SERVICE DATE
Dec 19, 2019

PUBLIC SERVICE COMMISSION OF WISCONSIN

Joint Application of Wisconsin Electric Power Company and Wisconsin Gas LLC for Authority to Adjust Electric, Natural Gas, and Steam Rates — 5-UR-109

FINAL DECISION

This is the Final Decision concerning the application of Wisconsin Electric Power Company (WEPCO) and Wisconsin Gas LLC (WG) (collectively, We Energies) for authority to adjust electric, natural gas, and steam rates on January 1, 2020.

Final overall rate changes in 2020 are authorized consisting of a $15,284,000 annual rate increase for WEPCO's Wisconsin retail electric operations (WEPCO electric), a 0.54 percent increase including the impacts of bill credits; a $10,431,000 annual rate increase for WEPCO's natural gas operations (WE-GO), a 2.76 percent increase including the impacts of bill surcharges; a $1,895,000 annual rate increase for WEPCO's Valley Steam (VA Steam) operations, a 8.64 percent increase including the impacts of bill surcharges; and a $1,466,000 annual rate decrease for WG, a 0.24 percent decrease including the impacts of bill credits, for the test year ending December 31, 2020, based on a 10.0 percent return on common equity for WEPCO and a 10.20 percent return on common equity for WG.

Introduction

On March, 23, 2019, We Energies requested Wisconsin jurisdictional revenue increases of $82.6 million (2.9 percent) in 2020 and $82.6 million (2.9 percent) in 2021 for its electric operations; a $14.7 million (3.9 percent) revenue increase for WE-GO's natural gas operations in 2020, and a $0.9 million (4.5 percent) revenue increase in 2020 for VA Steam's steam operations; and a revenue increase of $11.0 million (1.8 percent) in 2020 for WG's natural gas operations. To accomplish an effective rate increase of 2.9 percent in each year for WEPCO's electric operations, WEPCO sought approval to apply $94 million of unprotected tax benefits resulting from the federal 2017 Tax Cuts and Jobs Act (TCJA) for the benefit of customers in 2020 and another $17 million of unprotected tax benefits in 2021.

On April 25, 2019, the Commission issued a Notice of Proceeding. (PSC REF#: 364805.) On June 10, 2019, a prehearing conference was held to determine the issues to be addressed in this docket and to establish a schedule for the hearing. In addition to We Energies, the following organizations or entities requested and were granted intervention and therefore are parties in this proceeding: Charter Steel[1]; City of Milwaukee; Clean Wisconsin (Clean); Constellation New Energy Gas Division (CNEG); Citizens Utility Board of Wisconsin (CUB); Midwest Energy Procurement Solutions, LLC (MEPS); RENEW Wisconsin (RENEW); Walmart, Inc. (Walmart); Environmental Law and Policy Center (ELPC); Vote Solar (VS); Solar Energy Industries Association (SEIA); Milwaukee Metropolitan Sewerage District (MMSD); Roundy's Supermarkets, Inc. (Roundy's); Sierra Club; Wisconsin Paper Council (WPC); Wisconsin Industrial Energy Group (WIEG); and Advocate Aurora Health Care, Inc. (AAH) (collectively, Parties). (PSC REF#: 371788, PSC REF#: 374002.)

After Commission staff completed its audit of We Energies' application, We Energies initiated discussions with CUB, WIEG, and other intervenors regarding the possibility of limiting the number of contested issues in its rate application. WEPCO and RENEW reached an agreement whereby WEPCO stipulated to the removal the Fixed Cost Recovery Charge which

[1] Charter later withdrew as a party to these proceedings, effective September 3, 2019. (PSC REF#: 375150.)

was originally sought as part of WEPCO's application. (PSC REF#: 372244.) Additionally, We Energies began meeting with CUB, WIEG, and Clean, and a settlement was reached on all of the revenue requirement issues for the 2020 and 2021 test years. A Settlement Agreement (PSC REF#: 374686) was ultimately signed with We Energies by CUB, WIEG, and Clean (collectively, Settling Parties) and filed on August 26, 2019 pursuant to Wis. Stat. § 196.026. On September 17, 2019, the Commission notified the Parties that pursuant to Wis. Stat. § 196.026(6), each party's agreement, objection, or non-objection to the Settlement Agreement was required to be filed with the Commission no later than September 30, 2019. (PSC REF#: 375866.)

We Energies and each of the Settling Parties filed responses to the Settlement Agreement reiterating support for the settlement. With the exception of Sierra Club, which objected to the Settlement Agreement, all other Parties either filed non-objecting comments or failed to respond, which constitutes a non-objection per Wis. Stat. § 196.026(6). The Settlement Agreement accepted all but four of Commission staff's audit adjustments to the We Energies revenue requirements. The Settlement Agreement included other provisions as negotiated by the Settling Parties, which will be further explained herein.

While the Settlement Agreement resolved revenue requirement, certain revenue allocation and rate design issues remained unresolved. The Settlement Agreement reflected a preliminary fuel cost estimate for the 2020 Fuel Cost Plan, but the Fuel Cost Plan was also not among the settled issues with We Energies and the Settling Parties agreeing that the plan would be established consistent with the requirements of Wis. Admin. Code ch. PSC 116. Further, as the Settlement Agreement did include an increase to electric, steam, and certain natural gas rates, a hearing was required by law pursuant to Wis. Stat. § 196.20. Hearings were held on October 8, 2019 in Madison, to receive technical information on both settled and non-settled issues from the Parties. On October 15, 2019 in Milwaukee, and on October 17, 2019 in Green Bay, hearings were held to receive public comments into the record. Public comments were also received on the Commission's web site.

The Commission considered the Settlement Agreement at its open meeting of October 31, 2019, and, at its open meeting of November 14, 2019, considered the remaining issues. The Parties, for purposes of review under Wis. Stat. §§ 227.47 and 227.53, are listed in Appendix A.

Findings of Fact

1. WEPCO is an investor-owned electric, natural gas, and steam public utility as defined in Wis. Stat. § 196.01(5)(a). WEPCO provides electric and natural gas service in eastern Wisconsin.

2. WG is an investor-owned natural gas public utility as defined in Wis. Stat. § 196.01(5)(a). WG provides natural gas service in Wisconsin.

3. The procedural and substantive requirements of Wis. Stat. § 196.026(4)-(7) have been satisfied.

4. Presently authorized rates for WEPCO's Wisconsin retail electric utility operations will produce operating revenues of $2,974,802,000 for the test year ending December 31, 2020, which results in a net operating income of $409,009,000 and an annual revenue deficiency of $15,284,000.

5. Presently authorized rates for WE-GO will produce operating revenues of $381,637,000 for the test year ending December 31, 2020, which results in a net operating income of $56,077,000 and an annual revenue deficiency of $10,431,000.

6. Presently authorized rates for WEPCO's VA Steam utility operations will produce operating revenues of $22,144,000 for the test year ending December 31, 2020, which results in a net operating income of $1,380,000 and an annual revenue deficiency of $1,895,000.

7. Presently authorized electric, natural gas, and steam rates of WEPCO are unreasonable because they produce inadequate electric, natural gas, and steam revenues.

8. Presently authorized rates for WG's natural gas utility operations will produce operating revenues of $613,887,000 for the test year ending December 31, 2020, which results in a net operating income of $118,623,000 and an annual revenue excess of $1,466,000.

9. Presently authorized natural gas rates of WG are unreasonable because they produce excess natural gas revenues.

10. For the WEPCO Wisconsin retail electric utility, the estimated rate of return on average net investment rate base of $4,738,613,000 at current rates subject to the Commission's jurisdiction for the test year is 8.63 percent, which is inadequate.

11. For WE-GO, the estimated rate of return on average net investment rate base of $722,392,000 at current rates subject to the Commission's jurisdiction for the test year is 7.76 percent, which is inadequate.

12. For the WEPCO VA Steam utility operations, the estimated rate of return on average net investment rate base of $31,138,000 at current rates subject to the Commission's jurisdiction for the test year is 4.43 percent, which is inadequate.

13. For the WG natural gas utility, the estimated rate of return on average net investment rate base of $1,404,705,000 at current rates subject to the Commission's jurisdiction for the test year is 8.44 percent, which is excessive.

14. A reasonable increase in operating revenue for the test year to produce an 8.88 percent return on WEPCO's average net investment rate base for Wisconsin retail electric operations is $15,284,000.

15. A reasonable increase in operating revenue for the test year to produce an 8.70 percent return on WE-GO's average net investment rate base is $10,431,000.

16. A reasonable increase in operating revenue for the test year to produce an 8.74 percent return on WEPCO's average net investment rate base for its VA Steam utility operations is $1,895,000.

17. A reasonable decrease in operating revenue for the test year to produce an 8.37 percent return on WG's average net investment rate base for natural gas operations is $1,466,000.

18. WEPCO's and WG's filed operating income statements and net investment rate bases for the test year, as adjusted for Commission decisions, are reasonable.

19. It is reasonable to forecast that WEPCO will burn the blend of bituminous coal and Powder River Basin (PRB) coal it forecasted for both units at the Elm Road Generating Station (ERGS) during 2020.

20. It is reasonable to accept and incorporate Commission staff's uncontested fuel adjustments.

21. It is reasonable in this proceeding to forecast 2020 fuel costs based on the New York Mercantile Exchange (NYMEX) futures settlement prices for natural gas, heating and crude oil prices as of October 15, 2019, and to accept Commission staff's uncontested adjustments for coal contracts executed since Commission staff's fuel plan audit.

22. A forecasted 2020 total company fuel cost of $817.101 million is reasonable.

23. It is reasonable to set a 2020 fuel cost plan-year cost of monitored fuel at $786.865 million, or $31.77 per megawatt-hour (MWh), as shown in Appendix F.

24. It is reasonable to monitor all fuel costs using an annual bandwidth of plus or minus two percent.

25. It is reasonable for WEPCO electric to implement a volumetric bill credit ($/kWh) to return $66,028,000 of excess deferred income tax (EDIT) balances annually to customers beginning January 1, 2020 and terminating on December 31, 2021. These bill credits will be trued up in 2021 and 2022 as part of the docket 5-AF-101 required annual true up.

26. It is reasonable for WE-GO to implement a volumetric bill surcharge ($/therm) to collect $5,280,000 of EDIT balances annually from customers beginning January 1, 2020 and terminating on December 31, 2023. These surcharges will be trued up in 2021 through 2024 as part of the docket 5-AF-101 required annual true up.

27. It is reasonable for WEPCO VA Steam to implement a volumetric bill surcharge ($/MLB) to collect $2,016,000 of EDIT balances annually from customers beginning January 1, 2020 and terminating on December 31, 2023. These surcharges will be trued-up in 2021 through 2024 as part of the docket 5-AF-101 required annual true-up.

28. It is reasonable for WG to implement a volumetric bill credit ($/therm) to return $3,084,000 of EDIT balances annually to customers beginning January 1, 2020 and terminating on December 31, 2023. These bill credits will be trued-up in 2021 through 2024 as part of the docket 5-AF-101 required annual true-up.

29. It is reasonable to require WEPCO to request in a separate docket a financing order, under Wis. Stat. § 196.027 Environmental Trust Financing, to issue environmental trust bonds for the securitization of $100 million of the undepreciated cost of environmental controls at the retired Pleasant Prairie Power Plant (P4), as included in the Settlement Agreement.

30. It is reasonable to allow WEPCO to include transaction costs and a return equal to its authorized weighted average cost of capital (WACC) on the $100 million environmental trust bond issuance while the application for the financing order is pending, as included in the Settlement Agreement.

31. It is reasonable that if the Commission declines to issue a financing order, recovery on P4 will be deferred to be addressed in a future limited reopener or limited rate proceeding.

32. It is reasonable to reject Commission staff's adjustment to the Presque Isle Power Plant (PIPP) System Support Resource (SSR) escrow, and extend the recovery of SSR escrow, net of mines margin, over 15 years with a carrying cost at WEPCO electric's long-term debt rate.

33. It is reasonable for WE-GO and WG to recover the Bluewater Natural Gas Storage LLC gas storage reservation charges in their base rates consistent with the Commission's Final Decision in docket 5-DR-112.

34. It is reasonable for WE-GO to modify its gas plan in docket 6630-GP-2019 to reflect the recovery of the Bluewater Natural Gas Storage LLC gas storage reservation charges in its base rates.

35. It is reasonable for WG to modify its gas plan in docket 6650-GP-2019 to reflect the recovery of the Bluewater Natural Gas Storage LLC gas storage reservation charges in its base rates.

36. It is reasonable for the Commission to authorize escrow accounting treatment for the Bluewater Natural Gas Storage LLC gas storage reservation charges at WE-GO and WG.

37. A reasonable estimate of escrowed Bluewater Natural Gas Storage LLC gas storage reservation charges for WE-GO is $14,394,000.

38. A reasonable estimate of escrowed Bluewater Natural Gas Storage LLC gas storage reservation charges for WG is $20,730,000.

39. It is reasonable for WG to include the $147,000 additional reduction in revenue requirement for Commission staff's adjustment to industry dues

40. It is reasonable to authorize escrow accounting treatment of WEPCO's Agriculture Service Program.

41. A reasonable estimate of escrowed Agriculture Service Program expense to be recorded for WEPCO electric operations is $970,000.

42. A reasonable estimate of escrowed conservation expense to be recorded for WEPCO electric operations is $42,375,000, which is comprised of $54,820,000 of estimated expenditures less $12,445,000 of negative amortization of underspent amounts.

43. A reasonable estimate of escrowed conservation expense to be recorded for WE-GO is $5,813,000, which is comprised of $6,532,000 of estimated expenditures less $719,000 of negative amortization of underspent amounts. A reasonable estimate of escrowed conservation expense to be recorded for WG is $6,903,000, which is comprised of $10,480,000 of estimated expenditures less a negative amortization of $3,577,000 of underspent amounts.

44. A reasonable estimate of escrowed uncollectible accounts expense for WEPCO's electric utility is $19,672,000.

45. A reasonable estimate of escrowed uncollectible accounts expense for WE-GO's natural gas utility is $2,682,000.

46. A reasonable estimate of escrowed uncollectible accounts expense for WG's natural gas utility is $13,001,000.

47. The modifications to the revenue sharing mechanism (RSM) proposed in the Settlement Agreement are reasonable.

48. It is reasonable for WEPCO and WG to create a regulatory asset or liability for pension settlement costs or benefits as defined in the Final Decision in docket 5-UI-104 until December 31, 2021.

49. It is reasonable to extend the recovery period for the domestic production activities deduction escrow (Section 199 deduction) from four to eight years.

50. It is reasonable for the company to record the annual expense amounts itemized in Appendix H, for all items listed for 2020 and 2021 or until the Commission authorizes a different amortization expense to be recorded.

51. It is reasonable to continue the escrow of network transmission charges and credits from American Transmission Company (ATC) and Midcontinent Independent System Operator, Inc. (MISO) and extend it through 2021. Any Federal Energy Regulatory Commission (FERC) ordered ATC and MISO retroactive transmission asset rate of return refunds and any SSR costs and credit true-ups shall be escrowed for return to, or collection from, ratepayers in WEPCO's next fuel or rate case proceeding.

52. A long-term range of 50.0 percent to 55.0 percent for WEPCO's common equity ratio, on a financial basis, is reasonable and provides adequate financial flexibility.

53. A long-term range of 50.0 percent to 55.0 percent for WG's common equity ratio, on a financial basis, is reasonable and provides adequate financial flexibility.

54. An appropriate target level for WEPCO's test-year average common equity measured on a financial basis is 52.5 percent.

55. An appropriate target level for WG's test-year average common equity measured on a financial basis is 52.5 percent.

56. A reasonable estimate of the debt equivalent of WEPCO's off-balance sheet obligations to be imputed into the financial capital structure for the test year is $276,194,000.

57. A reasonable financial capital structure for WEPCO for the test year consists of 52.50 percent common equity, 0.43 percent preferred stock, 40.49 percent long-term debt, 2.67 percent short-term debt, and 3.91 percent debt equivalent of off-balance sheet obligations.

58. A reasonable financial capital structure for WG for the test year consists of 52.50 percent common equity, 44.32 percent long-term debt, and 3.18 percent short-term debt.

59. It is reasonable that WEPCO's and WG's dividend restrictions be based on the financial capital structure in this proceeding.

60. It is reasonable to require WEPCO and WG to submit ten-year financial forecasts in their next rate proceedings.

61. It is reasonable to require WEPCO to submit in its next rate proceeding detailed information regarding all off-balance sheet obligations for which the financial markets will calculate a debt equivalent.

62. A reasonable utility capital structure for ratemaking for WEPCO for the test year consists of 54.46 percent common equity, 0.45 percent preferred stock, 42.21 percent long-term debt, and 2.78 percent short-term debt.

63. A reasonable utility capital structure for ratemaking for WG for the test year consists of 52.02 percent common equity, 44.77 percent long-term debt, and 3.21 percent short-term debt.

64. The rate of return on utility common stock equity of 10.00 percent for WEPCO, as included in the Settlement Agreement, is reasonable for the test year.

65. The rate of return on utility common stock equity of 10.20 percent for WG, as included in the Settlement Agreement, is reasonable for the test year.

66. A reasonable average cost for WEPCO's preferred stock is 3.95 percent for the test year.

67. A reasonable average embedded cost for WEPCO's long-term debt is 4.60 percent for the test year.

68. A reasonable average embedded cost for WG's long-term debt is 4.24 percent for the test year.

69. A reasonable interest rate for WEPCO's short-term borrowing is 2.80 percent for the test year.

70. A reasonable interest rate for WG's short-term borrowing is 3.42 percent for the test year.

71. A reasonable WACC is 7.49 percent for WEPCO.

72. A reasonable WACC is 7.32 percent for WG.

73. It is reasonable to continue to rely on the results of a number of electric cost-of-service studies (COSS) along with other factors, such as bill impacts, when allocating revenue responsibility among the various customer classes.

74. It is reasonable to approve rates for electric service for the test year to achieve customer class changes in revenue as shown in Appendix B.

75. It is reasonable to approve the rate changes for electric, natural gas, and steam service as shown in Appendices B, C, D, and E.

76. The rate design components and changes agreed to in the Settlement Agreement or otherwise uncontested are reasonable.

77. It is reasonable to accept the Cg-3 demand charges as proposed by Walmart, Roundy's, and RENEW.

78. It is not reasonable to alter the Cp-1 customer demand charge ratchet design as proposed by MMSD.

79. It is reasonable to implement a new customer demand charge of $2.00 per kilowatt (kW) for the Cg-2 customer class in 2021.

80. It is reasonable for WEPCO to work with WIEG to address in WEPCO's next rate case or rate case settlement filing changes to the seasonable differentials from the Cp-1 Time of Use class to the Cp-FN rate, and to review reopening the Cp-FN rate to new customers.

81. It is reasonable for WEPCO to continue to reference MISO Planning Resource Auction (PRA) results for its parallel generation avoided capacity costs.

82. It is reasonable for WEPCO to work with Commission staff to develop a new analysis for the Energy for Tomorrow program for inclusion in WEPCO's next rate case or rate case settlement proceeding, and list the renewable resources utilized for the program.

83. It is reasonable to cancel WEPCO's CGS-7 tariff, and close the MS-3, MS-4, and Gl-1 tariffs effective January 1, 2020.

84. It is reasonable for WEPCO to work with Commission staff on issues pertaining to budget billing in relation to Rules and Regulations, and request any proposed changes in a separate docket.

85. It is reasonable for the real time pricing tariffs and programs, Real Time Pricing (RTP), and Real Time Market Pricing (RTMP), to remain unchanged through December 31, 2021 from those authorized in docket 5-UR-108 except for the tariff modifications included in the Settlement Agreement as discussed in this Final Decision.

86. It is not reasonable to implement a Residential Electric Vehicle (REV) charger incentive program as proposed by WEPCO.

87. It is reasonable to continue to rely on the results of one or more natural gas COSS along with other factors, such as bill impacts, as guides for revenue allocation and rate design.

88. It is reasonable to authorize rates for natural gas service for WE-GO and WG as shown in Appendices D and E, respectively.

89. It is reasonable for WE-GO and WG customers that are installing a new telemetry device to be subject to a $0.20 per day fee, provided, however, that existing WE-GO and WG customers who already have paid the existing one-time $1,250 fee shall be exempt from the daily fee until January 1, 2030, or the date when the customer's meter is replaced, whichever occurs sooner.

90. It is reasonable for WEPCO, with regard to the provisions of the Settlement Agreement relating to generation planning, to include "the remaining investment costs from the plant to be retired," along with the existing specification to include the impact of replacement power costs, in the cost benefit analysis.

91. It is reasonable, with regard to the provisions of the Settlement Agreement relating to generation planning, for WEPCO's retirement proposals to be submitted to the Commission and Commission staff.

92. It is reasonable for WEPCO, with regard to the provisions of the Settlement Agreement relating to generation planning, to share the results of MISO Y2 analyses with Commission staff as well as the Settling Parties.

93. It is reasonable that within 30 days after WEPCO files a proposal to retire an electric generating plant with a regional transmission organization, WEPCO shall provide that proposal in its entirety to the Commission, including Commission staff.

94. It is reasonable for the materials provided by WEPCO to Commission staff as part of generating plant retirement proposals shall include MISO's forms for Attachment Y, Attachment Y1, and Attachment Y2, any supporting documents referenced in those forms, and any other documents submitted as part of the proposal.

95. It is reasonable that the Commission's determination in this matter is based on the specific facts presented in the Settlement Agreement, is not precedential, and shall not be construed as applicable to any other situation outside of this particular settlement.

96. The provisions of the Settlement Agreement not explicitly discussed or modified in this Final Decision are reasonable.

Conclusions of Law

1. The Commission has jurisdiction under Wis. Stat. §§ 1.12, 196.02, 196.025, 196.026, 196.03, 196.19, 196.20, 196.21, 196.37, 196.374, 196.395, 196.40, and Wis. Admin. Code chs. PSC 113, 116, 134, and 137 to enter a Final Decision approving the Settlement Agreement in Appendix G, as modified and conditioned by this Final Decision, authorizing We Energies to place in effect the rates and rules for electric, steam and natural gas service set forth in Appendices B, C, D, and E, and the fuel cost treatment set forth in Appendix F.

2. The procedural requirements of Wis. Stat. § 196.026(4)-(6) have been satisfied.

3. Each party has been given a reasonable opportunity to present evidence and arguments in opposition to the Settlement Agreement as required by Wis. Stat. § 196.026(7)(a).

4. The public interest is adequately represented by the Settling Parties as required by Wis. Stat. § 196.026(7)(b).

5. The Settlement Agreement, the terms of which are set forth in Appendix G to this Final Decision, as modified and conditioned by this Final Decision, represents a fair and reasonable resolution of the revenue requirement, is supported by substantial evidence on the record as a whole, and complies with applicable law, including that the rates resulting from the Settlement Agreement are just and reasonable, as required by Wis. Stat. § 196.026(7)(c).

6. The Commission's determination in this matter is based on the specific facts presented in the Settlement Agreement and is not precedential.

Opinion

We Energies and its Business

WEPCO and WG are public utilities, as defined in Wis. Stat. § 196.01(5). WEPCO conducts its operations primarily in three operating segments: an electric utility segment (WEPCO electric), a natural gas utility segment (WE-GO), and a steam utility segment (VA Steam). In Wisconsin, WEPCO serves approximately 1,130,000 electric customers and approximately 490,000 natural gas customers. WG is a natural gas distribution public utility that serves approximately 630,000 natural gas customers in Wisconsin. VA Steam serves about 400 steam customers downtown and the near south side in Milwaukee, Wisconsin. WEPCO and WG are operating subsidiaries of WEC Energy Group, Inc., a holding company based in Milwaukee, Wisconsin.

