

PUBLIC SERVICE COMMISSION OF WISCONSIN

Minutes and Informal Instructions of the Open Meeting of Thursday, November 10, 2022

The Public Service Commission of Wisconsin (Commission) met as noticed. Present were Chairperson Valcq, Commissioner Nowak and Commissioner Huebner.

Minutes

The Commission approved the minutes of the open meeting of Thursday, October 27, 2022.

180-CW-105 - Application of the City of Antigo, as a Water Public Utility, for Authority to Construct an Elevated Storage Tank and SCADA System Replacement, in the City of Antigo, Langlade County, Wisconsin

The Commission approved the Notice of Investigation and directed it to be signed by the Secretary to the Commission.

550-TE-111 - Application of City of Black River Falls, as an Electric Public Utility, Jackson County, Wisconsin, for Approval to Add an Energy Limiter to the Large Power Time-of-Day Rate Tariff

The Commission approved the Notice of Investigation and directed it to be signed by the Secretary to the Commission.

4220-TE-112 - Application of Northern States Power Company-Wisconsin for Approval of a Voluntary Renewable Energy Rider

The Commission approved the Notice of Investigation and directed it to be signed by the Secretary to the Commission.

4780-CW-104 - Application of the City of Port Washington, as a Water Public Utility, for Authority to Construct Improvements to the Water Treatment Facility, in the City of Port Washington, Ozaukee County, Wisconsin

The Commission approved the Notice of Investigation and directed it to be signed by the Secretary to the Commission.

4910-CW-104 - Application of the Village of Radisson, as a Water Public Utility, for Authority to Construct a New Water Utility Building, in the Village of Radisson, Sawyer County, Wisconsin

The Commission approved the Notice of Investigation and directed it to be signed by the Secretary to the Commission.

6630-EI-115 - Request of Pieper Electric, Inc. for a Temporary Waiver of Wis. Admin. Code § PSC 113.0803(1) Regarding Individual Electric Meters

The Commission approved the Notice of Investigation and directed it to be signed by the Secretary to the Commission.

1880-ER-107 - Application of Evansville Water and Light, Rock County, Wisconsin, as an Electric Public Utility, for Authority to Adjust Electric Rates

The Commission approved the Notice of Proceeding and directed it to be signed by the Secretary to the Commission.

1-CAF-2023 - Application for Approval of Consumer Advocate Funding Budget pursuant to Wis. Stat. § 196.315 for 2023

The Commission modified and approved the budget submitted by Citizen's Utility Board for the period of January 1, 2023 through December 31, 2023, in the amount of \$812,556.

The Commission modified the quarterly reporting requirements to include the conditions previously imposed in docket 1-CAF-2022, and added additional reporting requirements on working capital and operating reserve balances.

The Commission directed the Division of Business Operations and Office Management to draft an order consistent with its discussion.

5-BS-264 - Joint Application of Wisconsin Electric Power Company and Wisconsin Public Service Corporation for Authority to Purchase/Sell Whitewater Power Station located in Jefferson County, Wisconsin

The Commission reviewed the joint application of Wisconsin Electric Power Company and Wisconsin Public Service Corporation for authority to purchase the Whitewater Power Station. The Commission approved, with all of conditions identified in the memorandum dated October 25, 2022, the proposed acquisition.

The Commission directed the Division of Energy Regulation and Analysis to draft an order consistent with its discussion

5-BS-265 - Joint Application of Wisconsin Power and Light Company, Wisconsin Public Service Corporation, and Madison Gas and Electric Company for Approval of the Sale and Purchase of Ownership Interests in the West Riverside Energy Center

The Commission reviewed the joint application of Wisconsin Power and Light Company (WP&L), Wisconsin Public Service Corporation (WPSC), and Madison Gas and Electric Company (MGE) for approval of the sale and purchase of ownership interests in the West Riverside Energy Center (West Riverside) and made the following preliminary determinations:

1. The Commission approved, with conditions, the transfer of ownership shares of West Riverside from WP&L to MGE for 25 megawatts.

Commissioner Huebner dissented.

2. The transfer shall be subject to the following conditions:
 - a. WP&L and MGE (collectively applicants), shall notify the Commission of the effective date of the purchase and sale of the project within 30 days of the effective date of the transfer.
 - b. If the applicants do not proceed to closing or enter into any arrangement with another party regarding ownership or operation of the project, the applicants shall provide prior notice to the Commission.
 - c. Within 60 days of the effective date of the transfer, the applicants shall file with the Commission the final closing purchase price and, for informational purposes only, copies of the executed agreements.
 - d. The Commission, consistent with its past practice, shall review in a future rate proceeding the recoverability of costs associated with the acquisition, operation and maintenance costs, and revenues associated with the project. As stated in the application, the purchase price shall be established at the net book value of the proportionate share of West Riverside on the closing date.
 - e. After completion of the proposed acquisition, the applicants shall submit to the Commission the proposed accounting entries to record the sale/acquisition of the West Riverside generation capacity.
3. The Commission directed Commission staff to conduct further investigation regarding the proposed ownership transfer from WP&L to WPSC consistent with its discussion.

The Commission directed the Division of Energy Regulation and Analysis prepare an Interim Order addressing the ownership transfer from WP&L to MGE, and laid the matter over relating to the proposed ownership transfer from WP&L to WPSC which shall be returned to the Commission following the completion of the additional investigation.

