

56. Provide calculation of state and federal income tax expenses for the test year. Include components such as net income before taxes, synchronized interest expense and Schedule M adjustments.
57. Provide calculations supporting the adjustments to operating income that have been assumed for the test year. Include the supporting calculation for synchronized interest expense.
58. Identify and describe any new aggressive tax stances or changes in tax accounting that are reflected in the current filing.
59. Identify and describe any studies or contemplation of aggressive tax stances or changes in tax accounting that are not reflected in the current filing but that are going forward or that may go forward at some point. Include the potential timing of any such changes.
60. Identify each tax position included in tax asset and liability settlement items for the test year. Provide a description and a calculation of the dollar amount for each item.
61. Describe any state or federal tax law changes enacted since the last full rate proceeding that affect the utility and describe how these tax law changes are reflected in the test year estimates.



62. As of the date of preparing this data response, are there any taxable net operating loss (NOL) generated in prior years that can be applied to future years? If so, provide the amount, and describe the assumptions used in the rate case projections regarding the utilization of these NOLs.
63. Are any NOLs anticipated to be generated in the bridge or test years? If so, provide the amount and calculations, as well as assumptions regarding carryback or carryforward of the NOLs.

### **Construction Work in Progress (CWIP) and Rate Base<sup>1</sup>**

64. Provide CWIP balances by month and by account for the bridge period from the latest actual balances through the test year. Show expenditures and transfers to plant in service by account.
65. Identify all projects for which a Certificate of Authority (CA) or Certificate of Public Convenience and Necessity (CPCN) is required and indicate the status of each CA or CPCN application.
66. Provide plant in-service balances by month and by account from the last actual balances through the bridge period and the test year, showing additions and retirements. Also provide three years of actual average annual plant in service balances by account, showing actual plant additions and retirements.
67. Provide accumulated depreciation balances by month and by plant account from the last actual balances for the bridge period and the test year. Show accruals, retirements, salvage, cost of removal, and amortizations separately for the bridge year and the test year. Explain any significant items. Also provide the most recent three years of actual average accumulated depreciation balances by plant account as well as three years of actual accruals, retirements, salvage, cost of removal, and amortizations separately.
68. Provide depreciation expense accrual included in the test year revenue requirement, by month and by plant account or functional category, showing derivation. Reconcile to Commission certified rates.
69. Provide customer advances by month from the most recent actual balances through the bridge period and the test year estimates. Also provide three years' actual average balances.
70. Provide materials and supply balances by month from the most recent actual balances, through the company estimates for the bridge period and the test year. Also provide three years' actual average balances.

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<sup>1</sup> NOTE: If the applicant is planning to impute a ratio of 1, CWIP and Rate Base IDRs may be reported on a 12-month annual basis.

71. Provide a detailed narrative on any significant changes in law, rules, etc. that impact deferred taxes.
72. Provide deferred tax balances by month from the most recent actual balances through the bridge period and the test year estimates.
73. Show a summary calculation of deferred taxes from the most recent actual balances through the bridge period and the test year estimates.
74. Identify and provide a summary of any opportunities the applicant has pursued to obtain grants, loans, rebates, incentives, and tax credits related to the Infrastructure Investment Jobs Act of 2021 and the Inflation Reduction Act of 2022. The summary should include all anticipated financial impacts of the funds or tax credits being pursued. Additionally, identify by FERC account any amounts which are included in the test year.

## **Capital<sup>2</sup>**

75. Provide monthly estimates of all capital components from the most recent actual balances through the bridge period and the test year. Include debt issuances, principal repayments, and retirement of debt, all by month. For common equity, show estimated net income, dividends, and capital infusions, all by month.
76. Provide a source and use of funds schedule (cash flow) from the most recent actual balances through the bridge period and the test year. Demonstrate that the cash flow schedule is derived from the same estimates used to develop the Ratio schedule.
77. Show the calculation of the cost of long term-debt for the test year, separating interest from amortization of debt discount, premium, and expense. Show debt by month and issue.
78. Show the Ratio (of rate base plus CWIP to capital) by month from the most recent actual balances through the bridge period and the test year estimates. Provide working capital detail by month as well as adjustments to the numerator and denominator. Provide supporting work papers.
79. Provide the calculation of the Ratio on a monthly basis for the most recent three calendar years and the current year to date.
80. Provide a year-end balance sheet or trial balance for the most recent calendar year and reconcile it to the starting point of the response providing monthly estimates of all capital components and to the starting point of the Ratio detail.

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<sup>2</sup> NOTE: If the applicant is planning to impute a ratio of 1, Capital IDR 75 through 77 may be reported on a 12-month annual basis, and IDR 78 through 80 are not required.