Income Statement

We Energies filed a joint application with the Commission on March 23, 2019 requesting authority to increase its electric, natural gas, and steam rates on January 1, 2020, and a step increase for its electric rates on January 1, 2021. WEPCO requested jurisdictional revenue increases of $82.6 million (2.9 percent) in 2020 and $82.6 million (2.9 percent) in 2021 for its electric operations, a $14.7 million (3.9 percent) revenue increase for WE-GO's natural gas operations in 2020, and $0.9 million (4.5 percent) revenue increase for VA Steam's steam operation in 2020. WG requested a $11.0 million (1.8 percent) increase for natural gas operations in 2020. We Energies' last comprehensive rate case that adjusted base rates was the 2015 test year.[2]

We Energies indicated that the major drivers of the rate increases requested for the electric operations related to seeking to begin recovery of the System Support Resource (SSR) escrow balance related to continued operations of the PIPP; recovery for the full costs of providing transmission service to its customers; capital investments to strengthen and improve reliability; and higher costs associated with the Point Beach Purchased Power Agreement (PPA). (Direct-WEPCO WG-Zgonc-7; Ex.-WEPCO WG-Zgonc-1 at Schedule 2.) Factors mitigating the rate increases for the electric operations, according to We Energies, include reduced Operations and Maintenance (O&M) costs as a result of the acquisition of Integrys Energy Group; federal tax reform that has reduced WEPCO's tax expense burden; and the proposed application of over $94 million of unprotected tax benefits in 2020 and $17 million of unprotected tax benefits in 2021 as bill credits to offset otherwise-required rate increases. (Direct-WEPCO WG-Zgonc-8.)

We Energies identified capital costs and depreciation on its increased investment in new mains, services, and other distribution plant as the primary drivers of the 2020 revenue

[2] Final Decision, *Joint Application of Wisconsin Electric Power Company and Wisconsin Gas LLC, both d/b/a We Energies, for Authority to Adjust Electric, Natural Gas, and Steam Rates*, docket 5-UR-107 (Wis. PSC Dec. 23, 2014) (PSC REF#: 226564).

deficiencies for its natural gas utilities, which are offset in part by federal tax reform. (Direct-WEPCO WG-Zgonc-9; Ex.-WEPCO WG-Zgonc-1 at Schedule 2.) According to We Energies, VA Steam's forecasted steam revenue shortfall is primarily due to costs of infrastructure investment and increases in O&M. (*Id*.)

Commission staff completed a comprehensive audit of the joint application. Based on its audit, Commission staff adjustments totaled a $76.4 million reduction in revenue requirement for WEPCO's electric operations, a $11.2 million reduction in revenue requirement for WE-GO's natural gas operations, a $673 thousand increase in revenue requirement for the steam operations of VA Steam, and a $20.6 million reduction in revenue requirement for WG's natural gas operations. (Direct-PSC-Sullivan-3-r.) Commission staff's revenue adjustments were on a total company basis and assumed a single rate adjustment for the 2020 test year only. Commission staff's revenue deficiencies for WEPCO's operations and estimated revenue excess for WG operations were based on a 10.0 percent Return on Equity (ROE) and the currently-authorized equity layer of 51.0 percent. (*Id*.) Commission staff's adjustments following the audit were summarized in Ex.-PSC-Sullivan-1 and included, by way of example, adjustments for items such as:

- Adjustments to the PIPP SSR regulatory asset;
- Reductions to purchased gas expense for WE-GO and WG to remove the reservations charge for the Bluewater Firm Storage Agreements from the purchased gas adjustment clause (PGAC) and the movement of the costs to the Gas Storage FERC accounts for recovery via base rates consistent with the Commission's Final Decision in docket 5-DR-112;
- Reductions in bad debt expenses;
- Reductions in the amortization expenses based on Commission staff witness Joe Fontaine's adjustments to conservation expenses;

- Modifications to expenses related to industry association dues and other miscellaneous adjustments;
- Adjustments to the amortization of the Section 199 regulatory asset from the 4-year recovery period to an 8-year recovery period;
- Adjustments to reflect the revenue requirement impact for WEPCO and WG to modify capital structures to 10.0 percent ROE and a 51.0 percent equity layer.

Settlement

The Settlement Agreement

On August 30, 2019, pursuant to Wis. Stat. § 196.026(4), We Energies filed an application for Commission approval of a Settlement Agreement with the Settling Parties for test-year 2020. (PSC REF#: 375031.) The Settlement Agreement generally accepted the results of Commission staff's audit with four changes agreed upon by the Settling Parties that further lowered WEPCO's 2020 test year revenue deficiency for electric customers. The Settlement Agreement incorporated all of Commission staff's audit adjustments except for the coal blend for ERGS, modifications to capital structure, and modifications to ROE from those presented in Ex.-PSC-Sullivan-1. (PSC REF#: 374924.) The Settlement Agreement also did not accept Commission staff's adjustment to the PIPP SSR regulatory asset balance.

The provisions of the Settlement Agreement are detailed in Exhibit A, attached to this Final Decision as Appendix G, include the following key components:

Fuel Cost Plan

- The Settlement reflected a preliminary fuel cost estimate for 2020 Fuel Cost Plan, but stipulated that the Fuel Cost Plan shall be established pursuant to Wis. Admin. Code ch. PSC 116.

- Fuel blend for ERGS shall be modeled as filed by WEPCO.

- Fuel costs shall be subject to update consistent with past Commission practice.

Revenue Requirement

- TCJA – The Settlement Agreement adopts We Energies' proposal to apply unprotected tax benefits as a bill credit in 2020 and 2021.

- Pleasant Prairie Power Plant Securitization – WEPCO will request a financing order, under Wis. Stat. § 196.027 Environmental Trust Financing, to issue environmental trust bonds for the securitization of $100 million of the undepreciated cost of environmental controls at the retired P4, subject to the provisions in the Settlement Agreement.

- RSM – A modification to the existing revenue sharing mechanism such that WEPCO and WG are authorized to retain 100 percent of the first 25 basis points of earnings above their respective settled ROEs. WEPCO and WG will return to customers an amount equal to 50 percent of earnings between 25 and 50 basis points above their respective settled ROEs. WEPCO and WG will return to customers 100 percent of earnings exceeding 75 basis points above their respective settled ROEs.

Deferrals and Amortizations

- PIPP SSR – PIPP SSR regulatory asset balance was modified from Commission staff's audit to remove Commission staff's adjustment and the amortization period was extended from 6 to 15 years.

- Section 199 – WIEG and CUB will not contest the amortization of the Section 199 regulatory asset included in Commission staff's audit; however, Settling Parties reserve their right to contest the recovery of this asset in a future rate proceeding.

Financial Capital Structure and ROE

- ROE and the common equity component of capital structure will be 10.00 percent and 52.05 percent for WEPCO and 10.20 percent and 52.50 percent for WG.

Rate Design

- WEPCO and WG shall maintain all residential and small commercial electric and natural gas customer fixed charges at the currently authorized levels for 2020 and 2021.

- WEPCO committed to work with the Settling Parties on new rates and innovative utility programs for customers.

- All market based rate programs shall maintain the status quo through 2021.

- RTMP and Other Tariff-Cleanup relating to the customer baseline (CBL) used to determine the portion of a customer's load that can be subject to the RTMP tariff for energy and/or billing demands, as defined in the tariff. The revisions provide that the CBL may be permanently decreased when the customer reduces its load through the implementation of energy efficiency, conservation, or process improvement measures, or via the installation of new equipment (i.e. behind the meter generation) so as to remove a disincentive to undertake these activities.

- WEPCO will provide CUB with a detailed household burden index analysis prior to WEPCO's next rate application filing.

Generation Planning

- WEPCO shall provide increased transparency to the Settling Parties and Commission staff regarding generation planning decisions as explained in the Settlement Agreement.

Revenue Requirement Impacts of Settlement Agreement – WEPCO Electric

Commission staff's audit resulted in a reduction in revenue requirement of $76,449,000 on a total company basis for WEPCO's electric operations. The Settlement Agreement added adjustments for the securitization for a portion of the P4 regulatory asset, extending the PIPP SSR recovery to 15 years, the restoration of Commission staff's adjustment for the PIPP SSR, restoring Commission staff's adjustment to the fuel blend at ERGS, and adjustments to the capital structure from those provided in Commission staff's audit. These adjustments resulted in an additional $15,676,000 reduction in WEPCO's electric operations revenue requirement. Finally, approximately $2,016,000 of these adjustments can be attributed to WEPCO electric's wholesale jurisdiction and once the wholesale adjustments have been removed, WEPCO electric's Wisconsin retail revenue deficiency is $37,452,000.

The securitization of $100 million of the P4 regulatory asset resulted in a $13,652,000 additional reduction to WEPCO electric's revenue requirement. This adjustment consists of a $5 million annual reduction in the amortization expense of the P4 regulatory asset to account for the removal of the securitized balance over the approximate 20-year remaining life of the P4 regulatory asset. Second, there is a reduction in the required return of approximately of $8.7 million as WEPCO electric will no longer need to finance the securitized balance with its own balance sheet. Once the securitization transaction has been consummated, this reduction in the revenue requirement for WEPCO electric will be partially offset by the separate recovery of the securitized balance via a line item surcharge on customer bills albeit at a lower cost of capital due to the securitization transaction.

The Settlement Agreement reflects the amortization expense for the PIPP SSR regulatory asset of approximately $6,496,000 in the 2020 test year. The amortization expense utilized in the 2020 test year, per the Settlement Agreement, will need to be increased in a future proceeding to arrive at the 15 year recovery period. This reduction in the amortization expense from Commission staff's audit results in the reduction in revenue requirement of approximately $17,051,000. This reduction in the annual amortization expense is offset by an approximate increase in carrying cost of $706,000 due to this regulatory asset maintaining a higher balance throughout the test year. Finally, there are deferred tax impacts totaling a reduction of $61,000. The net impact on revenue requirement is a reduction of approximately of $16,406,000 that includes the reversal of Commission staff's audit PIPP SSR discussed below.

The Settlement Agreement stipulated that the approximate $12,760,000, prior to deferred taxes, reduction to the PIPP SSR regulatory asset included in Commission staff's audit would be restored to WEPCO electric's regulatory asset for PIPP SSR. This results in an increase to the revenue requirement totaling $2,073,000 in the 2020 test year. This adjustment increases the total dollars that customers will be required to pay over the life of the asset; however, the extension of the recovery period for this regulatory asset to 15 years results in a significant reduction in the 2020 test-year revenue requirement impact. Additionally, the extended recovery period remains at WEPCO electric's authorized long-term debt rate, which partially mitigates the additional carrying cost impacts of the extended recovery period.

Commission staff's adjustment modifying the mix of coal burned at ERGS was reversed by the Settlement Agreement. The reduction in fuel costs for this adjustment was $6,187,000 on a total company basis. Accordingly, the Settlement Agreement adds this $6,187,000 back to WEPCO electric's revenue requirement.

The Settlement Agreement increased WEPCO electric's equity layer from the 51 percent utilized in Commission staff's audit to 52.5 percent on a financial basis. This increase in the proportion of equity in WEPCO electric's capital structure resulted in an increase to the revenue requirement of $8,195,000.

Revenue Requirement Impacts of Settlement Agreement – WE-GO

Commission staff's aggregate audit adjustments to WE-GO totaled a reduction in revenue requirement of $11,202,000. The Settlement Agreement reduced these adjustments by $1,261,000. The majority of the modifications to Commission staff's adjustments is due to the reallocation of $1,150,000 of the reduced carrying costs for the P4 regulatory asset from WE-GO to WEPCO electric, which We Energies explained is consistent with the negotiations of the Settlement Agreement. WE-GO benefits from the reduced carrying costs associated with the P4 securitization because the calculation of the Commission's working capital ratio and We Energies' financing decisions are made on a legal entity basis not on an individual revenue requirement basis. The Settlement Agreement increased WE-GO's equity layer from the 51 percent utilized in Commission staff's audit to 52.5 percent on a financial basis. This increase in the proportion of equity in WE-GO's capital structure resulted in an increase to the revenue requirement of $111,000 above the carrying cost benefits from the P4 securitization.

Revenue Requirement Impacts of Settlement Agreement - VA Steam

Commission staff's aggregate audit adjustments to VA Steam totaled an increase in revenue requirement of $673,000. The Settlement Agreement increased these adjustments by $54,000. The majority of the modifications to Commission staff's adjustments is due to the increase in WEPCO VA Steam's equity layer from the 51 percent utilized in Commission staff's audit to 52.5 percent on a financial basis. This increase in the proportion of equity in WEPCO electric's capital structure resulted in an increase to the revenue requirement of $4,000 above the carrying cost benefits from the P4 securitization. The Settlement Agreement reallocated $50,000 of reduced carrying costs for the P4 regulatory asset from VA Steam to WEPCO electric that We Energies explained is consistent with the negotiations of the Settlement Agreement. VA Steam, like WE-GO, benefits from the reduced carrying costs associated with the P4 securitization because the calculation of the Commission's working capital ratio and the financing decision are made on a legal entity basis not on an individual revenue requirement basis.

Revenue Requirement Impacts of Settlement Agreement – WG

Commission staff's aggregate audit adjustments to WG totaled a decrease in revenue requirement of $20,619,000. The Settlement Agreement decreased these adjustments by $4,541,000. The entirety of the modification to Commission staff's adjustments is due to the increase in WG's equity layer from the 51 percent utilized in Commission staff's audit to 52.5 percent on a financial basis and an increase in the authorized ROE from 10.0 percent to 10.2 percent.

Summary of Revenue Requirement Impacts

In summary, the Settlement Agreement resulted in a reduction of WEPCO electric's Wisconsin retail electric's revenue deficiency to 1.3 percent and the elimination of the 2021 step increase. WE-GO's 2020 test-year natural gas revenue deficiency was reduced to 2.8 percent. WEPCO VA Steam's 2020 test-year revenue deficiency was increased to 10.0 percent. Finally, the provisions of the Settlement Agreement resulted in a revenue excess of 0.2 percent for WG's 2020 test year. The revenue requirement impact of the Settlement Agreement is detailed in Ex.-WEPCO WG-Zgonc-4r. (PSC REF#: 376977.)

Settlement Law

Prior to 2018, Wisconsin law did not contain a specific statutory provision relating to settlements. In this absence, the Commission evaluated settlement proposals under the just and reasonable rates standard reflected in Wis. Stat. §§ 196.03 and 196.37, as well its authority to issue conditional orders under Wis. Stat. § 196.395.[3] The Commission also evaluated settlement proposals in light of the various judicial review standards reflected in Wis. Stat. § 227.57 that require considerations of whether there is substantial evidence to support any determination regarding the proposal under Wis. Stat. § 227.57(6) and whether such determinations satisfied the erroneous exercise of discretion standard in Wis. Stat. § 227.57(8). Applying this approach, the Commission has reviewed and approved numerous rate case settlements.[4]

On January 31, 2018, the Legislature enacted 2017 Wisconsin Act 136, which created Wis. Stat. § 196.026 governing settlements.[5] This law embodies the substantive standards under

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[3] Wisconsin Stat. § 196.03 provides that any rate charged by a public utility for its service "shall be reasonable and just and every unjust or unreasonable charge for such service is prohibited and declared unlawful." Similarly, Wis. Stat. § 196.37 provides that if the Commission determines that any rate charged by a public utility for its service is unjust and unreasonable, the Commission "shall determine and order reasonable rates [and] charges[.]" Wisconsin Stat. § 196.395 states, in relevant part, that the Commission "may issue conditional, temporary, emergency and supplemental orders. If an order is issued upon certain stated conditions, any party acting upon any part of the order shall be deemed to have accepted and waived all objections to any condition contained in the order."

[4] *See, e.g.*, Final Decision, *Joint Application of Wisconsin Elec. Power Co. & Wisconsin Gas, LLC, Both d/b/a We Energies, for Auth. to Adjust Elec., Nat. Gas, & Steam Rates*, docket 5-UR-105 (Wis. PSC Nov. 3, 2011) (PSC REF#: 155380) (authorizing no rate change between 2012 and 2013 for Wisconsin Electric Power Company and Wisconsin Gas by suspending $148 million of amortizations); Final Decision, *Application of Madison Gas & Elec. Co. for Auth. to Freeze Elec. & Nat. Gas Rates, Subject to Conditions*, docket 3270-UR-119, (Wis. PSC July 26, 2013) (PSC REF#: 187928); Final Decision, *Application of Wisconsin Power & Light Co. for Auth. to Adjust Elec. & Nat. Gas Rates*, docket 6680-UR-118 (Wis. PSC July 19, 2012) (PSC REF#: 168724); Final Decision, *Application of Wisconsin Power & Light Co. Regarding the 2020 Test Year Elec. & Nat. Gas Base Rates*, docket 6680-UR-119 (Wis. PSC July 17, 2014) (PSC REF#: 210409); Final Decision, *Application of Wisconsin Power & Light Co. for Auth. to Adjust Elec. & Nat. Gas Rates*, docket 6680-UR-120, (Wis. PSC Dec. 22, 2016) (PSC REF#: 295820)*;* Final Decision, *Joint Application of Wisconsin Elec. Power Co. & Wisconsin Gas LLC for A Base Rate Freeze for Test Years 2018 & 2019 and Application of Wisconsin Pub. Serv. Corp. for A Base Rate Freeze for Test Years 2018 & 2019*, dockets 5-UR-108 and 6690-UR-125 (Wis. PSC Sept. 8, 2017) (PSC REF#: 330746).

[5] **196.026 Settlements**.

(1) All parties to dockets before the commission are encouraged to enter into settlements when possible.

(2) In this section, "docket" means an investigation, proceeding, or other matter opened by a vote of the commission, except for rule making.

(3) Parties to a docket may agree upon some or all of the facts. The agreement shall be evidenced by a written stipulation filed with the commission or entered upon the record. The stipulation shall be regarded and used as evidence in the docket.

(4) Parties to a docket may agree upon a resolution of some or all of the issues. When a written settlement agreement is proposed by some of the parties, those parties shall submit to the commission the settlement agreement and any documents, testimony, or exhibits, including record citations if there is a record, and any other matters those existing law previously applied by the Commission and cited above, and added additional procedural and substantive criteria, including:

- Encouraging parties to enter into settlements when possible;
- Providing that parties can agree upon some or all of the facts and resolve some or all of the issues;
- Requiring that settlements be evidenced in writing, submitted to the Commission all with any documents, testimony or exhibits, and entered upon the record;
- For contested settlements, requiring the convening of at least one conference with notice and opportunity to participate provided to all parties;
- Within 30 days after service of the settlement agreement, unless a different date and time is set by the Commission for good cause, requiring all parties to respond in writing indicating objection or non-objection to the settlement with the statement of any objections with particularity and specifying how the party would be adversely affected be each objectionable part of the settlement; and

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parties consider relevant to the proposed settlement and serve a copy of the settlement agreement upon all parties to the docket.

(5) If a proposed settlement agreement is not supported by all parties, the settling parties shall convene at least one conference with notice and opportunity to participate provided to all parties for the purpose of discussing the proposed settlement agreement. A non-settling party may waive its right to the conference provided in this subsection.

(6) Within 30 days of service of a settlement agreement under sub. (4), each party to the docket shall respond in writing by filing and serving on all parties the party's agreement, objection, or non-objection to the settlement agreement. Failure to respond in writing within 30 days of service, unless a different time is set by the commission for good cause, shall constitute non-objection to the settlement agreement. A party objecting to a settlement agreement shall state all objections with particularity and shall specify how the party would be adversely affected by each provision of the settlement agreement to which the party objects.

(7) The commission may approve a settlement agreement under sub. (4) if all of following conditions are met:

(a) All of the following have been given a reasonable opportunity to present evidence and arguments in opposition to the settlement agreement:

1. Each party that has filed an objection or non-objection to the settlement agreement under sub. (6).

2. Each party whose failure to respond in writing constitutes a non-objection to the settlement agreement under sub. (6).

(b) The commission finds that the public interest is adequately represented by the parties who entered into the settlement agreement.

(c) The commission finds that the settlement agreement represents a fair and reasonable resolution to the docket, is supported by substantial evidence on the record as a whole, and complies with applicable law, including that any rates resulting from the settlement agreement are just and reasonable.

(8) The commission may approve a settlement agreement under sub. (4) in whole or in part and with conditions deemed necessary by the commission. If the settlement agreement does not resolve all of the issues in the docket, the commission shall decide the remaining issues in accordance with applicable law and procedure.

- Providing that a party's failure to respond within the time period provided constitutes non-objection to the settlement.

Wis. Stat. § 196.026(2)-(6).

The law provides that the Commission may approve a settlement agreement if all of the following are met: (1) each party who has either filed an objection, non-objection or failed to respond has been given reasonable opportunity to present evidence and arguments in opposition to the settlement agreement; (2) the Commission finds that the public interest is adequately represented by the parties who entered into the settlement agreement; and (3) the Commission finds that the settlement agreement represents a fair and reasonable resolution to the docket, is supported by substantial evidence on the record as a whole, and complies with applicable law, including that any rates resulting from the settlement are just and reasonable. Wis. Stat. § 196.026(7). The Commission may approve a settlement agreement in whole or in part and with conditions deemed necessary by the Commission. Wis. Stat. § 196.026(8). If the settlement does not resolve all of the issues in the docket, the Commission shall decide the remaining issues in accordance with applicable law and procedure. *Id.*

Approval of the Settlement Agreement

Since enactment of Wisconsin's settlement law, the Commission has approved several rate case settlements applying Wis. Stat. § 196.026. These settlements have resulted in rate freezes, rate decreases, rate increases, or some combination thereof.[6] Rate setting, including

[6] Final Decision, *Application of Northern States Power Company-Wisconsin for Authority to Adjust Electric and Natural Gas Rates*, docket 4220-UR-124 (Wis. PSC Dec. 12, 2019) (ERF) (authorizing no change to base electric rates and a decrease for natural gas base rates); Final Decision, *Application of Wisconsin Power and Light Company for Authority to Adjust Electric and Natural Gas Rates*, docket 6680-UR-121 (Wis. PSC Dec. 20, 2018) (PSC REF#: 355884) (authorizing electric and natural gas base rate freeze for test years 2019 and 2020); Final Decision, *Application of Madison Gas and Electric Company for Authority to Change Electric and Natural Gas Rates*, docket 3270-UR-122 (Wis. PSC Dec. 20, 2018) (PSC REF#: 355887) (authorizing electric base rate decrease and a natural

approving settlements that adjust rates, is an area in which the Commission has special expertise. *Brookfield v. Milwaukee Metropolitan Sewerage Dist.,*141 Wis. 2d 10, 15, 414 N.W.2d 308 (Ct. App. 1987). It has set utility rates for more than 100 years. In ratemaking, the Commission exercises a legislative function. *Wis. Mfr. And Commerce v. Public Serv. Comm'n (WMC),*94 Wis. 2d 314, 319, 319, 287 N.W.2d 844 (1979) "It is well established that the [Commission], in designing a rate structure that will enable a utility to recover the total revenue authorized, has wide discretion in determining the factors upon which it may base its precise rate schedule. . . . Rate-making agencies are not bound to any single regulatory formula; they are permitted to make the pragmatic adjustments, which may be called for by particular circumstances, unless their statutory authority plainly precludes this." *Id.* at 320, (citing *City of West Allis v Pub. Serv. Comm'n,* 42 Wis. 2d 569, 167 N.W.2d 401) (1969) (footnotes omitted).

Determining whether rates are just and reasonable often requires a high degree of discretion, judgment, and technical analysis. Such decisions involve intertwined legal, factual, and public policy determinations. The Commission, as fact finder, is charged with sifting through all of the information and applying the statutory criteria to reach a well-reasoned decision. In doing so, the Commission uses its experience, technical competence and specialized knowledge to determine the credibility of each witness and the persuasiveness of highly technical evidence presented on each issue.