5440-LS-100 - Application of the Village of Shorewood, as a Water Public Utility, for Authority to Implement a Financial Assistance Program for Customer-Side Lead Service Line Replacement, in the Village of Shorewood, Milwaukee County, Wisconsin

The Commission modified and approved, with conditions, the request of the Village of Shorewood, as a water approval (SMWU) , for authority to implement a financial assistance program for customer-side lead service line (LSL) replacement, and made the following determinations:

1. The Commission did not find SMWU's application to be insufficient pursuant to Wis. Stat. § 196.372(3)(a).
2. The Commission is not precluded by Wis. Stat. § 196.372(3)(e)3 from approving SMWU's application, provided, however, that as a condition of approval, SMWU shall amend the program to offer up to a 100 percent loan assistance for customers after grant assistance and shall remove the \$5,000 cap for grant assistance.
3. SMWU's application, as amended and with all of the conditions identified in the memorandum dated October 20, 2022, meets the requirements for approval under Wis. Stat. § 196.372(3)(e)1.

The Commission directed the Division of Water Utility and Analysis to draft an order consistent with its discussion.

9300-DR-105 - Petition of Midwest Renewable Energy Association to Determine Applicability of a Third-Party Financed Distributed Energy Resource Systems

Interlocutory Appeal of Wisconsin Utilities Association

The Commission considered the interlocutory appeal of the Wisconsin Utilities Association on its own motion and reversed the Administrative Law Judge's (ALJ) ruling excluding Rebuttal-WUA-Heiser and Ex.-WUA-Heiser-1.

The Commission directed the issuance of an order accepting Rebuttal-WUA-Heiser and Ex.-WUA-Heiser-1 into the record, referred the matter to the ALJ to determine the appropriate process and filing deadlines for responding to the inclusion of this evidence, and extended the deadline for the filing of reply briefs in this proceeding until November 30, 2022, and directed the ALJ.

3270-UR-124 - Application of Madison Gas and Electric Company for Authority to Change Electric and Natural Gas Rates

Limited Electric Reopener and 2023 Fuel Cost Plan

The Commission reviewed the record in the limited reopened electric rate case and 2023 fuel cost plan proceeding for Madison Gas and Electric (applicant) and made the following determinations:

1. The *force majeure* cost increases for Badger Hollow II, Red Barn Wind Energy Center, and Paris Solar shall be included in the final revenue requirement.
2. The impacts of the applicant's proposed interest in the West Riverside Energy Center (West Riverside) acquisition shall be included in revenue requirement.
3. The applicant shall defer any impacts of the Inflation Reduction Act with carrying costs at the applicant's short term debt rate.
4. The Commission accepted Commission staff's adjustment to the applicant's non-monitored fuel costs associated with the expiration of the Purchase Power Agreement with Wisconsin Electric Power Company.
5. The Commission modified Commission staff's Adjustment 1 to the applicant's monitored fuel costs to reflect applicant's ownership of a share of West Riverside, and accepted all other Commission staff adjustments to monitored fuel costs.
6. The Commission accepted Commission staff's additional adjustments to the applicant's filed fuel costs to reflect the final production fuel cost model run.

Commissioner Huebner dissented on the inclusion of the full amount of the coal bid adders for Columbia and Elm Road.

7. The Commission found it was reasonable to update coal bid adders for all coal units on the most recent estimate of coal availability at the time of the final production fuel cost model run.
8. The Commission found it was reasonable to exclude the impact of the Cross-State Air Pollution Rule from the final production fuel cost model run.

Commissioner Nowak dissented.

9. The Commission accepted Commission staff's adjustments, including natural gas, LMPs, railroad diesel fuel, spot coal, and any new fuel-related contracts, as reasonable. Require the applicant to update data request responses DM-2, DM-3, DM-4, DM-21, FF-5, ME-2, ME-3 (including values for the Indiana Hub), and MGE-IDR-10a, which reflect Commission staff's fuel cost delayed exhibit. The same information should be provided after incorporating changes approved by the Commission in its discussion of the record for purposes of drafting the Final Decision.
10. The applicant's fuel costs shall be monitored with a tolerance bandwidth of plus or minus 2.0 percent.

Commissioner Huebner dissented.

11. The Commission declined to adopt a specific Cost-of-Service Study (COSS) model and instead found it reasonable to rely upon a range of COSS models for revenue allocation and rate design.
12. The Commission found it was reasonable to use the applicant's initial allocation and rate design at the 4.38 percent deficiency as the starting point for final cost assignment. The Commission then found it reasonable to update final allocation and rates on a per kWh basis.
13. The Commission approved an electric residential monthly fixed charge as proposed by the applicant.

Commissioner Huebner dissented.

The Commission directed the Division of Energy Regulation and Analysis to prepare an order consistent with its discussion.

CLOSED SESSION – The Commission recessed the open meeting, went into closed session under Wis. Stat. § 19.85(1)(g) to discuss the litigation matters noted below with legal counsel, and reconvened the open meeting pursuant to Wis. Stat. § 19.85(2).

5-EI-2022 – Investigation on the Commission's Own Motion of Impacts or Activities Related to the Operation of Energy Markets by Midcontinent Independent System Operator, Inc.

MISO's Reliability Based (Downward Sloping) Demand Curve Proposal

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In closed session the Commission discussed the above matter and provided guidance to Commissioner Huebner.

The Commission adjourned the meeting at 12:49 p.m.

A handwritten signature in black ink, appearing to read "Cru Stublely", with a long horizontal flourish extending to the right.

Cru Stublely
Secretary to the Commission

DL:01915922