In applying this experience and expertise, the Commission concludes, for the reasons set forth more fully herein and in the record, that the Settlement Agreement in this docket, as

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gas base rate increase); Final Decision, *Application of the City of Kaukauna, Outagamie County, Wisconsin, as an Electric Public Utility, for Authority to Adjust Electric Rates,* docket 2800-ER-108 (Wis. PSC Jan. 30, 2019) (PSC REF#: 358621) (authorizing rate decrease).

modified and conditioned by this Final Decision, complies with both the procedural and substantive requirements of Wis. Stat. § 196.026.

Compliance with Procedural Requirements of Wis. Stat. § 196.026(4)-(6)

Wisconsin Stat. § 196.026(4) provides that parties to a docket may agree upon a resolution of some or all of the issues. Here, as discussed previously, We Energies and the Settling Parties have agreed to resolve issues related to the revenue requirement and other issues identified in the Settlement Agreement. Wisconsin Stat. § 196.026(4) requires that a written settlement agreement and any documents, testimony, or exhibits be filed with the Commission. The settlement agreement must be served on all parties to the docket. *Id*. If the proposed settlement agreement is not supported by all parties, Wis. Stat. § 196.026(5) requires that at least one conference, with notice and opportunity to participate provided to all parties, must be convened.

On August 23, 2019, We Energies filed a notice of intent to file a partial settlement agreement for its ongoing contested rate case in docket 5-UR-109. (PSC REF#: 374557.) On August 26, 2019, We Energies filed a copy of a partial Settlement Agreement that We Energies had entered into on August 22, 2019 with CUB and WIEG. (PSC REF#: 374686.) On August 29, 2019, We Energies, CUB, and WIEG convened a conference with notice and opportunity to participate provided to all Parties to discuss the proposed settlement agreement. (PSC REF#: 375031.) All of the Parties, with the exception of SEIA, participated in the statutorily required conference. On the same day as the conference, Clean joined We Energies, CUB, and WIEG as a party to the Settlement Agreement. (PSC REF#: 375035.) On August 30, 2019, We Energies filed the Settlement Agreement and an application for approval of settlement with the Commission along with supporting documentation, and certified the same were served upon all parties in this docket. (PSC REF#: 375031.)

Wisconsin Stat. § 196.026(6) requires that, within 30 days of service of a settlement agreement, each party shall respond in writing by filing and serving on all parties the party's agreement, objection, or non-objection to the settlement agreement. A party objecting to the settlement agreement is required to state all objections with particularity and specific how the party would be adversely affected by each provision of the agreement.

The Commission notified the Parties that pursuant to Wis. Stat. § 196.026(6), each party's agreement, objection or non-objection to the Settlement Agreement was required to be filed with the Commission no later than September 30, 2019. (PSC REF#: 375866.) Each of the Settling Parties filed responses to the Settlement Agreement reiterating support for the settlement. (PSC REF#: 376542, PSC REF#: 376545, PSC REF#: 376540.) The non-settling parties that filed non-objecting comments were CNEG, Walmart, ELPC, VS, RENEW, MMSD,[7] AAH, and SEIA. (PSC REF#: 376220, PSC REF#: 376338, PSC REF#: 376508, PSC REF#: 376520, PSC REF#: 376526, PSC REF#: 376537, PSC REF#: 376541, PSC REF#: 376581.) WPC, MEPS, and the City of Milwaukee did not file comments regarding the Settlement Agreement by September 30, 2019, which, by statue, results in non-objections to the settlement. Sierra Club was the only party that objected to the Settlement Agreement. (PSC REF#: 376547 confidential, PSC REF#: 376548 public.)

[7] MMSD's position on the settlement is a bit muddled, but because it indicated that it accepted the Settlement Agreement's proposed revenue requirement and its objection appeared to be limited to matters not covered by the settlement (i.e. rate design), it has been included among the non-settling parties not opposing the Settlement Agreement.

In light of the activities that have occurred and as documented in the record for this docket, the Commission concludes that there has been compliance with the procedural requirements of Wis. Stat. § 196.026(4)-(6). All Parties concede that these requirements have been satisfied. (PSC REF#: 377917.)

Satisfaction of the Settlement Criteria of Wis. Stat. § 196.026(7)(a) and (7)(b)

The Commission may approve the Settlement Agreement if:

(a) All of the following have been given a reasonable opportunity to present evidence and arguments in opposition to settlement agreement:

1. Each party that has filed an objection or non-objection to the settlement agreement under sub. (6).
2. Each party whose failure to respond in writing constitutes a non-objection to the settlement agreement under sub. (6).

(b) The Commission finds that the public interest is adequately represented by the parties who entered into the settlement agreement.

All Parties have been afforded an opportunity to present evidence and arguments in opposition to the Settlement Agreement through the submission of written responses pursuant to Wis. Stat. § 196.026(6) on September 30, 2019. Additionally, the Commission has provided a further opportunity for the parties and the public to present evidence and arguments through participation in an October 8, 2019, hearing, and submittal of testimony, and briefs. All Parties concede that each have been given a reasonable opportunity to present evidence and arguments in opposition to the Settlement Agreement. (PSC REF#: 377917.)

Under Wis. Stat. § 196.026(7)(b), the Commission may approve the Settlement Agreement if it finds that the public interest is adequately represented by the parties who entered into the Settlement Agreement. In this case, CUB, Clean, and WIEG are signatories to the Settlement Agreement with We Energies.

The Settling Parties represent residential, small business, large industrial customers served by We Energies, including customers belonging to an organization that advocates for clean, renewable, energy. CUB has approximately 2,000 members who are primarily citizens of Wisconsin. (PSC REF#: 363571.) These members include residential and small business customers of We Energies. CUB's charter is to advocate on behalf of residential and other customers on utility issues. (*Id.*) CUB contends that its advocacy benefits not just its own members, but all residential and small business ratepayers of the state. (*Id.*) Clean is a non-profit organization that works to protect Wisconsin's air and water and advocates for clean energy. (PSC REF#: 363721.) It advocates for clean, renewable energy and many of its members live and work in We Energies' service territory. WIEG is a member organization of large industrial customers in the state of Wisconsin. (PSC REF#: 366008.) WIEG was organized to provide information to its members about energy matters and to form ad hoc groups for intervention and participation in dockets before the Commission and for other matters. *(Id.)* Members of WIEG are customers of We Energies and purchase energy to meet their business needs. (*Id.*)

The Settling Parties represent a wide cross-section of customers representative of the public interest. In addition to the Settling Parties, the following non-settling, non-objecting parties to this proceeding represent other diverse constituencies:

- WPC is a trade association representing the pulp, paper and allied industry in Wisconsin. (PSC REF#: 364353.) Multiple members of WPC are retail electric and/or natural gas customers of We Energies, and any decision relating to rates will directly affect those customers.
- Walmart is a commercial customer of We Energies. (PSC REF#: 365698.) Walmart operates more than 100 retail facilities and distribution centers in Wisconsin, a significant number of which are served by We Energies.

- The City of Milwaukee is a major consumer of electricity, gas, and steam from We Energies. The City of Milwaukee is also home to thousands of residents and businesses who are also customers of We Energies. (PSC REF#: 366167.)

- CNEG's customers receive distribution services from We Energies. (PSC REF#: 364481.)

- MEPS' clients include an array of commercial, government and industrial clients. Many of these clients and their facilities are located within We Energies' gas service territories. (PSC REF#: 364481.)

- RENEW has more than 500 members and supporters in Wisconsin to advocate for clean, renewable electricity. RENEW's members include residential and small business customers of We Energies. (PSC REF#: 363826.)

- ELPC is a not-for-profit public interest environmental legal and eco-business development advocacy organization, which works to achieve cleaner air and advance clean renewable energy and energy efficiency resources, and to improve environmental quality, protect clean water, and preserve natural resources in Wisconsin and the Midwest.

- VS is an independent 501(c)3 nonprofit working to repower the U.S. with clean energy by making solar power more accessible and affordable through effective policy advocacy. VS seeks to promote the development of solar at every scale, from distributed rooftop solar to large utility-scale plants. (PSC REF#: 366488.)

- SEIA is the national trade association for the solar and energy storage industry and is a voice for its members within those industries in Wisconsin. (PSC REF#: 366480.)

- MMSD is a regional government agency that provides water reclamation and flood management for approximately 1.1 million people in 28 communities of the Greater Milwaukee Area. MMSD is a large customer of We Energies and shares many of its customers in Southeastern Wisconsin with We Energies. (PSC REF#: 366466.)

- Roundy's is one of the largest retail food companies in the U.S. Roundy' operates numerous grocery stores in the state of Wisconsin that purchase their electric supply from the We Energies. These stores purchase millions of kW-hours of electricity from We Energies annually. Roundy's is one of the largest commercial customers served by We Energies. (PSC REF#: 366537.)

- AAH is a private, not-for-profit integrated health care provider with 15 hospitals, over 150 clinics, and 70 pharmacies that serve approximately 90 communities in eastern Wisconsin and northern Illinois. Aurora is one of the largest health care providers and the largest private employer in the state of Wisconsin. Many of

> AAH's health care facilities are in We Energies' service territory; receive steam, electric, and/or natural gas service from We Energies; and will be affected by the issues in this proceeding and We Energies' requested rate adjustments. (PSC REF#: 372744.)

Sierra Club was the only party to argue that the public interest was not adequately represented by the Settling Parties. Sierra Club argued that Wis. Stat. § 196.026(7)(b) can only be satisfied where the Settlement Agreement includes all parties who have actively participated in the docket. Sierra Club's argument finds no support in the law as drafted. It specifically contemplated disputed settlements, requiring that at least one settlement conference be convened if the settlement is disputed. Wis. Stat. § 196.026(5). The law also requires objecting parties to state objections with particularity. Wis. Stat. § 196.026(6). Sierra Club's position is also contrary to sound public policy as it would allow one party to hold the entire settlement hostage.

Sierra Club also fails to articulate what interest is not being represented by the Settling Parties and those who actively participated in the docket and did not raise an objection to the Settlement Agreement. Sierra Club's stated interest[8] appears to be adequately represented by the parties representing customers of We Energies and other organizations that support renewable energy alternatives. Further, the Commission has concluded in past settlements, that CUB and WIEG adequately represent the public interest.[9]

[8] Sierra Club, has 17,000 members in Wisconsin, many of whom are customers of We Energies. Sierra Club's stated interest in this proceeding is to support policies to reduce the impact of climate change and other air and move Wisconsin toward a coal-free future by promoting clean energy alternatives and energy efficiency measures, to advocate for the implementation of incentive programs to assist its members and utility customers generally to generate their own renewable energy and increase energy efficiency, and to inform the Commission of it interests (both environmental, health, and economic) that relate to We Energies' proposed rate restructuring. (PSC REF#: 363937.)

[9] *See* docket 6680-UR-121.

Lastly, Sierra Club's criticism that the Settlement Agreement represents the culmination of substantive negotiations with just CUB and WIEG rings hollow in light of the numerous opportunities since filing the Settlement Agreement that all Parties have had to express any objection to the Settlement Agreement which Sierra Club itself concedes satisfied the requirements of the law. Only Sierra Club lodged objections. All other Parties either affirmatively filed a statement of non-objection or did not respond which constitutes non-opposition.

Accordingly, the Commission finds Sierra Club's arguments unpersuasive. Given the broad representation by the Settling Parties and the other non-settling parties who did not oppose the settlement, the Commission concludes that the public interest is adequately represented by the Settling Parties. Public comments were also solicited through the Commission's website and at the hearings held on October 15, 2019 and October 17, 2019, which further ensured the public interest was adequately represented.

Compliance with Wis. Stat. § 196.026(7)(c)

The final criteria that must be satisfied before the Commission may approve the Settlement Agreement is a finding that the Settlement Agreement represents a fair and reasonable resolution to the docket, is supported by substantial evidence on the record as a whole, and complies with applicable law, including that any rates resulting from the Settlement Agreement are just and reasonable. Wis. Stat. § 196.026(7)(c). In making this determination, the Commission may approve the Settlement Agreement in whole or in part and with conditions deemed necessary by the Commission. Wis. Stat. § 196.026(8).

Wisconsin Stat. § 196.026(1) embodies the legislative intent to encourage parties to enter into settlements when possible. The record in this proceeding confirms the demonstrated efforts of We Energies, the Settling Parties, and other parties to negotiate in good faith and after careful scrutiny of the We Energies' application. Unlike other settlements approved by the Commission, the negotiations that led to the Settlement Agreement occurred only after Commission staff had completed a comprehensive, four-month audit, and the Parties exchanged numerous discovery requests. Further, following the filing of the Settlement Agreement, there were additional opportunities for all Parties to submit additional evidence through additional rounds of pre-filed testimony, a hearing on both settled and non-settled matters, and the submittal of briefs.

The Settlement Agreement has the support or non-opposition of all Parties to this proceeding with the exception of Sierra Club, which objects to the Settlement Agreement. Sierra Club argued that the Settlement Agreement fails to reasonably resolve We Energies' revenue requirement because it allows recovery for the continued operation of Oak Creek Units 5, 6, 7, and 8, which Sierra Club argued are uneconomic to operate. Furthermore Sierra Club argued that the Settlement Agreement is not supported by adequate evidence because, Sierra Club claimed, We Energies' has not demonstrated that operating uneconomic units is prudent. Finally, Sierra Club argued that the Settlement Agreement does not ensure reasonable rates because it allows recovery for imprudently operated units.

We Energies argued that Sierra Club's argument lacks a basis in Wisconsin law, falls outside the bounds of a rate case, and is based on an erroneous analysis of the units in question. We Energies countered that, in fact, the units operate economically and their continued operation is prudent.

The Commission finds that, contrary to Sierra Club's arguments, the Settlement Agreement provides a reasonable resolution to the revenue requirement, and as such the revenue requirement does not create a legal deficiency which would cause any rates stemming from the agreement to be unjust and unreasonable. Sierra Club does not argue that the Commission staff's audit results inaccurately state We Energies' operating costs for the test year; rather, Sierra Club argues that the operating costs are themselves unreasonable because they are tainted by purported imprudence because of We Energies' continued operation of the Oak Creek units. However, Sierra Club has failed to substantiate its claims of imprudence. It is uncontroverted in this case that the units at issue are being used to serve We Energies' customers, and that the function the units serve is useful. Rather, Sierra Club's position is that We Energies is operating the units imprudently, in that it is operating them at all. However, the record in this case does not support this position.

As a threshold matter, the Commission observes that Sierra Club's foundational premise, the units are operating uneconomically, is flawed. As explained by WEPCO witness Jeff Knitter, Sierra Club's analysis contains material errors and failed to incorporate those units' actual operation costs and revenues. Additionally, the Commission further notes the Sierra Club's principle arguments and positions go well beyond the relevant inquires for a rate case proceeding. Here, the Commission is tasked with setting a revenue requirement based on projected costs and revenues in the test year and providing utilities with the opportunity to earn a reasonable rate of return. It is beyond the scope of a rate case to engage in wide-ranging speculation about generation alternatives or potential future retirements.

For purposes of this proceeding, the Commission's analysis is limited to the relevant costs and obligations that pertain to the test year, and Sierra Club has failed to demonstrate that operating the units in the test year would be imprudent. Prudence entails "[c]arefulness, precaution, attentiveness, and good judgment, as applied to action or conduct.... This term, in the language of the law, is commonly associated with 'care' and 'diligence' and contrasted with 'negligence.'" *Wisconsin Pub. Serv. Corp. v. Pub. Serv. Comm'n of Wisconsin*, 156 Wis. 2d 611, 617, 457 N.W.2d 502, 504 (Ct. App. 1990), citing Black's Law Dictionary 1104 (5th ed. 1979). Proving that a public utility's operation of one or more of its facilities is imprudent requires more than identifying overall market trends. Rather, it requires demonstrating how a public utility's operational decisions evince negligence overall.

According to Sierra Club's argument, the only prudent course of action with regard to the units in question would be to cease their operation entirely. However, given the plethora of relevant considerations involved in a retirement decision, the Commission is unconvinced. The information put forward by Sierra Club fails to show how "care" and "diligence" require shutting these units down. Most significantly, the evidence does not show that applying "care" to this decision reveals that there is a certainty that the costs involved with obtaining the energy and capacity needed to meet We Energies' service obligations would not, when paired with the costs of retirement, exceed the costs of continued operation. As a result, the record falls far short of showing that, in the test year, the costs of operating the units should be disallowed as imprudently incurred.

Accordingly, the Commission is not persuaded by Sierra Club's objection and finds, for the reasons set forth herein and the analysis provided below, as well as the robust record in support of the Settlement Agreement, that the Settlement Agreement is a fair and reasonable resolution of the docket, is supported by substantial evidence on the record as a whole, and the rates resulting therefrom are just and reasonable.

When the Commission considers a settlement agreement, nothing is diminished with respect to what parties must demonstrate in order to satisfy the public interest standard or the requirement that rates be just and reasonable. However, the settlement law clearly provides that the Commission is to make its determinations on the settlement agreement as a whole. This differs from the typical manner in which the Commission approaches setting rates, whereby the Commission individually analyzes and makes a separate determination on each component of a rate case in order to ultimately arrive upon a reasonable rate. In reviewing a settlement agreement, the Commission reviews each component of the rate case, but reviews them in tandem. In doing so, the Commission fulfills its duty to ensure that rates are just and reasonable, while simultaneously accommodating the Legislature's intent that parties be given flexibility to negotiate across all components.

The Commission is satisfied that the Settlement Agreement, when considered as a comprehensive package, strikes a balance between the diverse utility, customer, and stakeholder interests. Components of the Settlement Agreement are consistent with decisions in past rate cases for We Energies and other investor owned utilities (IOU), other settlements approved by the Commission, and the public interest policies underlying those decisions. To the extent that components of the Settlement Agreement may deviate from past Commission practice or may otherwise have been decided differently by the Commission in a contested case proceeding, the Commission finds that there is a rational basis for those deviations and reflect a give-and-take that is embodied in the settlement process. For these reasons, and the further analysis provided below, the Commission finds that the Settlement Agreement, as modified and conditioned by this Final Decision, satisfies Wis. Stat. § 196.026(7)(c). The modifications to the Settlement Agreement, and conditions of this approval are discussed more fully below.

Revenue Requirement

Fuel Costs

Pursuant to Wis. Admin. Code § PSC 116.03, each of the five major Wisconsin investor-owned electric utilities must file a proposed fuel cost plan for each calendar year, known as the plan year, as part of a general rate case proceeding, or if the utility does not file a general rate case, as a proceeding limited in scope to fuel cost. This fuel cost plan must include a calculation of certain fuel costs as described in Wis. Admin. Code § PSC 116.02, as well as the other information required by Wis. Admin. Code § PSC 116.03(2). After a hearing, the Commission approves the utility's fuel cost plan and establishes the utility's rates in accordance with the approved fuel cost plan. Wis. Admin. Code § PSC 116.03(3).

The Settlement Agreement reflected a preliminary fuel cost estimate for the 2020 Fuel Cost Plan, but the 2020 Fuel Cost Plan was not among the settled issues and instead was established pursuant to the requirements of Wis. Admin. Code ch. PSC 116. The Settling Parties did agree to remove Commission staff's adjustment for the fuel cost blend at ERGs, which, as discussed below, was subsequently withdrawn by Commission staff. The Settling Parties also agreed that the fuel costs should be subject to update, consistent with Commission practice.

The Commission finds that a reasonable estimate of WEPCO's 2020 total company fuel costs (all fuel costs) for the test year is $817.101 million. The Commission finds that a reasonable estimate of WEPCO's 2020 Fuel Cost Plan year level of monitored fuel costs is $768.865 million. The test-year monitored fuel costs divided by the test-year estimate of native energy requirements of 24,766,399 MWh results in an average net monitored fuel cost of $31.77 per MWh. Appendix F shows the monthly fuel costs to be used for monitoring purposes.

It is reasonable to monitor WEPCO's fuel costs using a plus or minus 2 percent bandwidth, as provided in Wis. Admin. Code § PSC 116.06(3).

PRB Coal Blending at ERGS

Based on information from Madison Gas and Electric Company's response to Data Request FRA-5 from its 2018 Fuel Reconciliation Application, Commission staff made a proposed adjustment to the coal blend forecasted by WEPCO for the 2020 test year for the ERGS Units 1 and 2. The impact of this adjustment was a decrease in fuel costs of $6,187,326. WEPCO provided supporting documentation of the new Wisconsin Pollutant Discharge Elimination System limits effective October 1, 2019, and WEPCO's inability to meet those limits if it was to operate at the Commission staff estimated level of Powder River Basin coal blend percentage. In Surrebuttal-PSC-Ritsema-2, Commission staff witness Michael Ritsema withdrew the proposed adjustment to the ERGS coal blend, but stated that this issue should be reviewed in subsequent fuel and rate cases. The Commission finds it reasonable to remove Commission staff's proposed adjustment to fuel costs for the ERGS coal blend issue. The record establishes that, at this time, the blend originally proposed by Commission staff is not feasible.

Uncontested Fuel Adjustments

The Commission finds it reasonable to accept Commission staff's uncontested adjustments to WEPCO's forecasted 2020 monitored fuel costs: 1) a $284,463 decrease in fuel costs to modify the heat rate for Oak Creek Unit 5 to match recent historical actuals; 2) a $5,034 decrease in fuel costs to remove Elm Creek and St. Joe's contracts that expired in 2018; 3) a $2,357,989 decrease in fuel costs for a reduction in Port Washington planned outages and to add Rothschild economic reserve outages; 4) a $2,767,091 decrease to reflect a modification to the combined-cycle units to fit historical capacity factors; 5) a $777,342 decrease in fuel costs to update ERGS maximum capacity at the current Powder River Basin (PRB) coal blend; 6) a $1,480 increase in fuel costs to reflect the impact on WEPCO's fuel costs of Commission staff's adjustment to Wisconsin Public Service Corporation's (WPSC) load; 7) a $38,297 decrease to reflect the movement of de-mineralized water costs from monitored to non-monitored fuel costs; 8) a $4,546,599 decrease to reflect the movement of coal handling costs from monitored to non-monitored fuel costs; 9) a $118,052 decrease in fuel costs to reflect the impact of the Financial Transmission Rights Plan Year 2019-2020 update; and 10) a $2 decrease for miscellaneous and rounding.

NYMEX and Other Updates

Consistent with past Commission practice, the Settling Parties agreed to update the 2020 Fuel Cost Plan to reflect updated commodities (coal, natural gas, and diesel prices). Ex.-PSC-Ritsema-2 shows the impact of the uncontested adjustments since the hearing and the impact of the updated futures, market pricing, new coal contracts, and updated rail contract rates. The Commission finds it reasonable to accept the uncontested adjustments identified in Ex.-PSC-Ritsema-2 to monitored fuel costs: 1) a $2,838,288 increase in fuel costs to adjust the start of 2020 from a Sunday to a Wednesday; 2) a $6,000,548 increase to reflect the lower PRB blend at the ERGS units as discussed above; 3) a $1,596,746 decrease in fuel costs to reflect the updated rail rate for bituminous coal; 4) a $7,363,031 decrease in fuel costs to reflect updated spot coal prices; 5) a $484,516 decrease in fuel costs to reflect the updated rail escalation rates; 6) a $4,884,260 decrease in fuel costs to reflect a change in a fuel surcharge for coal; 7) a $2,706,120 decrease in fuel costs to reflect September 2019 actual coal inventories and new PRB coal contracts; and 8) an $8,185,376 decrease in fuel costs to reflect the October 15, 2019 NYMEX futures prices for gas and oil prices.

Federal Tax Reform – Excess Deferred Income Tax Utilization

The TCJA made significant changes to the Federal Tax Code and included changes to individual, business, and international tax provisions. Notable for We Energies and the other Wisconsin IOUs, the TCJA reduced the Federal Corporate tax rate from a maximum of 35 percent, under the existing graduated rate structure, to a flat 21 percent rate for tax years beginning after 2017. This component is often referred to as the income statement component.

We Energies and the other IOUs are also required to revalue their accumulated deferred income taxes (ADIT) based on the reduced corporate tax rate. ADIT are the results of differences between tax laws and accounting methods, and a lower corporate tax rate generally creates EDIT. The Internal Revenue Service requires that the portion of the EDIT that is related to the use of accelerated depreciation is amortized no faster than over the life of the underlying assets. The EDIT that are subject to the amortization rules are referred to as “protected” EDIT. The rest of We Energies’ EDIT are considered to be “unprotected” and may be amortized over a shorter time period or recognized immediately. This component is often referred to as the balance sheet component.

In its May 24, 2018 Order in docket 5-AF-101 (PSC REF#: 343223), the Commission ordered the IOUs to implement a line item credit to reflect the difference between the 21 percent income tax rate and the old income tax rate of 35 percent. The ongoing bill credits for the income statement component were set to continue until the Commission took action for each utility either in docket 5-AF-101 or the utilities' next rate case. Consistent with this directive, We Energies implemented the bill credit for a portion of the income statement component.

The Commission's May 24, 2018 Order acknowledged that additional analysis as to how to handle the balance sheet component was necessary before it could fully address the return of all savings resulting from this component to customers. The Commission did take interim steps for WEPCO and directed that a portion of its savings from the balance sheet component be applied to offset existing deferred balances such as the transmission escrow and others as detailed in the Commission's May 24, 2018 Order. The Commission directed that the calculation of the amount of the balance sheet component savings returned to customers pursuant to that order shall be subject to true-up, review and audit. The Commission also directed that We Energies and the other IOUs continue to work with Commission staff to evaluate the impacts of the balance sheet component, continue deferrals for any income statement savings or balance sheet savings that were not addressed in the Commission's May 24, 2018, until further Commission action in docket 5-AF-101 or in a future rate case.

In this proceeding, the base rates have been re-set at the new, lower tax rate, which therefore eliminates the need for the on-going bill credit for the income statement component that was directed in docket 5-AF-101. We Energies provided updated calculations as to the balance sheet component savings as part of its application which were reviewed by Commission staff as part of its audit. Pursuant to the Settlement Agreement, it was agreed that the remaining balance sheet component savings would be returned to customers in 2020 and 2021 in the form of a bill credit.

WEPCO calculated that as of December 31, 2019 it had $132,057,000 of unprotected EDIT savings associated with its electric plant available to be returned to its customers. Commission staff's audit resulted in We Energies utilizing $66,028,000 of the unprotected EDIT savings as negative annual amortization expense beginning January 1, 2020 and ending December 31, 2021 to fully utilize WEPCO electric's known unprotected EDIT for the Wisconsin retail electric utility.

WG calculated that as of December 31, 2019 it had $12,334,000 of unprotected EDIT savings associated with its natural gas plant available to be returned to its customers. Commission staff's audit resulted in WG utilizing $3,084,000 of the unprotected EDIT savings as an annual negative amortization expense beginning January 1, 2020 and ending December 31, 2023 to fully utilize WG's known unprotected EDIT.

The Settlement Agreement resulted in the electric retail and natural gas EDIT balances being utilized in the same amounts as prescribed in Commission staff's audit; however, We Energies will utilize volumetric ($/kWh, $/therm, or $/MLB) bill credits rather than the base rate recovery method proposed in Commission staff's audit. These volumetric bill credits will be subject to true-up in Commission staff's annual true-up of credits associated with docket 5-AF-101.

The Commission finds that the calculation and utilization of the tax savings from the TCJA as described in the Settlement Agreement is reasonable. The use of the tax benefits in this manner provides an immediate and tangible benefit to We Energies' customers. Using the true-up process established in docket 5-AF-101 to track these credits will ensure accuracy.

For the natural gas operations of WE-GO and VA Steam's operations, there is no credit to be returned to customers. Instead, there are costs to be collected from customers as reflected in Commission staff's audit and the Settlement Agreement. WE-GO calculated that as of December 31, 2019 it had $21,120,000 of unprotected EDIT costs associated with the cost of removal of its natural gas plant to be collected from its customers. Commission staff's audit determined that WE-GO would collect the unprotected EDIT balances over a four-year period beginning January 1, 2020 and ending December 31, 2023 with an annual amortization expense of $5,280,000. VA Steam calculated that as of December 31, 2019 it had $8,063,000 of unprotected EDIT costs associated with the cost of removal of its plant to be collected from its customers. Commission staff's audit determined that VA Steam would collect the unprotected EDIT balances over a four-year period beginning January 1, 2020 and ending December 31, 2023 with an annual amortization expense of $2,016,000. With the acceptance of Commission staff's audit results as part of the Settlement Agreement, the Settling Parties have agreed to the amounts and methodology to recover these costs from customers. The Commission finds this approach reasonable.

Pleasant Prairie Power Plant Securitization

The Settlement Agreement addresses the $400 million remaining book balance for P4 by including $300 million of it in WEPCO's revenue requirement and handling $100 million of it through securitization, as discussed in more detail below. Although not explicitly tied to P4, the Settlement Agreement's generation planning provisions also address customer concerns that were implicated in WEPCO's decision to retire P4, dealing with them prospectively rather than remedially, by specifying steps that WEPCO must take in future retirement decisions.

Considering these provisions in tandem, and within the overall context of this Settlement Agreement, the Commission finds the provisions to be a fair and reasonable resolution to the issue of the remaining book balance for P4. Although the Commission may have resolved this issue – and many of the other issues dealt with through this settlement agreement – differently outside of the settlement context, the Commission finds that approving it in this context ensures just and reasonable rates while affording parties the opportunity to negotiate across all issues and to reach solutions that would be impossible for the Commission to order outside of the settlement process.[10] Because the Commission finds the Settlement Agreement to be fair in these regards, and finds the overall resolution of this and all other contested and uncontested issues to yield just and reasonable rates, the Commission finds it unnecessary to expound upon the general legal principles governing a public utility's recovery of a retired asset.

Generally speaking, securitization is a financing mechanism which consists of debt securities being issued which are backed by assets that are expected to generate future revenues. The Settlement Agreement includes a requirement that WEPCO will request in a separate docket a financing order, under Wis. Stat. § 196.027 Environmental Trust Financing, to issue environmental trust bonds for the securitization of $100 million of the undepreciated book value of environmental controls at the retired P4.[11]

WEPCO testified that $100 million represents approximately 100 percent of the remaining book balance for P4 that is eligible for environmental trust financing under the

[10] Unless an energy utility has applied to the Commission for a financing order, the Commission may not require an energy utility to use environmental trust bonds to finance any expenditure. Wis. Stat. § 196.027(3)(b).
[11] If approved by the Commission, the financing order would create a property right for a non-bypassable revenue stream to be collected from fees placed on the bills of WEPCO's ratepayers but not included in WEPCO's retail revenue requirement. It is anticipated that WEPCO would transfer that right (and the debt associated with the bonds) from its books to a separate trust, which is anticipated to be credit supportive from the perspective of the rating agencies.

statutory definition of “environmental control activity.” The Settling Parties expect the securitization to result in reduced costs for WEPCO’s customers during the test year, and through the remaining depreciation period for P4. Securitization transactions are structured to generate a high level of confidence that the future revenues will be received by the bondholders, which results in a lower cost of capital when compared to traditional sources of corporate debt and equity capital. The provisions of Wis. Stat. § 196.027 are intended to support very high credit ratings for the ratepayer-backed securities, and thus a materially lower rate of interest is likely to be achieved relative to WEPCO’s authorized WACC.

The Settling Parties indicate a forecasted revenue requirement savings of $14.5 million in the test year and total net present value savings of $37 million to $68 million from securitization. The total amount of savings achieved will depend in large degree on the spread between the ratepayer-backed bond interest rate and WEPCO’s authorized WACC, and the term of the securities issued relative to the remaining depreciation period for P4.

Under the terms of the Settlement Agreement, WEPCO will be allowed to include transaction costs and an accrued return, for the time period the application for the financing order is pending, equal to its authorized WACC on the net book value for the property securitized. If the Commission declines to issue a financing order, capital recovery of the $100 million balance will be deferred to be addressed in a future limited reopener or limited rate proceeding.

The Commission finds that it is reasonable for WEPCO to be required to submit an application for a financing order, under Wis. Stat. § 196.027, to issue environmental trust bonds for the securitization of $100 million of the undepreciated book value of environmental controls at P4, under the terms of the Settlement Agreement. While the amount of cost savings to be achieved, if any, are currently unknown, the anticipated securitization can reasonably be expected to protect customers from paying excessive rates that would be unreasonable, while still providing shareholders the opportunity to earn a return on their investment.

SSR Escrow

The SSR escrow relates to WEPCO's 2014 announcement to retire the PIPP. Despite WEPCO's announcement, MISO designated the PIPP as an SSR, which meant that the PIPP's operation was necessary for reliability, and the plant could not be shut down until new generation or transmission facilities were built. The continued costs of operating the PIPP were allocated to those benefitting utilities and other electric suppliers according to MISO's tariffs.

The SSR escrow consists of two components. The first component is the SSR revenues. In docket 5-UR-107, the Commission included the expected $90.7 million in revenues in the 2015 test-year revenue requirement to ensure that Wisconsin customers would not be required to pay twice for the costs to operate the PIPP, and authorized escrow accounting treatment for these SSR revenues. The Commission recognized that the escrow treatment mitigates any risks associated with uncertainty as to the actual amount of SSR revenue WEPCO would receive from MISO. (PSC REF#: 226564.) In early 2015, however, PIPP's designation as an SSR was terminated. WEPCO therefore received little of the $90.7 million it expected to receive in 2015 and has received no SSR payments for PIPP since. The SSR escrow balance includes the difference between $90.7 million and the limited SSR payments actually received in 2015, and continues to grow at $90.7 million annually, plus accumulated carrying costs at WEPCO's weighted average cost of capital until January 1, 2018, when the carrying costs were reduced to WEPCO's then-authorized long-term debt rate in the docket 5-UR-108 Final Decision.

The second component of the SSR escrow relates to revenues received from two mines in Michigan that returned as WEPCO customers in early 2015. The revenues from these mines were not included in WEPCO's 2015 calculation of Wisconsin retail rates. The Commission therefore granted WEPCO the authority to defer the revenues received from these mines net of the costs to serve them. This net amount is referred to as the "mines margin."

In docket 5-UR-108, the Commission authorized WEPCO to "flow through" tax benefits associated with the repair deduction, to arrest the growth of the transmission and SSR escrows in 2018 and 2019. Accordingly, the balance of this SSR escrow, net of the mines margin is $151.6 million as of December 31, 2019, which is included in Settlement Agreement revenue requirement calculations.

The Settlement Agreement reflects the amortization expense for the PIPP SSR regulatory asset of approximately $6,496,000 in the 2020 test year, which is less than the amount included in Commission staff's audit. The amortization expense utilized in the 2020 test year, per the Settlement Agreement, will need to be increased in a future proceeding to arrive at the 15-year recovery period. This reduction in the amortization expense results in a reduction in revenue requirement of approximately $17,051,000. This reduction in the annual amortization expense is offset by an approximate increase in carrying cost of $706,000 due to this regulatory asset maintaining a higher balance throughout the test year. Finally, there are deferred tax impacts totaling a reduction of $61,000. The net impact on revenue requirement is a reduction of approximately of $16,406,000 that includes the reversal of Commission staff's audit PIPP SSR discussed below.

The Settlement Agreement stipulated that the approximate $12,760,000, prior to deferred taxes, reduction to the PIPP SSR regulatory asset, as discussed in Direct-PSC-Sullivan from line 19 on page 6, would be restored to WEPCO electric's regulatory asset for PIPP SSR. This results in an increase to the revenue requirement totaling $2,073,000 in the 2020 test year. This adjustment increases the total dollars that customers will be required to pay over the life of the asset; however, the extension of the recovery period for this regulatory asset to 15 years results in a significant reduction in the 2020 test-year revenue requirement impact. Additionally, the extended recovery period remains at WEPCO electric's authorized long-term debt rate which partially mitigates the additional carrying cost impacts of the extended recovery period.

The Commission finds that reversing Commission staff's adjustment and extending recovery of the PIPP SSR regulatory asset, net of mines margin, over 15 years is reasonable with a carrying cost of WEPCO electric's long-term debt rate authorized herein as reflected in the Settlement Agreement.

Bluewater Gas Storage Reservation Charges

WE-GO and WG requested in its application the recovery of reservations charges for the Bluewater Firm Storage Agreements (Agreements) via the PGAC. WE-GO and WG explained that recovery via PGAC provides a balance of risk between customers and shareholders as unanticipated revenue streams are included in the PGAC which accrues to the benefit of customers. Also, prudently-incurred, unanticipated costs will be recovered on a timely basis via the PGAC which reduces some of the operational risk.

Commission staff's audit moved the Bluewater reservation charge recovery for WE-GO and WG from the PGAC to base rate recovery consistent with the Commission's Final Decision in docket 5-DR-112.[12] Commission staff also moved the costs associated with the Agreements to gas storage FERC accounts for recovery via base rates also consistent with the Commission's Final Decision in docket 5-DR-112.

Commission staff, WE-GO, and WG agreed that escrow accounting treatment would be an appropriate alternative to provide a similar sharing scheme as the PGAC for the associated risks and benefits. Unanticipated revenues or prudently incurred costs could be recovered thru the regulatory asset or liability created in the escrow accounting authorization. While an escrow creates an increased regulatory lag for the incremental revenues and costs to be recovered as compared to the PGAC, this lag is prudent given the novelty of the matter. Since this is the first time recovery of these reservation charges has been subject to rate review, escrow accounting would provide WE-GO, WG, and Commission staff the opportunity to review the performance of the Agreements. In the absence of escrow accounting treatment, the risk of unanticipated costs and the benefit of incremental revenues would transfer solely to shareholders.

The Settlement Agreement included the recovery of the reservation charges under Agreements via base rates in the FERC gas storage accounts. Furthermore, Ex.-WEPCO WG-Zgonc-6r reflects these accounts being subject to escrow accounting with Commission staff's assumed expenses being deferred and amortized in the 2020 test year. The recovery of costs associated with the Agreements via base rates will require formal amendments to the cost of gas authorized in dockets 6630-GP-2019 (WE-GO) and 6650-GP-2019 (WG) to exclude costs

[12] Final Decision, *Application of Wisconsin Electric Power Company, Wisconsin Gas LLC, and Wisconsin Public Service Corporation for Declaratory Ruling and Approval Regarding Long-Term Natural Gas Storage and Transportation Arrangements*, docket 5-DR-112 (Wis. PSC Jun. 29, 2017) (PSC REF#: 326817).

associated with the Agreements from PGAC. The gas rates in appendices D and E of this Final Decision include the costs in WE-GO and WG's base gas rates beginning January 1, 2020.

The Commission concludes that both the movement of the costs associated with the Agreements out of the PGAC consistent with Commission staff's audit and the use of escrow accounting is reasonable because base rate recovery is consistent with the Commission's Final Decision in docket 5-DR-112 and escrow treatment provides similar risk and benefit sharing as PGAC cost recovery treatment.

Other Accepted Commission Staff Adjustments to Revenue Requirement

The Settlement Agreement accepted the vast majority of Commission staff's post-audit revenue requirement adjustments. The Commission finds those adjustments to be reasonable. Below, some of these adjustments are described in greater detail.

Association Dues

Industry Associations Dues

The Commission allows the recovery of association dues, to the extent that the activities of an association provide a benefit to customers. Certain activities, such as lobbying and advertising, generally do not provide a benefit to customers. To the extent that the amount of dues that provide a benefit to customers cannot be determined with precision, Commission staff apply a recovery percentage to association dues that is intended to generally reflect the portion of activities of an association that are considered to provide a benefit to ratepayers. The table below shows the recovery percentages that Commission staff use for specific associations and categories of associations:

Association	Recovery Percentage
American Gas Association	50%
Atomic Industrial Forum	0%
American Public Power Association	75%
Committee for Energy Awareness	0%
Wisconsin State Telecommunications Association	90 %
Chambers of Commerce and Other Groups of this Type	0%
Edison Electric Institute	50%
EEI “U Groups”	50%
Electric Power Research Institute	100%
Gas Research Institute	100%
Municipal Electric Utilities of Wisconsin	75%
National Hydropower Association	75%
North Central Electrical League	75%
Upper Midwest Municipal Power Group	75%
Wisconsin Utilities Association	50%
Western Wisconsin Municipal Power Group	75%

Commission staff applied the historical recovery percentage authorized for various dues and memberships to arrive at the adjustments included in the Settlement Agreement. The tables below provide the calculations for the industry association dues adjustments to Account 930.2.

Wisconsin Electric Power Company

	As Filed	Commission Recovery Rates	Staff Allowed Recovery
American Gas Association	160,233	50%	80,117
Edison Electric Institute	962,262	50%	481,131
American Assoc of Blacks	4,666	100%	4,666
Assoc of Edison Illuminating Co	11,964	50%	5,982
Better Business Bureau of Wisconsin	2,799	0%	-
East Towne Association	7,837	0%	-
Fuel Milwaukee	4,665	0%	-
Hispanic Professionals	4,666	100%	4,666
MEGA Board Member Fees - We Energies	22,077	0%	-
Metropolitan Milwaukee Assoc of Comm	161,220	0%	-
National Minority Supplier	11,550	100%	11,550
Wisconsin Utility Investors	75,878	50%	37,939
Total	1,429,817		626,051

Wisconsin Gas LLC

	As Filed	Commission Recovery Rates	Staff Allowed Recovery
American Gas Association	214,573	50%	107,287
Edison Electric Institute	-	50%	-
American Assoc of Blacks	766	100%	766
Assoc of Edison Illuminating Co	1,965	50%	983
Better Business Bureau of Wisconsin	460	0%	-
East Towne Association	1,288	0%	-
Fuel Milwaukee	767	0%	-
Hispanic Professionals	766	100%	766
MEGA Board Member Fees - We Energies	3,627	0%	-
Metropolitan Milwaukee Assoc of Comm	26,485	0%	-
National Minority Supplier	1,898	100%	1,898
Wisconsin Utility Investors	12,465	50%	6,233
Total	265,060		117,932

Following completion of the audit and transmittal of the findings to We Energies, Commission staff discovered an error, which resulted in the failure to include a further $147,000 reduction in WG's revenue requirement related to association dues. This additional reduction was not included in the Settlement Agreement, as it was found some time after the transmittal of Commission staff's audit findings.

The Commission concludes that it is reasonable to modify the Settlement Agreement to include this additional disallowance from the revenue requirement. Sierra Club argued that the Commission should further reduce the revenue requirement by disallowing $956,893 in additional association dues. Sierra Club argued that record failed to establish that customers benefited from those expenditures. The Commission is not persuaded by Sierra Club's arguments. Commission staff's audit of these expenditures was reasonable and consistent with past Commission practice. Commission staff routinely use materiality thresholds when completing its audits and many of the itemized dues of which Sierra Club is critical do not rise to this threshold. Further, other than proclaiming that customers received no benefit from certain expenditures, Sierra Club presents no supporting evidence.

Conservation Budget and Escrow

The reasonable level of escrowed conservation expense to be recorded for WEPCO electric for the 2020 test year is $42,375,000, which is comprised of $54,780,000 of estimated expenditures less $12,445,000 of negative amortization of underspent amounts. The reasonable level of escrowed conservation expense to be recorded for WE-GO for the 2020 test year is $5,813,000, which is comprised of $6,532,000 of estimated expenditures less $719,000 of negative amortization of underspent amounts. The reasonable level of escrowed conservation expense to be recorded for WG for the 2020 test year is $6,903,000, which is comprised of $10,480,000 of estimated expenditures less a negative amortization of $3,577,000 of amortization of underspent amounts. It is reasonable to direct WEPCO and WG to record these expense amounts annually until they are superseded by a Commission order authorizing new conservation escrow accruals.

Agricultural Service Program and Escrow

The reasonable level of farm rewiring escrow expense recoverable in rates for the 2020 test year is $970,000, which is comprised of $1,342,000 of estimated expenditures less the annual negative amortization of the underspent amount of $372,000. It is reasonable to direct WEPCO to record these expense amounts annually until they are superseded by a Commission order authorizing a new farm rewiring escrow accrual.

Uncollectible Accounts Escrow

WEPCO electric, WE-GO, and WG's continued escrow treatment for uncollectable accounts ensures recovery of only the proper amounts of the volatile costs associated with uncollectable accounts through its rates. Commission staff views this uniform treatment across the utilities as reasonable during its audit. Commission staff's audit resulted in reasonable estimates of escrowed uncollectible accounts expense for WEPCO electric of $19,672,000 for WE-GO of $2,682,000, and for WG of 13,001,000.

Revenue Sharing Mechanism

The Settlement Agreement includes a modification to the RSM for 2020 and 2021, under which WEPCO and WG are authorized to retain 100 percent of the first 25 basis points of earnings above their respective settled ROEs. WEPCO and WG will return to customers an amount equal to 50 percent of earnings between 25 and 50 basis points above their respective settled ROEs. WEPCO and WG will return to customers 100 percent of earnings exceeding 75 basis points above their respective settled ROEs.

The Settlement Agreement continues calculating the ROE and the measurement of earnings for RSM in the same manner as earnings defined by "Excess revenues" in Wis. Admin. Code. ch. PSC 116 (Fuel Rules ROE) as opposed to doing the calculation on a regulatory basis as was previously authorized.

The Commission finds that it is reasonable to continue the RSM as modified by the Settlement Agreement. The mechanism protects customers from paying excessive rates that would be unreasonable, while still providing shareholders the opportunity to earn a reasonable return on their investment.

Deferrals and Amortizations

Pension Settlement Accounting

We Energies included in the revenue requirement expenses it deferred relating to pension settlement impacts. We Energies contended that the Commission's October 29, 1992 decision in docket 05-UI-104 provided authorization for that deferral. Therein, the Commission stated, "any curtailment gain or loss is to be deferred and amortized for ratemaking purposes over the remaining years of service of plan participants active at the time of curtailment or some other time period to be ordered by the Commission based on specific circumstances."

Typically, the Commission reviews and authorizes deferral requests on a case-by-case basis in the year in which the expenses are incurred, and the inclusion of an open-ended deferral is outside of normal Commission practice. It is unclear what the Commission's intent was more than 20 years ago when it issued its 1992 Order. We Energies interpreted it as authorizing an open-ended deferral. The Commission finds that reading, while not consistent with current Commission practice, is not unreasonable. Accordingly, the Commission concludes that it is appropriate to include the impacts of settlement accounting in the revenue requirement consistent with the Settlement Agreement for purposes of this rate case.

However, as such treatment is atypical, the Commission determines that We Energies' authority under 5-UI-104 to create regulatory assets or liabilities related to pension settlement accounting will expire on December 31, 2021. Beginning on January 1, 2022, We Energies shall request deferral accounting treatment for future instances where pension settlement is triggered consistent with Commission staff policy statement 94-01 for. We Energies may continue deferrals over the remaining years of service of plan participants for deferrals, taken before January 1, 2022, consistent with 05-UI-104.

Section 199 Amortization

In We Energies' last full rate case proceeding in docket 5-UR-107, the Commission determined it was reasonable to continue the escrow for the domestic production activities deduction, also known as the Section 199 deduction, but it should be reevaluated in We Energies' next rate proceeding. This item was escrowed at the request of WEPCO electric because it was difficult to accurately forecast at that time. The TCJA, which became effective January 1, 2018, repealed the Section 199 domestic production deduction. Accordingly, the Section 199 deduction is not included in the tax expense calculation for the 2020 test year and no additional deferrals will be made; however, the remaining escrow balance needs to be amortized.

During Commission staff's audit, WEPCO electric provided an analysis in its data request response to Data Request-PSC-PPS-77 (PSC REF#: 369934) that showed WEPCO electric's utilization of bonus depreciation in lieu of taking the Section 199 deduction resulted in additional savings for customers. The savings are derived from the cost-less-accumulated deferred income tax financing and elevated levels of capital expenditures. Commission staff could not find any non-transmission only, public utility companies that did not elect bonus depreciation. Commission staff further noted that the Section 199 escrow account became a debit (asset) balance in early 2011. To better align the recovery period of the regulatory asset with the time it took to accrue, Commission staff adjusted the amortization of the Section 199 regulatory asset from the four-year recovery period to eight years. This extension of the recovery period to eight years reduced WEPCO electric's revenue requirement by $8,447,000 for the 2020 test year.

In the Settlement Agreement, the Settling Parties accepted Commission staff's adjustment to the 2020 test year revenue requirement to extend the recovery period for the Section 199 regulatory asset from four to eight years. The Settlement Agreement reserves the right of the Settling Parties to contest the recoverability and/or treatment of the Section 199 regulatory asset in future rate cases.

The Commission concludes that the recovery of the Section 199 regulatory asset over eight years is reasonable for 2020 and 2021 as it better aligns the recovery period with the time it took to accrue. The Commission acknowledges the Settling Parties' right to contest recoverability in a future rate case.

Amortization Expense

The annual expense amounts itemized in Appendix H to this Final Decision, shall be recorded for all items listed for 2020 and 2021 or until the Commission authorizes a different amortization expense to be recorded.

Summary of Operating Income Statements at Present Rates

In addition to the findings regarding the specific items discussed in this Final Decision, all other uncontested Commission staff adjustments to WEPCO's filed electric, natural gas, and steam operating income statements and WG's natural gas operating income statements are appropriate. Accordingly, the estimated WEPCO electric, natural gas, and steam operating income statements and WG natural gas operating income statements at present rates for the 2020 test year, which the Commission finds reasonable for the purpose of determining the revenue requirements in this proceeding, are as follows:

	WEPCO				
	WEPCO Electric	WEPCO Wisconsin Electric Jur	WEPCO Gas	WEPCO Valley Steam	Wisconsin Gas
Revenue:					
Utility Sales	2,937,306	2,852,359	378,121	21,942	608,420
Opportunity Sales	114,475	109,689	-	-	-
Other Operating Revenue	13,453	12,755	3,516	202	5,467
Total Operating Revenue	3,065,234	2,974,802	381,637	22,144	613,887
Operating and Maintenance Expense:					
Fuel	392,360	376,611	-	-	-
Purchased Power	570,468	545,779	-	-	-
Purchased Gas	-	-	197,534	-	271,460
Other Production	597,760	571,502	-	-	-
Manufact. Gas Production	-		1,743	-	1,158
Gas Supply	-		1,016	-	1,570
Gas Storage	-		15,346	-	20,965
Valley Steam Generation Transfer	(4,918)	(4,696)	-	4,918	-
Transmission	340,923	340,827	-	-	-
Distribution	76,607	76,607	20,795	8,313	31,711
Customer Accounts	39,858	39,858	9,231	-	28,042
Customer Service	38,012	37,946	8,963	7	15,076
Sales Expense	0	0	(0)	(0)	0
Administrative and General	123,994	120,649	12,023	1,221	26,509
Total O&M Expense	2,175,065	2,105,082	266,650	14,458	396,491
Depr, Decomm,&Amort	305,424	299,489	35,712	3,192	61,618
Regulatory Debits and Credits	35,645	33,989	-	-	-
Taxes Other Than Income Taxes	108,673	105,029	5,618	1,031	8,701
Regulatory Tax Items	1,723	1,694	(24)	(2)	152
Federal Income Tax	39,945	39,233	5,969	699	14,705
State Income Taxes	18,614	18,111	1,764	270	4,318
Deferred Income Taxes	(50,084)	(48,983)	9,892	1,121	9,326
Investment Tax Credits	12,376	12,150	(21)	(6)	(46)
Total Operating Expenses	2,647,379	2,565,793	325,560	20,764	495,264
Net Operating Income	417,854	409,009	56,077	1,380	118,623

Net Investment Rate Base

Summary of Average Net Investment Rate Base

In addition to the findings regarding the specific items discussed in this Final Decision, all other uncontested Commission staff adjustments to WEPCO's filed electric, natural gas, and steam, and WG's natural gas average net investment rate bases are appropriate. Accordingly, the estimated WEPCO electric, natural gas, and steam and WG natural gas average net investment rate bases for the 2020 test year, which the Commission finds reasonable for the purpose of determining the revenue requirements in this proceeding, are as follows:

	WEPCO				
	WEPCO Electric	WEPCO Wisconsin Electric Jur	WEPCO Gas	WEPCO Valley Steam	Wisconsin Gas
Plant	9,607,874	9,432,435	1,542,987	92,532	2,655,056
Accum Depr	(3,507,208)	(3,434,963)	(682,506)	(54,531)	(982,104)
Net Plant	6,100,666	5,997,472	860,481	38,001	1,672,952
Fossil Fuel Inventory	72,207	69,210	-	-	167
Gas Storage	-	-	23,032	-	37,869
Materials and Supplies Inventory	133,660	131,219	8,103	641	5,102
Deferred Income Taxes	(1,438,671)	(1,409,819)	(166,545)	(7,504)	(307,245)
Customer Advances	(49,470)	(49,470)	(2,679)	-	(4,141)
Average Net Investment Rate Base	4,818,391	4,738,613	722,392	31,138	1,404,705

Financial Capital Structure and Dividend Restriction

Assessing the reasonableness of WEPCO and WG's capital structure depends upon three important principles. First, capital structure decisions must be based on the regulated operating utilities' needs, not on the needs of the non-utility operations of the holding company. Second, the capital structure should provide adequate flexibility for the regulated operating utilities and the Commission to allow proper utility investment now and in the future. Third, it should support a dividend policy comparable to peer utility dividend practices as long as the regulated operating utilities' common equity ratio does not decline below the approved target level.

Generally, under Wis. Stat. § 196.795, a utility's capital needs must take precedence over non-utility needs if ratepayers are to be protected. The identification of utility needs goes beyond foreseeable needs. WEPCO and WG must have flexibility to finance both foreseen and unforeseen capital requirements.

In docket 5-UR-107, the Commission concluded that an appropriate target level for WEPCO's test-year average common equity measured on a financial basis was 51.0 percent, and an appropriate target level for WG was 49.5 percent. Commission staff's audit used an authorized equity layer of 51.0 percent. The Settlement Agreement stipulated that an appropriate target level for the test-year average common equity for WEPCO and WG is 52.50 percent, measured on a financial basis, within a long-term range of 50.00 percent to 55.00 percent. The test-year average common equity ratio of 52.50 percent, on a financial basis, and the adjustment of the long-term range to 50.00 percent to 55.00 percent is reasonable primarily due to the stress applied to WEPCO and WG's cash flow metrics due to the TCJA.

Off-balance-sheet financial obligations such as power purchase agreements and operating leases are viewed within the financial community as debt equivalents, which affect the borrowing power of the utility. Recognizing that off-balance-sheet obligations (OBO) affect the financial risks and credit ratings of the utility, the Commission includes imputed debt associated with OBO in calculating the financial capital structure. The imputed debt results in additional costs to ratepayers, because additional common equity is included in the regulatory capital structure to maintain a utility's target equity level from a credit perspective. If common equity is not added to restore the capitalization to its prior proportions, the cost of capital will be unaffected but the financial leverage will increase and have a negative impact on the credit ratings of the utility. However, if additional common equity is added to restore the financial capital structure ratios, the financial leverage and credit ratings of the utility will remain the same and the cost of capital is increased.

In calculating capital structure, on a financial basis, the Commission has imputed debt associated with obligations not reported on balance sheets. Detailed information regarding all off-balance sheet obligations for which the financial markets will calculate debt equivalent is necessary for the Commission to make an independent judgment regarding WEPCO's financial capital structure. This information is most readily available from WEPCO and shall be provided as part of its next rate case or rate case settlement proceeding. The information shall include, at a minimum, all of the following information:

1. The minimum annual lease and purchased power agreement obligations.
2. The method of calculation along with the calculated amount of the debt equivalent.
3. Supporting documentation, including all reports, correspondence, and any other justification that clearly established Standard & Poor's (S&P) and other major credit rating agencies' determination of the off-balance sheet debt equivalent to the extent available, and publicly available documentations when S&P and other major credit rating agencies' documentation is not available.

For the test year, the Commission finds it reasonable to impute within WEPCO's financial capital structure $276,194,000 of debt equivalence for OBO, which includes $247,226,000 related to purchased power agreements, $14,259,000 related to capital leases, and $14,709,000 related to operating leases. Incorporating the debt equivalences for OBO and other

Commission determinations, WEPCO's financial capital structure for the test year will consist of 52.50 percent common equity, 0.43 percent preferred stock, 40.49 percent long-term debt, 2.67 percent short-term debt, and 3.91 percent debt equivalence for OBO.

WG's financial capital structure for the test year will consist of 52.50 percent common equity, 44.32 percent long-term debt, and 3.18 percent short-term debt.

The Commission recognizes the need to protect customers and to ensure that utility needs are placed before non-utility needs in capital structure and dividend policy choices. It is reasonable that WEPCO and WG's dividend restrictions shall match the dividend restrictions of the other Wisconsin jurisdictional operating utilities within the WEC Energy Group holding company. WEPCO and WG shall not pay dividends in excess of the amount forecasted in this proceeding if such dividends cause the average annual common equity ratio, on a financial basis, to fall below the test-year authorized level of 52.50 percent. WEPCO and WG shall not pay a special dividend in excess of the forecasted dividends at the end of the year unless the additional payment does not reduce the average annual common equity ratio, on a financial basis, below the forecasted level of 52.50 percent.

Regulatory Capital Structure and Cost of Capital

In order to calculate the common equity amount for WEPCO's regulatory capital structure, Commission staff deducted from booked common equity the value of non-utility properties. Incorporating these adjustments, the Commission finds it reasonable to authorize for WEPCO a rate making capital structure for the purposes of establishing just and reasonable rates for the test year consisting of 54.56 percent common equity, 0.45 percent preferred stock, 42.21 percent long-term debt, 2.78 percent short-term debt.

In order to calculate the common equity amount for WG's regulatory capital structure, Commission staff deducted from booked common equity the value of non-utility properties, net goodwill, key man life insurance, and certain deferred tax assets. Incorporating these adjustments, the Commission finds it reasonable to authorize for WG a rate making capital structure for the purposes of establishing just and reasonable rates for the test year consisting of 52.02 percent common equity, 44.77 percent long-term debt, 3.21 percent short-term debt.

Long-Term Debt

As set forth under the terms of the Settlement Agreement, a reasonable estimate for WEPCO and WG's embedded cost of long-term debt for the test year is 4.60 percent and 4.24 percent, respectively.

Short-Term Debt

As set forth under the terms of the Settlement Agreement, a reasonable estimate for WEPCO and WG's embedded cost of short-term debt for the test year is 2.80 percent and 3.42 percent, respectively.

Return on Common Equity

The principal factor used to determine the appropriate return on equity is the investors' required return. Authorized returns of less than the investors' required return would fail to compensate capital providers for the risks they face when providing funds to the utility. Such sub-par returns would make it difficult for a utility to raise capital on an ongoing basis. On the other hand, authorized returns that exceed the investors' required return would provide windfalls to utility investors as they would receive returns that are in excess of the necessary level. Such high returns would be unfair to utility consumers who ultimately pay for those returns. In reaching its determination as to the appropriate ROE, the Commission must balance the needs of investors with the needs of customers, with due consideration to economic and financial conditions, along with other public policy considerations.

In the application in this proceeding, WEPCO and WG proposed ROEs of 10.35 percent and 10.30 percent, respectively, which compare to 10.20 percent and 10.30 percent, respectively, authorized in docket 5-UR-107 and reaffirmed in docket 5-UR-108. Under the terms of the Settlement Agreement, the revenue requirements of WEPCO and WG are based on ROEs of 10.00 percent and 10.20 percent, respectively.

The Commission finds that an authorized return on common equity of 10.00 percent for WEPCO, as set forth under the terms of the Settlement Agreement, strikes a reasonable balance between the needs of investors with the needs of consumers. Accordingly, the average utility capitalization ratios, annual cost rates, and the composite cost of capital rate considered reasonable and just for setting rates for the test year are as follows:

	Amount	**Percent**	**Annual Cost Rate**	**Weighted Cost**
Utility Common Equity	$3,700,399,000	54.56%	10.00%	5.46%
Preferred Stock	$30,450,000	0.45%	3.95%	0.02%
Long-Term Debt	$2,862,954,000	42.21%	4.60%	1.94%
Short-Term Debt	$188,822,000	2.78%	2.80%	0.08%
Total Utility Capital	$6,782,625,000	100.00%		7.49%

The WACC of 7.49 percent is reasonable for WEPCO for the test year. It generates an economic cost of capital of 9.54 percent, and a pre-tax interest coverage ratio of 4.72 times.

The Commission finds that an authorized return on common equity of 10.20 percent for WG, as set forth under the terms of the Settlement Agreement, strikes a reasonable balance between the needs of investors with the needs of consumers. Accordingly, the average utility capitalization ratios, annual cost rates, and the composite cost of capital rate considered reasonable and just for setting rates for the test year are as follows:

	Amount	Percent	Annual Cost Rate	Weighted Cost
Utility Common Equity	$852,169,000	52.02%	10.20%	5.31%
Long-Term Debt	$733,300,000	44.77%	4.24%	1.90%
Short-Term Debt	$52,536,000	3.21%	3.42%	0.11%
Total Utility Capital	$1,638,005,000	100.00%		7.32%

The WACC of 7.32 percent is reasonable for WG for the test year. It generates an economic cost of capital of 9.30 percent, and a pre-tax interest coverage ratio of 4.63 times.

Ten-Year Financial Forecast

WEPCO's and WG's ten-year financial forecasts are useful to the Commission and shall be submitted in future rate cases. The ten-year forecast can be combined with other business risk information to assess capital structure needs and rate of return requirements.

Rate of Return on Rate Base

The composite cost of capital must be translated into a rate of return that can be applied to the average net investment rate base and used to compute the overall return requirement in dollars. The estimate of WEPCO's average net investment rate base plus Construction Work in Progress (CWIP) for the test year is 86.38 percent of capital applicable primarily to utility operations plus deferred investment tax credits. The estimate of WG's average net investment rate base plus CWIP for the test year is 87.96 percent of capital applicable primarily to utility operations plus deferred investment tax credits. These estimates reflect all appropriate

Commission adjustments and are reasonable and just for use in translating the composite cost of capital into a return requirement applicable to the average net investment rate base.

	Wisconsin Electric			
	WEPCO Electric	WEPCO Gas	WEPCO Valley Steam	Wisconsin Gas
Cost of Capital	7.49%	7.49%	7.49%	7.32%
Average Percent of Utility Investment Rate Base plus CWIP to Capital Applicable Primarily to Utility Operations	86.38%	86.38%	86.38%	87.96%
Adjusted Cost of Capital to Derive Percent Return Requirement Applicable to Net Investment Rate Base (AFUDC Rate)	8.68%	8.68%	8.68%	8.32%
Total Average CWIP Balances ($000)	124,545	67,668	492	17,530
Percent of CWIP Receiving Current Return	31.84%	2.74%	50.00%	50.00%
Amount of CWIP Receiving Current Return ($000)	39,654	1,853	246	8,765
Current Earnings on CWIP Receiving Current Return at the Adjusted Cost of Capital	3,440	161	21	729
Average Net Investment Rate Base	4,818,391	722,392	31,138	1,404,705
Adjustment to Required Return to Provide a Return on CWIP	0.07%	0.02%	0.07%	0.05%
Earnings on Reg Items at specified rate	6,648	0.00	0.00	0.00
Regulatory items at specified rate	0.14%	0.00%	0.00%	0.00%
Adjusted Return Requirement on Utility Net Investment Rate Base	8.88%	8.70%	8.74%	8.37%

Calculation of Revenue Deficiency or Excess

On the basis of the findings in this Final Decision, a $15,284,000 increase in WEPCO electric Wisconsin retail utility revenues, an $10,431,000 increase in WE-GO utility revenues, a $1,895,000 increase in WEPCO's VA Steam utility revenues, and a $1,466,000 decrease in WG natural gas utility revenues, are reasonable for the purpose of determining reasonable and just rates for 2020 in this proceeding. These increases and decreases are computed as follows:

	WEPCO				
	WEPCO Electric	WEPCO Wisconsin Electric Jur	WEPCO Gas	WEPCO Valley Steam	Wisconsin Gas
Average Net Investment Rate Base	4,818,391	4,738,613	722,392	31,138	1,404,705
Operating Income at Current Rates	417,854	409,009	56,077	1,380	118,623
Earned Rate of Return	8.67%	8.63%	7.76%	4.43%	8.44%
Required Rate of Return	8.88%	8.88%	8.70%	8.74%	8.37%
Earnings Deficiency as % of NIRB	0.21%	0.25%	0.93%	4.31%	-0.08%
Earnings Deficiency	10,236	11,993	6,753	1,343	(1,067)
Tax Gross-up Factor	1.3744	1.3744	1.3744	1.3744	1.3744
Revenue Deficiency with utility proposed tax credits, fuel refund and revenue sharing	14,068	16,484	9,281	1,845	(1,466)
Restore Fuel Blend at ERGS to 80/20	-	-			
P4 Settlement adj -Utility Allocation	(1,200)	(1,200)	1,150	50	
Revenue Deficiency	**12,868**	**15,284**	**10,431**	**1,895**	**(1,466)**

Electric Cost of Service and Rates

Embedded Electric Cost of Service

With its rate case application, WEPCO proposed a COSS model that uses WEPCO-preferred assumptions for COSS. Commission staff also received input from customer advocate parties WIEG, which represents large energy users, and CUB, which represents residential and small commercial customers in Commission proceedings. Input from these two parties formed the WIEG-preferred and CUB-preferred models. Additionally, Commission staff requested WEPCO to perform modeling for a scenario that considers the coincident peaks of all 12 calendar months (12CP), and a scenario that considers only the coincident peaks for the months of June, July, August, and September (4CP) when utility system peaks are at their highest.

The WEPCO base case model contains a set of WEPCO-preferred variables that it has historically used in proceedings before the Commission. The WIEG- and CUB-preferred models utilize assumptions that yield results more favorable to the members that they represent. The 12CP model incorporates the assumption that a utility builds generation to meet year-round energy requirements of its customers, and allocates 100 percent of the production plant costs to demand. The 4CP model puts more weight on the peak demand needs of a system during the summer when monthly coincident peaks are at the highest, and allocates 60 percent of production plant costs to demand and 40 percent to energy. Besides coincident peak assumptions described above, the 12CP and 4CP models tweak other WEPCO-preferred model assumptions in order to show a variety of approaches that can be taken in COSS. These models do not exhaust all COSS possibilities, but set reasonable bookend perspectives and associated results, with various scenarios and results in between.

No consensus was reached by the Parties over the course of this proceeding regarding COSS methodologies. The Commission's long standing practice is to consider the results of several COSS for the purposes of allocating test-year revenue responsibility. The evidence in this proceeding supports a continuation of this practice. The Commission finds it reasonable to consider the results of all cost-of-service studies in the record for the purposes of class revenue requirement allocation.

Electric Revenue Allocation

WEPCO proposed an electric revenue allocation for the 2020 test year that includes above average increases for the residential and large commercial/industrial classes, and decreases or slight increases for the small commercial, medium commercial, lighting, and miscellaneous classes. Commission staff proposed an alternative electric revenue allocation for the 2020 test year that has a narrower range of increases and decreases. This includes above average increases for the residential classes and most of the large commercial/industrial classes, slightly below average increases for the small commercial classes, and decreases or slight increases for the medium commercial, lighting, and miscellaneous classes. CUB and WIEG jointly proposed an electric revenue allocation for the 2020 test year that is a uniform increase for all classes.

Consistent with the determinations the Commission has made in previous rate proceedings, the Commission finds that it is useful to take into account the results of a number of different cost of service studies in addition to other factors such as rate stability and bill impacts when making a determination on class revenue allocation in this case. The Commission finds that the electric revenue allocations for 2020 as proposed by Commission staff and shown in Appendix B are reasonable

Rate Design

Settled Rate Design Issues

The Settlement Agreement included provisions relating to certain rate design issues which included the following:

- WEPCO and WG agreed to maintain residential and small commercial customer electric and natural gas customer fixed charges at currently authorized rates for 2020 and 2021.

- WEPCO agreed to work with WIEG and CUB on new rates or other innovative utility programs targeted at industrial, residential and small commercial customers, respectively.

- To potentially inform future rate design discussions, WEPCO agreed to provide to CUB, prior to WEPCO's next rate case proceeding, the results of a detailed household burden index analysis which will evaluate residential electric and natural gas utility customers bills as a percentage of household income. This analysis shall be conducted with a county-by-county level of resolution or better.

- WEPCO and the Settling Parties agreed to maintain the status quo, through the end of 2021, for real time pricing tariffs and programs, RTP and RTMP. No party proposed any changes to the real time pricing tariffs in this proceeding.

- RTMP and other Tariff Clean-Up. The CBL used to determine the portion of a customer's load that can be subject to the RTMP tariff for energy and/or billing demands, as defined in the tariff, may be permanently decreased when the customer reduces its load through the implementation of energy efficiency, conservation, or process improvement measures, or via the installation of new equipment (i.e. behind the meter generation) as to remove a disincentive for undertaking these activities.

The Commission concludes that these rate design components of the Settlement Agreement are reasonable, and looks forward to reviewing any proposed new rate designs that result from these discussions.

While not part of the Settlement Agreement that was filed, WEPCO also worked with Walmart and Roundy's to address their concerns relating to the Cg-3 tariff. Walmart, Roundy's, and RENEW proposed changes to lower demand chargers and proportionately increase energy charges for WEPCO's Cg-3 customer classes. WEPCO does not oppose those objections. The Commission finds that increasing the demand charges and decreasing energy charges for the Cg-3 tariffs as proposed, is reasonable as it brings the Cg-3 customer class closer to the cost of service.

Changes to Cp-1

WEPCO did not, as part of this case, propose any significant changes to the overall design of the Cp-1 tariff. It did, however, propose to shift revenue allocation away from energy charges and towards demand charges as an incremental step towards cost of service.

The Cp-1 tariff has historically included a customer maximum demand charge with a 12-month “ratchet” meaning it is based on the customer’s peak demand during a rolling 12-month period.

MMSD proposed structural changes to ratcheted customer demand charges for WEPCO’s CP-1 customer class. The genesis for this proposal appears to be the individual impacts the ratchet has on MMSD due to MMSD’s unique load. MMSD stated that as a sewage utility, it does not apply a ratchet demand charge within its fee structure for its sewage customers. However, ratchet demand charges are designed for electric utility infrastructure, and are considered common charges for larger users of electricity in the utility industry. The Commission is not persuaded by MMSD’s arguments, as this would deviate from common electric utility demand charge structures. Other than information as to the impact of the ratchet on MMSD, it has offered no evidence as to the impacts of this change on the Cp-1 class as a whole. Rates are not set based on the demands or needs of a single customer within a broader customer class. In designing rates, the goal is to mitigate the risks of intra-class impacts.

Demand Charge for Cg-2

In docket 5-UR-107, the Commission authorized WEPCO to begin showing Cg-2 customers’ billable units for customer demand, with $0 per kW as a charge. This was done for Cg-2 customers to become familiar with these demand units, and plan for future customer demand charges. In this rate case, WEPCO proposed to initiate customer demand charges for the Cg-2 customer class starting in 2021. WEPCO proposed to initiate $2.00 per kW for this charge, and reduce the energy charge so that the revenues collected from Cg-2 would be neutral between authorized rates in 2020 and 2021. No party objected to this proposed change. The Commission also finds that it is reasonable for WEPCO to implement a new customer demand charge of $2.00 per kW for the Cg-2 customer class in 2021, and to reduce Cg-2 energy charges in 2021 in order to be tariff revenue neutral between expected revenues collected by WEPCO from Cg-2 customers in 2020 and 2021.

Cp-FN

In docket 5-UR-107, the Commission directed WEPCO to work with WIEG, other interested stakeholders, and Commission staff to evaluate its electric cost of service with respect to the seasonality of its costs, and to develop and submit a seasonally differentiated electric rate design proposal in its next base rate proceeding. Such a proposal was not submitted as part of this proceeding. WIEG proposed that WEPCO be directed to file seasonally differentiated energy charges in its next base rate case, and that the Cp-FN class be open to new customers. The Commission finds that WEPCO should work with WIEG before WEPCO's next rate case or rate case settlement to address these issues and potentially file changes to the seasonable differentials from Cp-1 Primary Time-of-Use (TOU) class to the Cp-FN rate, and to review reopening of the Cp-FN rate to new customers.

Overall Rate Design

WEPCO proposed an electric rate design that held customer charges constant for residential and small commercial customers, with changes to energy charges and demand charges to reflect WEPCO's base COSS model results for both revenue allocation and rate design. Commission staff used the same rate design structure proposed by WEPCO, and made changes only to energy charges to reflect the Commission staff revenue allocation described above. No other Parties proposed a complete rate design for all customer classes.

The Commission finds that the rate design proposed by WEPCO, with changes proposed by Walmart, Roundy's, and RENEW, is reasonable. The authorized rates appear in Appendix B. The Commission also discussed the impacts of final fuel adjustments on rate design, and finds that embedding the fuel cost savings in base energy charges on a per kilowatt-hour basis is reasonable.

Electric Rate and Rule Tariff Language Changes

WEPCO's Proposed Residential Electric Vehicle Program

As part of its application, WEPCO proposed an incentive program for its residential customers who own plug-in electric vehicles (PEV) to purchase and install their own at-home chargers. The proposed program would have offered up to a $1,000 incentive per customer to install a charger that meets electrical certifications and standards, and would have required the participating customer to enroll in one of WEPCO's TOU rates in order to charge the vehicle at home. Commission staff and intervenors submitted testimony regarding the costs and benefits of the program, as well as additional criteria and reporting requirements for the REV program.

The Commission is not convinced that the proposed REV program is reasonable as proposed. Electric vehicles, and the appropriate role of utility Commissions, is a hot topic in the industry. The Commission has an open generic docket, docket 5-EI-156, where this and other related issues are being examined. The Commission applauds We Energies' initiative in coming forward with this proposed program, but further work and analysis is required. While there were components of the program that are appealing to the Commission (such as a TOU rate and requirement for a separate meter), other components are not as developed and lack supporting record evidence. In particular, the Commission finds that there was insufficient record evidence as to the basis for the incentive amount proposed. The record included two sources of information, but those sources only included nationwide averages. Without more Wisconsin-specific cost data, the Commission is not convinced that the incentive amount as proposed, or even the Commission staff's proposed revisions, is reasonable. Accordingly, WEPCO's request for authorization of the REV pilot program is denied, without prejudice.

Chairperson Valcq dissented, and would have accepted the REV program with modifications and reporting requirements.

Parallel Generation Buyback Rates

Within direct testimony, Commission staff presented an alternative methodology for determining WEPCO's avoided capacity buyback rates for its parallel generation tariffs, also known as Customer Generation System tariffs. RENEW, ELPC, Vote Solar, and Sierra Club proposed that the Cost-of-New-Entry (CONE) method be used to determine capacity values. WEPCO proposed that there was insufficient evidence in this case to suggest an alternative methodology, and that the current reference to the MISO clearing price for the PRA remains appropriate.

Both WEPCO and Commission staff stated in rebuttal testimonies that there was likely insufficient evidence in the record to conclude whether a different methodology or value should be used for avoided capacity costs. Reference to the MISO PRA has been approved for several

WEPCO rate cases, as well as for other electric utilities in Wisconsin. The Commission agrees that the record in this proceeding was insufficient for the Commission to determine whether any alternative methodology should be used for avoided capacity at this time. Additionally, the Commission was not convinced that a Commission investigation into this issue is appropriate at this time.

Chairperson Valcq dissented, and would have supported the reference of CONE, as well as opening a Commission investigation into avoided capacity costs used across the state.

Energy for Tomorrow Program

In direct testimony, Commission staff proposed that WEPCO be required to list renewable resources used for its Energy for Tomorrow program, and that WEPCO submit a new cost analysis with its next rate case with suggested criteria. The Commission finds that WEPCO shall work with Commission staff to perform a new analysis before its next rate case, and to list renewable resources used for the program with its next rate case application.

Other Tariff Changes

The Commission finds that the uncontested issue to cancel WEPCO's CGS-7 tariff, and close the MS-3, MS-4, and Gl-1 tariffs to be reasonable. The Commission also finds that the uncontested issue for WEPCO to work with Commission staff on issues pertaining to budget billing in a separate docket to be reasonable.

Steam Revenue Allocation and Rate Design

WEPCO proposed a steam revenue allocation and rate design, and Commission staff agreed with the WEPCO's rate design. The overall steam increase is 8.65 percent for 2020. WEPCO's proposed steam allocation and rate design was uncontested, and the Commission finds that the steam revenue allocation and rate design proposed by WEPCO is reasonable. Additionally, the Commission finds that the uncontested issue of a new calculated base cost of fuel, as proposed by Commission staff, is reasonable.

Natural Gas COSS and Rates

Natural Gas COSS

WE-GO, WG, CUB, MEPS, WIEG, and Commission staff testified regarding cost-of-service issues and the appropriate allocation methods for allocating the plant and operating expenses that make up WE-GO and WG's natural gas revenue requirements. WE-GO and WG prepared three COSS studies—Base, Alt and B—for both WE-GO and WG. The Base COSS is a customer-oriented COSS, the more commodity-oriented study is B COSS, with the Alt COSS between the other two studies. Base COSS allocates costs based on number of customers, average usage and peak demand; whereas, B COSS allocates main-related costs on commodity and customer demands, not on number of customers. Customer-oriented studies generally result in higher costs to low-volume service rate classes and lower costs to large-volume service rate classes, when compared to the results of commodity-oriented COSS.

The Commission has not endorsed a particular natural gas COSS methodology in the past and has relied on the results of all of the COSS to provide a range of reasonableness for revenue allocation and rate design. The Commission finds that this continues to be a reasonable approach to setting natural gas rates.

Natural Gas Rates

Revenue Recovery Adequacy of Service Class Rates

WE-GO, WG, MEPS, and Commission staff prepared comprehensive revenue allocation and rate design proposals. While CUB and WIEG did not prepare a COSS or a comprehensive rate design, they contributed to the cost-of-service, revenue allocation, and rate design discussion contained in the record. CUB and WEIG settled upon an agreed across-the-board rate increase.

Overall, the rates authorized for WE-GO in Appendix D of this Final Decision will provide an 8.70 percent rate of return on the average gas net investment rate base. This represents an increase of 2.82 percent in margin rates and a 1.35 percent in total natural gas sales revenues excluding impacts of EDIT bill surcharges. Margin rates exclude natural gas costs from the increase calculations.

Authorized rates for WE-GO as set forth in Appendix D are based on the cost of supplying natural gas service to the various service rate classes and other rate setting goals. A summary of the revenue rate impacts on a service rate class is shown in Appendix D. Appendix D also shows some typical WE-GO natural gas bills for residential service, comparing existing rates with new rates including the cost of natural gas.

The Commission finds that the natural gas revenue allocation and rate design for WE-GO proposed by Commission staff in Ex.-PSC-Hamill-1r, as adjusted for the final revenue requirement, are reasonable.

Overall, the rates authorized for WG Appendix E of this Final Decision will provide an 8.37 percent rate of return on the average gas net investment rate base. This represents an increase of 0.48 percent in margin rates and a 0.27 percent in total natural gas sales revenues excluding the impacts of EDIT bill credits.

Authorized WG rates as set forth in Appendix E are based on the cost of supplying natural gas service to the various service rate classes and other rate setting goals. A summary of the revenue rate impacts on a service rate class is shown in Appendix E.

The natural gas COSS results in a relatively wide range of changes in the charges to the various WE-GO and WG service rate classes. The percentage rate change to any individual customer will not necessarily equal the overall percentage change to the associated service rate class, but will depend on the specific usage level of the customer.

The Commission determines that the natural gas revenue allocation and natural gas rate design for WG, as adjusted for the final revenue requirement, are reasonable.

Natural Gas Telemetry Device Tariff Changes

WE-GO and WG proposed to eliminate the one-time $1,250 installation charge for a mandatory required telemetry device, and instead charge a $0.20 per day fee. In docket 5-TG-100, Commission staff and the parties presented various options for grandfathering customers who have already paid the $1,250 telemetry fee. WE-GO and WG proposed to grandfather those customers until the next rate proceeding. In 5-TG-100, Commission staff calculated that the payback period for those who paid the $1,250, using the fee per day would be 17 years. In this proceeding, Commission staff proposed grandfathering such customers for 5 years. MEPS proposed permanently grandfathering such customers.

The Commission finds that it is reasonable for WE-GO and WG customers that are installing a new telemetry device to be subject to a $0.20 per day fee. Existing WE-GO and WG customers who already have paid the existing one-time $1,250 fee, will be exempt from the daily fee until January 1, 2030, or the date when the customer's meter is replaced, whichever occurs sooner. The new tariffs are shown in Appendices D and E. These changes shall be in effect until the Commission issues an order establishing new rates and tariff provisions.

Natural Gas Rate and Rule Tariff Changes

WE-GO and WG proposed the following tariff changes:

- Aligning the annual rate review processes across WEC Energy Group's Wisconsin natural gas utilities.
- Modify the rate review process for Agricultural Seasonal Use customers.
- Creating a new customer class for the largest commercial and industrial customers, with a rate design that is substantially fixed charges.
- Changing the monetization of WE-GO's and WG's treatment of Lost-And-Unaccounted For gas to a "gas-in-kind" approach similar to that used by Wisconsin Public Service Corporation.
- Aligning tariff purchased gas cost adjustment language across WEC Energy Group's Wisconsin natural gas utilities by foregoing the use of the 48-month average capacity release and instead using forecasted capacity release in the gas supply plan.
- Create a power generation interruptible sales service.
- Administrative changes for the minimum payment option and budget billing settlement.

The Commission finds that these tariff modifications are reasonable.

Conditions on Approval of Settlement Agreement

Based on the recommendations from Commission staff, the Commission concludes that it is reasonable to condition the Commission's approval of the Settlement Agreement, pursuant to its authority under Wis. Stat. §§ 196.026(8) and 196.395, upon the following:

1) With regard to the provisions relating to generation planning, the cost benefit analysis shall include "the remaining investment costs from the plant to be

retired," along with the existing specification to include the impact of replacement power cost.

2) WEPCO's retirement proposals shall be submitted to the Commission and Commission staff.

3) The results of MISO Y2 analyses shall be shared with Commission staff as well as the settling parties.

On October 31, 2019, the Commission issued on Order to Reopen the Record and Request for Comments (PSC REF#: 378561) requesting clarification from the Settling Parties on: 1) the timing of when WEPCO would provide copies of proposals with the Commission relating to retirement of plants pursuant to the Settlement Agreement; and 2) whether the Parties supported the inclusion of an condition specifying that the material provided to Commission staff as part of generating plant retirement proposals include MISO's forms for Attachment Y, Attachment Y1, and Attachment Y2, any supporting documents referenced in those forms, and any other documents submitted as part of the proposal. On November 8, 2019, We Energies filed its statement of clarification. (PSC REF#: 379060). It explained that it commits to providing any proposal to retire an electric generating unit no more than 30 days after its filing with a regional transmission organization, and was supportive of Commission staff's condition regarding the submittal of MISO's forms for Attachment Y, Attachment Y1, Attachment Y2, as well as documents referenced in those forms and any other documents submitted as part of the retirement proposal.

Accordingly, the Commission finds that it is reasonable to impose the following additional conditions:

1) WEPCO shall provide to the Commission, Commission staff, and the parties to the Settlement Agreement any proposal to retire an electric generating unit no more than 30 days after its filing with regional transmission organization.

2) WEPCO shall provide to Commission, in conjunction with the retirement proposal discussed above, any related Attachment Y2, Attachment Y1, and Attachment Y forms, as well as documents referenced in those forms and any other documents submitted as part of the retirement proposal.

Order

1. The Settlement Agreement, as modified and conditioned by this Final Decision, is approved.

2. The authorized rate increases and tariff provisions that restrict the terms of service may take effect January 1, 2020, provided that We Energies files these rates and tariff provisions with the Commission and makes them available to the public pursuant to Wis. Stat. § 196.19, Wis. Admin. Code §§ PSC 113.406(1)(a) and 134.05 by that date. If these rate increases and tariff provisions are not filed with the Commission and made available to the public by that date, they take effect on the date they are filed with the Commission and made available to the public.

3. We Energies may revise its existing rates and tariff provisions for electric, natural gas, and steam utility service, substituting the rate increases and tariff provisions that restrict the terms of service, as shown in Appendices B, C, D, and E or as described in this Final Decision. These changes shall be in effect until the Commission issues an order establishing new rates and tariff provisions.

4. By January 1, 2020, We Energies shall revise its existing rates and tariff provisions for electric, natural gas, and steam utility service, substituting the rate decreases and tariff provisions that expand the terms of service, as shown in Appendices B, C, D, and E or as described in this Final Decision. These changes shall be in effect until the Commission issues an order establishing new rates and tariff provisions.

5. We Energies shall prepare bill messages that properly identify the rates authorized in this Final Decision. WEPCO/WG shall provide the messages to customers no later than the first billing containing the rates authorized in this Final Decision, and shall file copies of these bill messages with the Commission before it provides the messages to customers.

6. We Energies shall file tariffs consistent with this Final Decision.

7. The electric fuel costs in Appendix F shall be used for monitoring WEPCO's 2020 fuel costs pursuant to Wis. Admin. Code § PSC 116.06(3).

8. All 2020 fuel costs shall be monitored using a plus or minus 2 percent tolerance band.

9. WEPCO electric shall implement a volumetric bill credit ($/kWh) to return $66,028,000 of EDIT balances annually to customers beginning January 1, 2020 and ending on December 31, 2021.

10. WE-GO shall implement a volumetric bill surcharge ($/therm) to collect $5,280,000 of EDIT balances annually from customers beginning January 1, 2020 and ending on December 31, 2023.

11. WEPCO VA Steam shall implement a volumetric bill surcharge ($/MLB) to collect $2,016,000 of EDIT balances annually from customers beginning January 1, 2020 and ending on December 31, 2023.

12. WG gas shall implement a volumetric bill credit ($/therm) to return $3,084,000 of EDIT balances annually to customers beginning January 1, 2020 and ending on December 31, 2023.

13. All EDIT related bill credits and surcharges shall be trued-up annually in accordance with docket 5-AF-101.

14. Any savings from the TCJA not addressed in the Settlement Agreement shall be addressed in docket 5-AF-101.

15. WEPCO shall submit an application in a separate docket for a financing order, under Wis. Stat. § 196.027, to issue environmental trust bonds for the securitization of $100 million of the undepreciated book value of environmental controls at P4.

16. WEPCO shall recover the PIPP SSR regulatory asset, net of mine margins, over 15 years, with a carrying cost of WEPCO electric’s long-term debt rate.

17. WE-GO shall recover the Bluewater Natural Gas Storage LLC gas storage reservation charges in its base rates consistent with the Commission’s Final Decision in docket 5-DR-112, Commission staff’s audit in this docket, and the discussion in this Final Decision.

18. WG shall recover the Bluewater Natural Gas Storage LLC gas storage reservation charges in its base rates consistent with the Commission’s Final Decision in docket 5-DR-112, Commission staff’s audit in this docket, and the discussion in this Final Decision.

19. WE-GO shall modify and file evidence of the modification in its gas plan in docket 6630-GP-2019 to reflect the recovery of the Bluewater Natural Gas Storage LLC gas storage reservation charges in its base rates beginning January 1, 2020.

20. WG shall modify and file evidence of the modification its gas plan in docket 6650-GP-2019 to reflect the recovery of the Bluewater Natural Gas Storage LLC gas storage reservation charges in its base rates beginning January 1, 2020.

21. WE-GO is authorized escrow accounting treatment for Bluewater Natural Gas Storage LLC gas storage reservation charges included in base rates with an estimate of $14,394,000.

22. WG is authorized escrow accounting treatment for Bluewater Natural Gas Storage LLC gas storage reservation charges included in base rates with an estimate of $20,730,000.

23. Continued escrow accounting treatment is authorized for WEPCO electric, WE-GO and WG bad debt expenses with estimates of $19,672,000 for WEPCO electric, $2,682,000 for WE-GO, and $13,001,000 for WG in 2020 and 2021, respectively, or until the Commission authorizes a different amortization expense to be recorded.

24. WEPCO electric shall record $42,375,000 of conservation escrow amortization expense annually for 2020 and 2021 or until the Commission authorizes a different amortization expense to be recorded.

25. WE-GO shall record $5,813,000 of conservation escrow amortization expense annually for 2020 and 2021 or until the Commission authorizes a different amortization expense to be recorded.

26. WG shall record $6,903,000 of conservation escrow amortization expense annually for 2020 and 2021 or until the Commission authorizes a different amortization expense to be recorded.

27. WEPCO electric shall record $970,000 of escrowed Agriculture Service Program amortization expense annually for 2020 and 2021 or until the Commission authorizes a different amortization expense to be recorded.

28. For 2020 and 2021, WEPCO and WG are authorized to retain 100 percent of the first 25 basis points of earnings above their respective ROEs. WEPCO and WG will return to customers an amount equal to 50 percent of earnings between 25 and 50 basis points above their respective authorized ROEs. WEPCO and WG will return to customers 100 percent of earnings exceeding 75 basis points above their respective authorized ROEs. In determining earnings subject to the RSM, it is reasonable to measure ROE on a Fuel Rules basis under Wis. Admin. Code ch. PSC 116.

29. WEPCO and WG are authorized to create a regulatory asset or liability for pension settlement costs or benefits as defined in the Final Decision in docket 5-UI-104 until December 31, 2021.

30. The annual expense amounts itemized in Appendix H, shall be recorded for all items listed for 2020 and 2021 or until the Commission authorizes a different amortization expense to be recorded.

31. The escrow of network transmission charges and credits from ATC and MISO is extended through 2021. Any FERC-ordered ATC and MISO retroactive transmission asset rate

of return refunds and any SSR costs and credit true-ups shall be escrowed for return to, or collection from, ratepayers in WEPCO's next fuel or rate case proceeding.

32. WEPCO shall maintain a long-term range of 50.00 to 55.00 percent for its common equity ratio, on a financial basis.

33. WG shall maintain a long-term range of 50.00 to 55.00 percent for its common equity ratio, on a financial basis.

34. WEPCO and WG shall submit ten-year financial forecasts in their next rate proceedings.

35. WEPCO and WG may not pay dividends in excess of the amount forecasted in this proceeding if such dividends cause the average annual common equity ratio, on a financial basis, to fall below the test-year authorized level of 52.50 percent.

36. WEPCO shall submit in its next rate case application detailed information regarding all off-balance sheet obligations for which the financial markets will calculate a debt equivalent. The information shall include, at minimum, the minimum annual lease and purchased power agreement obligations; the method of calculation along with the calculated amount of the debt equivalent; and supporting documentation, including all reports, correspondence, and any other justification that clearly establish S&P's and other major credit rating agencies' determination of the off-balance sheet debt equivalent, to the extent available, and publicly available documentation if S&P's and other credit rating agencies' documentation is not available.

37. All authorized amortizations shall begin on January 1, 2020, or as of the effective date of this Final Decision, whichever is later.

38. WEPCO and WG shall maintain residential and small commercial customer electric and natural gas customer fixed charges at currently authorized rates in 2020 and 2021.

39. Prior to December 31, 2021, WEPCO-electric shall not modify its real time pricing tariffs and programs from those authorized in docket 5-UR-108 except for those tariff modifications included in the Settlement Agreement as discussed in this Final Decision.

40. WEPCO shall work with WIEG and CUB on new rates or other innovative utility programs targeted at industrial, residential and small commercial customers, respectively.

41. WEPCO shall provide to CUB, prior to WEPCO's next rate case proceeding, the results of a detailed household burden index analysis which will evaluate electric and natural gas utility customers' bills as a percentage of household income. This analysis shall be conducted with a county-by-county level of resolution or better.

42. WEPCO shall lower demand charges and proportionately increase energy charges for WEPCO's Cg-3 customer classes as proposed by Walmart, Roundy's and RENEW.

43. In order to implement a new customer demand charge for the Cg-2 customer class effective January 1, 2021, WEPCO shall submit a request to the Commission to receive a tariff amendment, and make final form tariff changes for this class before the end of 2020.

44. WEPCO shall work with Commission staff and WIEG to address in WEPCO's next rate case or rate case settlement filing changes to the seasonable differentials from Cp-1 Primary Time of Use class to the Cp-FN rate, and to review reopening the Cp-FN rate to new customers.

45. WEPCO is directed work with Commission staff to perform an analysis of its Energy for Tomorrow program before its next rate case, and to list renewable resources used for the program with its next rate case application.

46. WEPCO is directed to work with Commission staff on issues pertaining to budget billing in relation to Rules and Regulations, and request any proposed changes in a separate docket.

47. WE-GO and WG customers installing a new telemetry device shall be subject to a $0.20 per day fee. WE-GO and WG customers who already have paid the existing one-time $1,250 telemetry device fee, shall be exempt from the daily fee until January 1, 2030, or the date when the customer's meter is replaced, whichever occurs sooner.

48. With regard to the Settlement Agreement's provisions relating to generation planning:

a. WEPCO shall work collaboratively with WIEG, CUB and Commission staff to review alternatives to the Point Beach PPA.

b. Prior to retiring any units in the future, the justification to retire on an economic basis shall include a cost benefit analysis that incorporates the impact of replacement power. WEPCO shall include "the remaining investment costs from the plant to be retired," along with the existing specification to include the impact of replacement power costs, in the cost benefit analysis. This analysis shall be vetted with WIEG, CUB and Commission staff on a confidential basis.

c. WEPCO shall submit all retirement proposals to the Commission and Commission staff.

d. WEPCO shall share and brief the results of MISO Y2 analyses with Commission staff as well as CUB and WIEG. The briefings by WEPCO shall be made by senior management and shall be provided, as soon as reasonably practicable, after WEPCO received the results of its requested Attachment Y2 analysis from MISO and a decision to retire a plant has been made.

e. WEPCO shall not more than 30 days after it files a proposal to retire an electric generating plant with a regional transmission organization, provide that proposal in its entirety to the Commission, including Commission staff.

f. WEPCO shall provide to Commission staff as part of generating plant retirement proposals all of MISO's forms for Attachment Y, Attachment Y1, and Attachment Y2, any supporting documents referenced in those forms, and any other documents submitted as part of the proposal.

49. The Commission's determination in this matter is based on the specific facts presented in the Settlement Agreement, is not precedential, and shall not be construed as applicable to any other situation outside of this particular settlement.

50. The requirements in prior Commission orders that are not expressly addressed in this Final Decision remain in effect and are not superseded by this Final Decision.

51. Jurisdiction is retained.

Dated at Madison, Wisconsin, the 19th day of December, 2019.

By the Commission:

Steffany Powell Coker

Steffany Powell Coker
Secretary to the Commission

SPC:PPS:jlt:DL:01706210

Attachments

See attached Notice of Rights

PUBLIC SERVICE COMMISSION OF WISCONSIN
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NOTICE OF RIGHTS FOR REHEARING OR JUDICIAL REVIEW, THE TIMES ALLOWED FOR EACH, AND THE IDENTIFICATION OF THE PARTY TO BE NAMED AS RESPONDENT

The following notice is served on you as part of the Commission's written decision. This general notice is for the purpose of ensuring compliance with Wis. Stat. § 227.48(2), and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

PETITION FOR REHEARING

If this decision is an order following a contested case proceeding as defined in Wis. Stat. § 227.01(3), a person aggrieved by the decision has a right to petition the Commission for rehearing within 20 days of the date of service of this decision, as provided in Wis. Stat. § 227.49. The date of service is shown on the first page. If there is no date on the first page, the date of service is shown immediately above the signature line. The petition for rehearing must be filed with the Public Service Commission of Wisconsin and served on the parties. An appeal of this decision may also be taken directly to circuit court through the filing of a petition for judicial review. It is not necessary to first petition for rehearing.

PETITION FOR JUDICIAL REVIEW

A person aggrieved by this decision has a right to petition for judicial review as provided in Wis. Stat. § 227.53. In a contested case, the petition must be filed in circuit court and served upon the Public Service Commission of Wisconsin within 30 days of the date of service of this decision if there has been no petition for rehearing. If a timely petition for rehearing has been filed, the petition for judicial review must be filed within 30 days of the date of service of the order finally disposing of the petition for rehearing, or within 30 days after the final disposition of the petition for rehearing by operation of law pursuant to Wis. Stat. § 227.49(5), whichever is sooner. If an *untimely* petition for rehearing is filed, the 30-day period to petition for judicial review commences the date the Commission serves its original decision.[13] The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

If this decision is an order denying rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not permitted.

Revised: March 27, 2013

[13] *See Currier v. Wisconsin Dep't of Revenue*, 2006 WI App 12, 288 Wis. 2d 693, 709 N.W.2d 520.

APPENDIX A

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Docket 5-UR-109							Appendix B

We Energies Authorized Electric Rates

05-UR-109

Rate Class	Present Rates	Quantity	Revenues	2020 Authorized Rates	Quantity	Revenues	Percent Change
Residential Flat Rate - Rg1							
Facilities Charge							
Single PH per Day	$0.52602	364,717,582	$191,848,742	$0.52602	364,717,582	$191,848,742	0.00%
Three PH per Day	$0.52602	127,221	$66,921	$0.52602	127,221	$66,921	0.00%
Extra Meters per Day	$0.05951	567,300	$33,760	$0.05951	567,300	$33,760	0.00%
Energy Charge	$0.13111	7,346,701,149	$963,225,988	$0.13724	7,346,701,149	$1,008,261,266	4.68%
Fuel Adjustment	-$0.00128	7,346,701,149	-$9,403,777	$0.00000	7,346,701,149	$0	0.00%
Tax Credit	$0.00000	7,346,701,149	$0	-$0.00455	7,346,701,149	-$33,427,490	0.00%
Act 141 Capped Credits	-$0.00195	0	$0	-$0.00100	0	$0	
Total Rg1 Revenue			**$1,145,771,633**			**$1,166,783,199**	**1.83%**
Farm Flat Rate - Fg1							
Facilities Charge							
Single PH per Day	$0.52602	3,984,003	$2,095,665	$0.52602	3,984,003	$2,095,665	0.00%
Three PH per Day	$0.52602	216,155	$113,702	$0.52602	216,155	$113,702	0.00%
Extra Meters per Day	$0.05951	251,808	$14,985	$0.05951	251,808	$14,985	0.00%
Energy Charge	$0.13111	169,106,236	$22,171,519	$0.13724	169,106,236	$23,208,140	4.68%
Fuel Adjustment	-$0.00128	169,106,236	-$216,456	$0.00000	169,106,236	$0	0.00%
Tax Credit	$0.00000	169,106,236	$0	-$0.00455	169,106,236	-$769,433	0.00%
Act 141 Capped Credits	-$0.00195	0	$0	-$0.00100	0	$0	
Total Fg1 Revenue			**$24,179,415**			**$24,663,059**	**2.00%**
Residential Small TOU - Rg2							
Facilities Charge							
Single PH per Day	$0.52602	5,882,209	$3,094,160	$0.52602	5,882,209	$3,094,160	0.00%
Three PH per Day	$0.52602	15,923	$8,376	$0.52602	15,923	$8,376	0.00%
Extra Meters per Day	$0.05951	149,694	$8,908	$0.05951	149,694	$8,908	0.00%
Energy Charge							
On-Peak	$0.19680	71,720,121	$14,114,520	$0.19625	71,720,121	$14,075,074	-0.28%
Off-Peak	$0.08964	153,492,148	$13,759,036	$0.08868	153,492,148	$13,611,684	-1.07%
Fuel Adjustment	-$0.00128	225,212,269	-$288,272	$0.00000	225,212,269	$0	0.00%
Tax Credit	$0.00000	225,212,269	$0	-$0.00309	225,212,269	-$695,906	0.00%
Act 141 Capped Credits	-$0.00195	0	$0	-$0.00100	0	$0	
Total Rg2 Revenue			**$30,696,728**			**$30,102,295**	**-1.94%**

We Energies Authorized Electric Rates 05-UR-109							
Rate Class	**Present Rates**	**Quantity**	**Revenues**	**2020 Authorized Rates**	**Quantity**	**Revenues**	**Percent Change**
General Secondary Flat Rate - Cg1							
Facilities Charge							
Single PH per Day	$0.52602	24,039,042	$12,645,017	$0.52602	24,039,042	$12,645,017	0.00%
Three PH per Day	$0.52602	10,440,162	$5,491,734	$0.52602	10,440,162	$5,491,734	0.00%
Extra Meters per Day	$0.05951	6,033,510	$359,054	$0.05951	6,033,510	$359,054	0.00%
Energy Charge	$0.13282	1,668,189,992	$221,568,995	$0.13214	1,668,189,992	$220,434,626	-0.51%
Fuel Adjustment	-$0.00128	1,668,189,992	-$2,135,283	$0.00000	1,668,189,992	$0	-100.00%
Tax Credit	$0.00000	1,668,189,992	$0	-$0.00335	1,668,189,992	-$5,588,436	0.00%
Act 141 Cost:							
Act 141 Capped Contribution	73,542,000	$0.00065	$47,733	73,542,000	$0.00065	$47,733	0.00%
Act 141 Capped Credits	73,542,000	-$0.00320	-$235,334	73,542,000	-$0.00243	-$178,663	-24.08%
Total Cg1 Revenue			**$237,741,915**			**$233,211,064**	**-1.91%**
General Secondary Small TOU - Cg6							
Facilities Charge							
Single PH per Day	$0.52602	2,373,778	$1,248,655	$0.52602	2,373,778	$1,248,655	0.00%
Three PH per Day	$0.52602	168,450	$88,608	$0.52602	168,450	$88,608	0.00%
Extra Meters per Day	$0.05951	191,052	$11,370	$0.05951	191,052	$11,370	0.00%
Energy Charge							
On-Peak Level	$0.20101	39,565,809	$7,953,123	$0.19814	39,565,809	$7,839,569	-1.43%
Off-Peak Level	$0.09137	84,650,246	$7,734,493	$0.08954	84,650,246	$7,579,583	-2.00%
Fuel Adjustment	-$0.00128	124,216,055	-$158,997	$0.00000	124,216,055	$0	-100.00%
Tax Credit	$0.00000	124,216,055	$0	-$0.00296	124,216,055	-$367,680	0.00%
Act 141 Cost:							
Act 141 Capped Contribution	20,848,000	$0.00048	$10,023	20,848,000	$0.00048	$10,023	
Act 141 Capped Credits	20,848,000	-$0.00320	-$66,714	20,848,000	-$0.00243	-$50,648	
Total Cg6 Revenue			**$16,820,561**			**$16,359,480**	**-2.74%**
General Secondary Transmission Substation - TSSM & TSSU							
Facilities Charge							
TSSM Single PH per Day (tied to CG-1 by Tariff)	$0.52602	13,726	$7,220	$0.52602	13,726	$7,220	0.00%
TSSM Three PH per Day (tied to Cg-1 by Tariff)	$0.52602	0	$0	$0.52602	0	$0	0.00%
TSSU Facilities per Month (tied to TE1 by Tariff)	$4.000	1,144	$4,577	$4.250	1,144	$4,863	6.25%
TSSM Extra Meters per Day	$0.05951	0	$0	$0.05951	0	$0	0.00%
Energy Charge							
TSSM Annual (tied to Cg-1 by Tariff)	$0.13282	642,259	$85,305	$0.13214	642,259	$84,868	-0.51%
TSSU Annual (tied to Cg-1 by Tariff)	$0.13282	4,231,286	$561,999	$0.13214	4,231,286	$559,122	-0.51%
Fuel Adjustment	-$0.00128	4,873,545	-$6,238	$0.00000	4,873,545	$0	-100.00%
Tax Credit	$0.00000	4,873,545	$0	-$0.00335	4,873,545	-$16,326	0.00%
Act 141 Cost:							
Act 141 Capped Contribution	4,873,545	$0.00070	$3,394	4,873,545	$0.00070	$3,394	
Act 141 Capped Credits	4,873,545	-$0.00320	-$15,595	4,873,545	-$0.00243	-$11,840	
Total TSSM & TSSU Revenue			**$640,662**			**$631,301**	**-1.46%**

We Energies Authorized Electric Rates 05-UR-109							
Rate Class	**Present Rates**	**Quantity**	**Revenues**	**2020 Authorized Rates**	**Quantity**	**Revenues**	**Percent Change**
General Secondary Medium TOU Demand - Cg2							
Facilities Charge							
Facilities per Day	$1.12590	3,265,375	$3,676,486	$1.32000	3,265,375	$4,310,295	17.24%
Extra Meters per Day	$0.18542	4,061,502	$753,084	$0.18542	4,061,502	$753,084	0.00%
Energy Charge							
Annual On-Peak	$0.12101	688,614,380	$83,329,226	$0.11939	688,614,380	$82,213,671	-1.34%
Annual Off-Peak	$0.09017	829,737,506	$74,817,431	$0.08872	829,737,506	$73,614,312	-1.61%
Base Demand							
Minimum On-Peak	$2.630	1,142,622	$3,005,095	$2.630	1,142,622	$3,005,095	0.00%
Adjusted On-Peak	$4.230	348,963	$1,476,113	$4.230	348,963	$1,476,113	0.00%
Regular On-Peak	$6.860	4,004,323	$27,469,659	$6.860	4,004,323	$27,469,659	0.00%
Customer	$0.000	5,146,945	$0	$0.000	5,146,945	$0	0.00%
Fuel Adjustment	-$0.00128	1,518,351,886	-$1,943,490	$0.00000	1,518,351,886	$0	-100.00%
Tax Credit	$0.00000	1,518,351,886	$0	-$0.00254	1,518,351,886	-$3,856,614	0.00%
Act 141 Cost:							
Act 141 Capped Contribution	84,833,000	$0.00056	$47,900	84,833,000	$0.00056	$47,900	
Act 141 Capped Credits	84,833,000	-$0.00320	-$271,466	84,833,000	-$0.00243	-$206,094	
Total Cg2 Revenue			**$192,360,038**			**$188,827,421**	**-1.84%**
General Secondary Large TOU - Cg3							
Facilities Charge							
Facilities per Day	$1.12590	2,258,047	$2,542,335	$2.00	2,258,047	$4,516,094	77.64%
Extra Meters per Day	$0.15255	1,569,042	$239,357	$0.20000	1,569,042	$313,808	31.10%
Energy Charge							
Annual On-Peak	$0.07842	2,389,841,811	$187,411,395	$0.07135	2,389,841,811	$170,515,213	-9.02%
Annual Off-Peak	$0.05622	3,157,397,740	$177,508,901	$0.05088	3,157,397,740	$160,648,397	-9.50%
Base Demand							
Minimum On-Peak	$5.500	1,082,585	$5,954,218	$6.052	1,082,585	$6,551,600	10.03%
Adjusted On-Peak	$8.300	303,779	$2,521,366	$9.132	303,779	$2,774,110	10.02%
Regular On-Peak	$13.800	13,808,544	$190,557,909	$15.184	13,808,544	$209,666,324	10.03%
Customer	$1.850	18,369,716	$33,983,974	$2.55	18,369,716	$46,842,775	37.84%
Fuel Adjustment	-$0.00128	5,547,239,551	-$7,100,467	$0.00000	5,547,239,551	$0	-100.00%
Tax Credit	$0.00000	5,547,239,551	$0	-$0.00187	5,547,239,551	-$10,373,338	0.00%
Act 141 Cost:							
Act 141 Capped Contribution	1,162,103,000	$0.00038	$446,409	1,162,103,000	$0.00038	$446,409	
Act 141 Capped Credits	1,162,103,000	-$0.00320	-$3,718,730	1,162,103,000	-$0.00243	-$2,823,221	
Total Cg3 Revenue			**$590,346,668**			**$589,078,173**	**-0.21%**

We Energies Authorized Electric Rates 05-UR-109							
Rate Class	**Present Rates**	**Quantity**	**Revenues**	**2020 Authorized Rates**	**Quantity**	**Revenues**	**Percent Change**
General Secondary Curtailable - Cg3C							
Facilities Charge							
Facilities per Day	$3.50000	9,150	$32,025	$3.85000	9,150	$35,228	10.00%
Extra Meters per Day	$0.15255	0	$0	$0.20000	0	$0	15.00%
Energy Charge							
Annual On-Peak	$0.07842	9,804,138	$768,841	$0.07135	9,804,138	$699,525	-9.02%
Annual Off-Peak	$0.05622	15,243,467	$856,988	$0.05088	15,243,467	$775,588	-9.50%
Base Demand							
Minimum On-Peak	$5.500	6,928	$38,104	$6.052	6,928	$41,927	10.03%
Adjusted On-Peak	$8.300	2,663	$22,101	$9.132	2,663	$24,316	10.02%
Regular On-Peak	$13.800	54,005	$745,267	$15.184	54,005	$820,000	10.03%
Customer	$1.850	90,099	$166,683	$2.550	90,099	$229,753	37.84%
Curtailable Credit	-$0.02080	8,079,384	-$168,051	-$0.02080	8,079,384	-$168,051	0.00%
Fuel Adjustment	-$0.00128	25,047,606	-$32,061	$0.00000	25,047,606	$0	-100.00%
Tax Credit	$0.00000	25,047,606	$0	-$0.00187	25,047,606	-$46,839	0.00%
Act 141 Cost:							
Act 141 Capped Contribution	0	$0.00000	$0	0	$0.00000	$0	
Act 141 Capped Credits	0	-$0.00320	$0	0	-$0.00243	$0	
Total Cg3C Revenue			**$2,429,897**			**$2,411,446**	**-0.76%**
General Secondary Seasonal Curtailable - Cg3S							
Facilities Charge							
Facilities per Day	$3.50000	2,562	$8,967	$3.85000	2,562	$9,864	10.00%
Extra Meters per Day	$0.15255	0	$0	$0.20000	0	$0	15.00%
Energy Charge							
Annual On-Peak	$0.07842	7,818,623	$613,136	$0.07135	7,818,623	$557,859	-9.02%
Annual Off-Peak	$0.05622	8,457,625	$475,488	$0.05088	8,457,625	$430,324	-9.50%
Base Demand							
Minimum On-Peak	$5.500	9,504	$52,274	$6.052	9,504	$57,518	10.03%
Adjusted On-Peak	$8.300	3,490	$28,963	$9.132	3,490	$31,867	10.02%
Regular On-Peak	$13.800	40,205	$554,822	$15.184	40,205	$610,458	10.03%
Customer	$1.850	64,700	$119,695	$2.550	64,700	$164,985	37.84%
Curtailable Credit	-$2.000	18,925	-$37,850	-$2.000	18,925	-$37,850	0.00%
Fuel Adjustment	-$0.00128	16,276,248	-$20,834	$0.00000	16,276,248	$0	-100.00%
Tax Credit	$0.00000	16,276,248	$0	-$0.00187	16,276,248	-$30,437	0.00%
Act 141 Cost:							
Act 141 Capped Contribution	8,157,000	$0.00025	$2,030	8,157,000	$0.00025	$2,030	
Act 141 Capped Credits	8,157,000	-$0.00320	-$26,102	8,157,000	-$0.00243	-$19,817	
Total Cg3S Revenue			**$1,770,589**			**$1,776,801**	**0.35%**

We Energies Authorized Electric Rates 05-UR-109							
Rate Class	**Present Rates**	**Quantity**	**Revenues**	**2020 Authorized Rates**	**Quantity**	**Revenues**	**Percent Change**
General Primary - Cp1							
Facilities per Day-Low Voltage	$19.76010	17,202	$339,913	$19.76010	17,202	$339,913	0.00%
Facilities per Day - Med Voltage	$19.76010	192,606	$3,805,914	$19.76010	192,606	$3,805,914	0.00%
Facilities per Day - High Voltage	$19.76010	732	$14,464	$19.76010	732	$14,464	0.00%
Energy Charge							
On-Peak Energy - Low Voltage (Summer)	$0.07530	30,813,928	$2,320,289	$0.07808	30,813,928	$2,405,951	3.69%
On-Peak Energy - Med Voltage (Summer)	$0.07415	697,360,085	$51,709,250	$0.07687	697,360,085	$53,606,070	3.67%
On-Peak Energy - High Voltage (Summer)	$0.07324	6,049,178	$443,042	$0.07591	6,049,178	$459,193	3.65%
On-Peak Energy - Low Voltage (Winter)	$0.07530	54,723,937	$4,120,712	$0.06777	54,723,937	$3,708,641	-10.00%
On-Peak Energy - Med Voltage (Winter)	$0.07415	1,202,584,979	$89,171,676	$0.06672	1,202,584,979	$80,236,470	-10.02%
On-Peak Energy - High Voltage (Winter)	$0.07324	10,120,927	$741,257	$0.06588	10,120,927	$666,767	-10.05%
Off-Peak Energy - Low Voltage (Summer)	$0.05365	42,929,434	$2,303,164	$0.05028	42,929,434	$2,158,492	-6.28%
Off-Peak Energy - Med Voltage (Summer)	$0.05281	1,071,393,374	$56,580,284	$0.04949	1,071,393,374	$53,023,258	-6.29%
Off-Peak Energy - High Voltage (Summer)	$0.05118	11,734,903	$600,592	$0.04887	11,734,903	$573,485	-4.51%
Off-Peak Energy - Low Voltage (Winter)	$0.05365	78,298,538	$4,200,717	$0.05028	78,298,538	$3,936,851	-6.28%
Off-Peak Energy - Med Voltage (Winter)	$0.05281	1,874,509,497	$98,992,847	$0.04949	1,874,509,497	$92,769,475	-6.29%
Off-Peak Energy - High Voltage (Winter)	$0.05118	19,942,546	$1,020,660	$0.04887	19,942,546	$974,592	-4.51%
Demand Charge							
On-Peak - Low Voltage (Summer)	$13.720	160,493	$2,201,957	$17.699	160,493	$2,840,557	29.00%
On-Peak - Med Voltage (Summer)	$13.519	3,561,384	$48,146,348	$17.440	3,561,384	$62,110,534	29.00%
On-Peak - High Voltage (Summer)	$13.350	43,101	$575,399	$17.222	43,101	$742,287	29.00%
On-Peak - Low Voltage (Winter)	$13.720	281,953	$3,868,395	$12.733	281,953	$3,590,108	-7.19%
On-Peak - Med Voltage (Winter)	$13.519	6,191,513	$83,703,058	$12.547	6,191,513	$77,684,908	-7.19%
On-Peak - High Voltage (Winter)	$13.350	72,819	$972,139	$12.390	72,819.412	$902,233	-7.19%
Customer - Low Voltage	$1.400	557,555	$780,577	$2.25	557,555	$1,254,499	60.71%
Customer - Med Voltage	$1.380	11,876,118	$16,389,043	$2.23	11,876,118	$26,483,743	61.59%
Customer - High Voltage	$0.000	115,920	$0	$0.000	115,920	$0	0.00%
Fuel Adjustment	-$0.00128	5,100,461,326	-$6,528,591	$0.00000	5,100,461,326	$0	-100.00%
Tax Credit	$0.00000	5,100,461,326	$0	-$0.00142	5,100,461,326	-$7,242,655	0.00%
Act 141 Cost:							
Act 141 Capped Contribution	4,928,929,000	$0.00031	$1,547,534	4,928,929,000	$0.00031	$1,547,534	
Act 141 Capped Credits	4,928,929,000	-$0.00320	-$15,772,573	4,928,929,000	-$0.00243	-$11,974,373	
Total Cp1 Revenue			**$452,248,069**			**$456,618,910**	**0.97%**

We Energies Authorized Electric Rates 05-UR-109							
Rate Class	**Present Rates**	**Quantity**	**Revenues**	**2020 Authorized Rates**	**Quantity**	**Revenues**	**Percent Change**
General Primary Medium Voltage Curtailable - Cp3							
Facilities per Day	$19.76010	12,078	$238,662	$19.76010	12,078	$238,662	0.00%
Energy Charge							
On-Peak Energy-Low Voltage (Annual)	$0.07530	0	$0	$0.07121	0	$0	0.00%
On-Peak Energy-Med Voltage (Annual)	$0.07415	185,687,055	$13,768,695	$0.07010	185,687,055	$13,016,663	-5.46%
On-Peak Energy-High Voltage (Annual)	$0.07324	0	$0	$0.06922	0	$0	0.00%
Off-Peak Energy-Low Voltage (Annual)	$0.05365	0	$0	$0.05028	0	$0	0.00%
Off-Peak Energy-Med Voltage (Annual)	$0.05281	291,912,503	$15,415,899	$0.04949	291,912,503	$14,446,750	-6.29%
Off-Peak Energy-High Voltage (Annual)	$0.05118	0	$0	$0.04887	0	$0	0.00%
Demand							
On-Peak-Low Votlage (Annual)	$13.720	0	$0	$14.388	0	$0	0.00%
On-Peak-Med Votlage (Annual)	$13.519	1,065,109	$14,399,204	$14.178	1,065,109	$15,101,110	4.87%
On-Peak-High Votlage (Annual)	$13.350	0	$0	$14.001	0	$0	0.00%
Customer-Low Voltage	$1.400	0	$0	$2.250	0	$0	0.00%
Customer-Med Voltage	$1.380	1,875,174	$2,587,741	$2.230	1,875,174	$4,181,639	61.59%
Customer-High Voltage	$0.000	0	$0	$0.000	0	$0	0.00%
Curtailable Credit-Low Voltage	-$0.02028	0	$0	-$0.02028	0	$0	0.00%
Curtailable Credit-Med Voltage	-$0.02000	99,561,710	-$1,991,234	-$0.02000	99,561,710	-$1,991,234	0.00%
Curtailable Credit-High Voltage	-$0.01970	0	$0	-$0.01970	0	$0	0.00%
Fuel Adjustment	-$0.00128	477,599,558	-$611,327	$0.00000	477,599,558	$0	-100.00%
Tax Credit	$0.00000	477,599,558	$0	-$0.00142	477,599,558	-$678,191	0.00%
Act 141 Cost:							
Act 141 Capped Contribution	373,815,000	$0.00045	$169,334	373,815,000	$0.00045	$169,334	
Act 141 Capped Credits	373,815,000	-$0.00320	-$1,196,208	373,815,000	-$0.00243	-$908,149	
Total Cp3 Revenue			**$42,780,766**			**$43,576,584**	**1.86%**

We Energies Authorized Electric Rates 05-UR-109							
Rate Class	**Present Rates**	**Quantity**	**Revenues**	**2020 Authorized Rates**	**Quantity**	**Revenues**	**Percent Change**
General Primary Seasonal Curtailable - Cp3S							
Facilities per Day	$19.76010	2,196	$43,393	$19.76010	2,196	$43,393	0.00%
Energy Charge							
Annual On-Peak - Low Voltage	$0.07530	3,341,871	$251,643	$0.07121	3,341,871	$237,975	-5.43%
Annual Off-Peak - Low Voltage	$0.05365	5,817,623	$312,115	$0.05028	5,817,623	$292,510	-6.28%
Annual On-Peak - Medium Voltage	$0.07415	20,998,976	$1,557,074	$0.07010	20,998,976	$1,472,028	-5.46%
Annual Off-Peak - Medium Voltage	$0.05281	33,177,608	$1,752,109	$0.04949	33,177,608	$1,641,960	-6.29%
Annual On-Peak - High Voltage	$0.07324	0	$0	$0.06922	0	$0	0.00%
Annual Off-Peak - High Voltage	$0.05118	0	$0	$0.04887	0	$0	0.00%
Demand							
On-Peak - Low Voltage (Annual)	$13.720	18,922	$259,604	$14.388	18,922	$272,243	4.87%
On-Peak - Med Voltage (Annual)	$13.519	134,531	$1,818,725	$14.178	134,531	$1,907,381	4.87%
On-Peak - High Voltage (Annual)	$13.350	0	$0	$14.001	0	$0	0.00%
Customer - Low Voltage	$1.400	21,334	$29,867	$2.250	21,334	$48,000	60.71%
Customer - Medium Voltage	$1.380	160,914	$222,061	$2.230	160,914	$358,837	61.59%
Customer - High Voltage	$0.000	0	$0	$0.000	0	$0	0.00%
Curtailable Credit - Low Voltage	-$2.00	4,273	-$8,547	-$2.00	4,273	-$8,547	0.00%
Curtailable Credit - Medium Voltage	-$2.00	30,051	-$60,102	-$2.00	30,051	-$60,102	0.00%
Curtailable Credit - High Voltage	-$2.00	0	$0	-$2.00	0	$0	0.00%
Fuel Adjustment	-$0.00128	63,336,078	-$81,070	$0.00000	63,336,078	$0	-100.00%
Tax Credit	$0.00000	63,336,078	$0	-$0.00142	63,336,078	-$89,937	0.00%
Act 141 Cost:							
Act 141 Capped Contribution	54,322,000	$0.00072	$38,998	54,322,000	$0.00072	$38,998	
Act 141 Capped Credits	54,322,000	-$0.00320	-$173,830	54,322,000	-$0.00243	-$131,970	
Total Cp3S Revenue			**$5,962,040**			**$6,022,770**	**1.02%**

We Energies Authorized Electric Rates 05-UR-109							
Rate Class	**Present Rates**	**Quantity**	**Revenues**	**2020 Authorized Rates**	**Quantity**	**Revenues**	**Percent Change**
General Primary Combined Firm & NonFirm - CpFN							
Facilities per Day-Medium	$26.30137	8,844	$232,609	$26.30137	8,844	$232,609	0.00%
Facilities per Day - High Voltage	$26.30137	366	$9,626	$26.30137	366	$9,626	0.00%
Energy Charge							
Total Firm On-Peak - Medium	$0.07415	10,488,896	$777,752	$0.07010	10,488,896	$735,272	-5.46%
Total NonFirm On-Peak - Medium	$0.06922	160,435,146	$11,105,321	$0.06517	160,435,146	$10,455,558	-5.85%
Firm Off-Peak - Medium	$0.05281	19,012,308	$1,004,040	$0.04949	19,012,308	$940,919	-6.29%
NonFirm Off-Peak - Medium	$0.04892	260,353,353	$12,736,486	$0.04560	260,353,353	$11,872,113	-6.79%
Total Firm On-Peak - High Voltage	$0.07324	2,907,987	$212,981	$0.06922	2,907,987	$201,291	-5.49%
Total NonFirm On-Peak - High Voltage	$0.06835	33,425,601	$2,284,640	$0.06433	33,425,601	$2,150,269	-5.88%
Firm Off-Peak - High Voltage	$0.05118	5,453,012	$279,085	$0.04887	5,453,012	$266,489	-4.51%
NonFirm Off-Peak - High Voltage	$0.04737	65,769,742	$3,115,513	$0.04506	65,769,742	$2,963,585	-4.88%
Demand							
On-Peak Firm Med (Annual)	$13.519	42,274	$571,505	$14.178	42,274	$599,364	4.87%
On-Peak -Firm High (Annual)	$13.350	11,494	$153,448	$14.001	11,494	$160,927	4.87%
On-Peak Non-Firm Med (Annual)	$8.159	824,697	$6,728,706	$8.818	824,697	$7,272,182	8.08%
On-Peak Non-Firm - High (Annual)	$7.990	247,381	$1,976,573	$8.641	247,381	$2,137,535	8.14%
Customer - Medium	$1.380	1,177,475	$1,624,915	$2.230	1,177,475	$2,625,769	61.59%
Customer - High Voltage	$0.000	279,944	$0	$0.000	279,944	$0	0.00%
Fuel Adjustment	-$0.00128	557,846,044	-$714,043	$0.00000	557,846,044	$0	-100.00%
Tax Credit	$0.00000	557,846,044	$0	-$0.00142	557,846,044	-$792,141	0.00%
Act 141 Cost:							
Act 141 Capped Contribution	359,232,000	$0.00039	$141,654	359,232,000	$0.00039	$141,654	
Act 141 Capped Credits	359,232,000	-$0.00320	-$1,149,542	359,232,000	-$0.00243	-$872,721	
Total CpFN Revenue			**$41,091,269**			**$41,100,300**	**0.02%**

We Energies Authorized Electric Rates 05-UR-109							
Rate Class	**Present Rates**	**Quantity**	**Revenues**	**2020 Authorized Rates**	**Quantity**	**Revenues**	**Percent Change**
General Primary Service - Standby - Cp4							
Facilities per Day	$19.7601	0	$0	$19.7601	0	$0	0.00%
Extra Meters per Day	$3.1433	0	$0	$3.1433	0	$0	0.00%
Energy Charge							
On-Peak Energy-Low Voltage (Annual)	$0.07530	0	$0	$0.07121	0	$0	0.00%
On-Peak Energy-Med Voltage (Annual)	$0.07415	0	$0	$0.07010	0	$0	0.00%
On-Peak Energy-High Voltage (Annual)	$0.07324	0	$0	$0.06922	0	$0	0.00%
Off-Peak Energy-Low Voltage (Annual)	$0.05365	0	$0	$0.05028	0	$0	0.00%
Off-Peak Energy-Med Voltage (Annual)	$0.05281	0	$0	$0.04949	0	$0	0.00%
Off-Peak Energy-High Voltage (Annual)	$0.05118	0	$0	$0.04887	0	$0	0.00%
Demand							
On-Peak-Low Votlage (Annual)	$13.720	0	$0	$14.388	0	$0	0.00%
On-Peak-Med Votlage (Annual)	$13.519	0	$0	$14.178	0	$0	0.00%
On-Peak-High Votlage (Annual)	$13.350	0	$0	$14.001	0	$0	0.00%
Customer-Low Voltage	$1.400	0	$0	$2.250	0	$0	0.00%
Customer-Med Voltage	$1.380	0	$0	$2.230	0	$0	0.00%
Customer-High Voltage	$0.000	0	$0	$0.000	0	$0	0.00%
Reserved demand-Low Voltage	$1.993	0	$0	$1.993	0	$0	0.00%
Reserved demand-Med Voltage	$1.964	0	$0	$1.964	0	$0	0.00%
Reserved demand-High Voltage	$1.939	0	$0	$1.939	0	$0	0.00%
Fuel Adjustment	-$0.00128	0	$0	$0.00000	0	$0	0.00%
Tax Credit	$0.00000	0	$0	-$0.00142	0	$0	0.00%
Total Cp4 Revenue			**$0**			**$0**	**0.00%**
General Primary Service - Real-Time Pricing & Real-Time Market Pricing Rider							
Facilities per Day	$26.30137	1,098	$28,879	$26.30137	1,098	$28,879	0.00%
Extra Meters per Day	$3.14334	1,098	$3,451	$3.14334	1,098	$3,451	0.00%
Energy Charge							
Annual Total - RTMP	$0.02552	662,469,998	$16,908,012	$0.02552	662,469,998	$16,908,012	0.00%
Annual Total - RTP	$0.03910	446,874,046	$17,471,750	$0.03910	446,874,046	$17,471,750	0.00%
Base Demand							
On-Peak Summer (RTP tied to Cp1 by tariff)	$13.350	1,480	$19,754	$17.222	1,480	$25,484	29.00%
On-Peak Winter (RTP tied to Cp1 by tariff)	$13.350	2,959	$39,509	$12.390	2,959	$36,668	-7.19%
Total RTP and RTMP Revenue			**$34,471,355**			**$34,474,244**	**0.01%**

We Energies Authorized Electric Rates 05-UR-109							
Rate Class	**Present Rates**	**Quantity**	**Revenues**	**2020 Authorized Rates**	**Quantity**	**Revenues**	**Percent Change**
Area Lighting - Gl1							
Standard High Pressure Sodium							
50 Watt	10.04	38	$382	9.99	38	$380	-0.50%
70 Watt	11.63	19,484	$226,598	11.57	19,484	$225,429	-0.52%
100 Watt	13.52	92,829	$1,255,044	13.46	92,829	$1,249,474	-0.44%
150 Watt	15.75	5,415	$85,279	15.67	5,415	$84,846	-0.51%
200 Watt	18.35	52,976	$972,106	18.26	52,976	$967,338	-0.49%
250 Watt	20.83	4,428	$92,232	20.73	4,428	$91,790	-0.48%
400 Watt	27.69	50,404	$1,395,683	27.56	50,404	$1,389,131	-0.47%
Flood High Pressure Sodium							
70 Watt	13.16	489	$6,430	13.10	489	$6,400	-0.46%
100 Watt	15.01	3,904	$58,605	14.94	3,904	$58,332	-0.47%
150 Watt	17.27	425	$7,342	17.19	425	$7,308	-0.46%
200 Watt	19.76	11,019	$217,744	19.67	11,019	$216,752	-0.46%
250 Watt	22.17	466	$10,339	22.06	466	$10,288	-0.50%
400 Watt	28.87	14,671	$423,554	28.73	14,671	$421,500	-0.48%
Standard Metal Halide							
175 Watt	25.14	81	$2,047	25.02	81	$2,037	-0.48%
250 Watt	26.41	251	$6,619	26.28	251	$6,587	-0.49%
400 Watt	30.57	731	$22,339	30.42	731	$22,229	-0.49%
Flood Metal Halide							
175 Watt	26.45	244	$6,461	26.32	244	$6,430	-0.49%
250 Watt	27.85	2,166	$60,318	27.72	2,166	$60,036	-0.47%
400 Watt	31.82	11,965	$380,722	31.67	11,965	$378,927	-0.47%
1000 Watt	60.63	197	$11,926	60.34	197	$11,869	-0.48%
Poles	2.80	139,594	$390,862	2.80	139,594	$390,862	0.00%
Spans	2.73	156,167	$426,336	2.73	156,167	$426,336	0.00%
Fuel Clause Adjustment	-$0.00128	25,833,797	-$33,067	$0.00000	25,833,797	$0	-100.00%
Tax Credit	$0.00000	25,833,797	$0	-$0.00497	25,833,797	-$128,394	0.00%
Act 141 Cost:							
Act 141 Capped Contribution	22,844,000	$0.00010	$2,234	22,844,000	$0.00010	$2,234	
Act 141 Capped Credits	22,844,000	-$0.00320	-$73,101	22,844,000	-$0.00243	-$55,497	
Total Gl1 Revenue			**$5,955,035**			**$5,852,624**	**-1.72%**

We Energies Authorized Electric Rates 05-UR-109							
Rate Class	**Present Rates**	**Quantity**	**Revenues**	**2020 Authorized Rates**	**Quantity**	**Revenues**	**Percent Change**
Street Lighting Small TOU - St1/St2							
Facilities Charge							
Single PH per Day	$0.52602	253,506	$133,349	$0.52602	253,506	$133,349	0.00%
Three PH per Day	$0.52602	21,358	$11,235	$0.52602	21,358	$11,235	0.00%
Extra Meters per Day	$0.05951	0	$0	$0.05951	0	$0	0.00%
Energy Charge							
On-Peak - St1	$0.27552	5,900,803	$1,625,789	$0.29104	5,900,803	$1,717,370	5.63%
On-Peak - St2	$0.28449	1,913,944	$544,498	$0.30055	1,913,944	$575,236	5.65%
Off-Peak - St1	$0.05195	24,000,634	$1,246,833	$0.05099	24,000,634	$1,223,792	-1.85%
Off-Peak - St2	$0.05471	34,632,256	$1,894,731	$0.05375	34,632,256	$1,861,484	-1.75%
Fuel Clause Adjustment	-$0.00128	66,447,638	-$85,053	$0.00000	66,447,638	$0	-100.00%
Tax Credit	$0.00000	66,447,638	$0	-$0.00497	66,447,638	-$330,245	0.00%
Act 141 Costs							
Act 141 Capped Contribution	58,270,000	$0.00030	$17,543	58,270,000	$0.00030	$17,543	
Act 141 Capped Credits	58,270,000	-$0.00320	-$186,464	58,270,000	-$0.00243	-$141,562	
Total St1/St2 Revenue			**$5,202,461**			**$5,068,203**	**-2.58%**
Alley Lighting - Al1							
Lamp Sizes							
0 - 10 Watt LED	2.32	0	$0	2.27	0	$0	0.00%
>10 - 20 Watt LED	2.65	0	$0	2.60	0	$0	0.00%
>20 - 30 Watt LED	3.06	57,000	$174,420	3.00	57,000	$171,000	-1.96%
>30 - 40 Watt LED	3.48	0	$0	3.41	0	$0	0.00%
>40 - 50 Watt LED	3.89	0	$0	3.81	0	$0	0.00%
>50 - 60 Watt LED	4.29	0	$0	4.20	0	$0	0.00%
50 Watt HPS	4.29	0	$0	4.20	0	$0	0.00%
70 Watt HPS	5.38	77,531	$417,115	5.38	77,531	$417,115	0.00%
100 Watt HPS	7.24	0	$0	7.10	0	$0	0.00%
Fuel Clause Adjustment	-$0.00128	3,591,181	-$4,597	$0.00000	3,591,181	$0	-100.00%
Tax Credit	$0.00000	3,591,181	$0	-$0.00497	3,591,181	-$17,848	0.00%
Total Al1 Revenue			**$586,938**			**$570,267**	**-2.84%**
Street Lighting - Ms1							
Flashers - <= 25 Watts	3.06	0	$0	3.06	0	$0	0.00%
Flashers - 25 to 75 Watts	3.13	1,656	$5,183	3.13	1,656	$5,183	0.00%
Flashers - Over 75 Watts	5.02	1,080	$5,422	5.02	1,080	$5,422	0.00%
Facilities per day	0.52602	173,851	$91,449	0.52602	173,851	$91,449	0.00%
Energy	0.13282	2,388,437	$317,232	0.13214	2,388,437	$315,608	-0.51%
Fuel Clause Adjustment	-$0.00128	2,388,437	-$3,057	$0.00000	2,388,437	$0	-100.00%
Tax Credit	$0.00000	2,388,437	$0	-$0.00497	2,388,437	-$11,871	0.00%
Total Ms1 Revenue			**$416,229**			**$405,792**	**-2.51%**

We Energies Authorized Electric Rates 05-UR-109							
Rate Class	**Present Rates**	**Quantity**	**Revenues**	**2020 Authorized Rates**	**Quantity**	**Revenues**	**Percent Change**
Street Lighting & Other - Ms2							
Energy Charge	$0.11954	10,715,650	$1,280,949	0.12714	10,715,650	$1,362,388	6.36%
Fuel Clause Adjustment	-$0.00128	10,715,650	-$13,716	$0.00000	10,715,650	$0	-100.00%
Tax Credit	$0.00000	10,715,650	$0	-$0.00497	10,715,650	-$53,257	0.00%
Act 141 Costs							
Act 141 Capped Contribution	7,730,000	$0.00057	$4,371	7,730,000	$0.00057	$4,371	
Act 141 Capped Credits	7,730,000	-$0.00320	-$24,736	7,730,000	-$0.00243	-$18,779	
Total Ms1 Revenue			**$1,246,868**			**$1,294,723**	**3.84%**
Street Lighting - Ms3							
High Pressure Sodium Lamps							
50 Watt	10.04	13,597	$136,511	10.00	13,597	$135,967	-0.40%
70 Watt	11.63	18,838	$219,091	11.58	18,838	$218,149	-0.43%
100 Watt	13.52	355,530	$4,806,770	13.46	355,530	$4,785,438	-0.44%
150 Watt	15.75	105,488	$1,661,435	15.69	105,488	$1,655,105	-0.38%
200 Watt	18.35	109,199	$2,003,808	18.27	109,199	$1,995,072	-0.44%
250 Watt	20.83	27,653	$576,011	20.74	27,653	$573,522	-0.43%
400 Watt	27.69	3,381	$93,609	27.58	3,381	$93,237	-0.40%
Metal Halide Lamps							
175 Watt	25.14	11	$274	25.04	11	$273	-0.39%
250 Watt	26.41	0	$0	26.30	0	$0	0.00%
400 Watt	30.57	0	$0	30.44	0	$0	0.00%
Fuel Clause Adjustment	-$0.00128	39,793,484	-$50,936	$0.00000	39,793,484	$0	-100.00%
Tax Credit	$0.00000	39,793,484	$0	-$0.00497	39,793,484	-$197,774	0.00%
Total Ms3 Revenue			**$9,446,572**			**$9,258,990**	**-1.99%**
Street Lighting - Ms4							
Facilities Charges							
@ 1.9%	1.9%	$30,617,654	$581,735	1.9%	$30,617,654	$581,735	0.00%
@ 0.5%	0.5%	$321,047,967	$1,605,240	0.5%	$321,047,967	$1,605,240	0.00%
Non-Standard Lamps							
50 Watt HPS	2.30	907	$2,086	2.28	907	$2,067	-0.87%
70 Watt HPS	3.39	4,381	$14,851	3.36	4,381	$14,719	-0.89%
100 Watt HPS	5.25	69,512	$364,936	5.21	69,512	$362,156	-0.76%
150 Watt HPS	7.44	128,255	$954,218	7.38	128,255	$946,522	-0.81%
175 Watt MH	8.43	3,320	$27,986	8.37	3,320	$27,787	-0.71%
200 Watt HPS	9.84	30,048	$295,676	9.77	30,048	$293,573	-0.71%
250 Watt HPS	12.25	38,558	$472,333	12.16	38,558	$468,862	-0.73%
400 Watt HPS	18.93	6,654	$125,966	18.79	6,654	$125,034	-0.74%
1000 Watt HPS	44.09	0	$0	43.76	0	$0	0.00%
Fuel Clause Adjustment	-$0.00128	18,220,960	-$23,323	$0.00000	18,220,960	$0	-100.00%
Tax Credit	$0.00000	18,220,960	$0	-$0.00497	18,220,960	-$90,558	0.00%
Act 141 Costs							
Act 141 Capped Contribution	19,833,000	$0.00009	$1,838	19,833,000	$0.00009	$1,838	
Act 141 Capped Credits	19,833,000	-$0.00320	-$63,466	19,833,000	-$0.00243	-$48,182	
Total Ms4 Revenue			**$4,360,076**			**$4,290,794**	**-1.59%**

We Energies Authorized Electric Rates

05-UR-109

Rate Class	Present Rates	Quantity	Revenues	2020 Authorized Rates	Quantity	Revenues	Percent Change
LED Lighting - General Secondary - LED							
Facilities Charge							
Standard Lighting Fixture							
Category A	9.26	0	$0	7.73	0	$0	0.00%
Category B	10.59	0	$0	8.84	0	$0	0.00%
Category C	12.15	36,468	$443,085	10.14	36,468	$369,784	-16.54%
Category D	13.70	43,811	$600,205	11.43	43,811	$500,755	-16.57%
Category E	15.26	154,434	$2,356,658	12.74	154,434	$1,967,485	-16.51%
Category F	16.82	15,905	$267,522	14.04	15,905	$223,306	-16.53%
Category G	18.38	0	$0	15.34	0	$0	0.00%
Category H	19.94	0	$0	16.64	0	$0	0.00%
Category I	21.49	0	$0	17.94	0	$0	0.00%
Non-Standard Lighting Fixture							
Category A	6.20	0	$0	5.17	0	$0	0.00%
Category B	6.77	0	$0	5.65	0	$0	0.00%
Category C	7.42	0	$0	6.19	0	$0	0.00%
Category D	8.07	0	$0	6.74	0	$0	0.00%
Category E	8.72	0	$0	7.28	0	$0	0.00%
Category F	9.37	0	$0	7.82	0	$0	0.00%
Category G	10.02	0	$0	8.36	0	$0	0.00%
Category H	10.67	0	$0	8.91	0	$0	0.00%
Category I	11.32	0	$0	9.45	0	$0	0.00%
Category J	11.97	0	$0	9.99	0	$0	0.00%
Category K	12.62	0	$0	10.53	0	$0	0.00%
Category L	13.27	0	$0	11.08	0	$0	0.00%
Category M	13.92	0	$0	11.62	0	$0	0.00%
Category N	14.57	0	$0	12.16	0	$0	0.00%
Category O	15.22	0	$0	12.70	0	$0	0.00%
Category P	15.87	0	$0	13.25	0	$0	0.00%
Category Q	16.52	0	$0	13.79	0	$0	0.00%
Category R	17.17	0	$0	14.33	0	$0	0.00%
Category S	17.82	0	$0	14.87	0	$0	0.00%
Category T	18.47	0	$0	15.42	0	$0	0.00%

We Energies Authorized Electric Rates 05-UR-109							
Rate Class	**Present Rates**	**Quantity**	**Revenues**	**2020 Authorized Rates**	**Quantity**	**Revenues**	**Percent Change**
Energy Charge							
0-3 kWh	0.32	0	$0	0.27	0	$0	0.00%
4-6 kWh	0.63	0	$0	0.53	0	$0	0.00%
7-9 kWh	0.95	0	$0	0.79	0	$0	0.00%
10-12 kWh	1.27	0	$0	1.06	0	$0	0.00%
13-15 kWh	1.59	0	$0	1.33	0	$0	0.00%
16-18 kWh	1.90	625	$1,187	1.59	625	$993	-16.32%
19-21 kWh	2.22	4,031	$8,949	1.85	4,031	$7,458	-16.67%
22-24 kWh	2.54	2,469	$6,271	2.12	2,469	$5,234	-16.54%
25-27 kWh	2.86	0	$0	2.39	0	$0	0.00%
28-30 kWh	3.17	3,125	$9,907	2.65	3,125	$8,281	-16.40%
31-33 kWh	3.49	6,407	$22,360	2.91	6,407	$18,644	-16.62%
34-36 kWh	3.81	1,844	$7,026	3.18	1,844	$5,864	-16.54%
37-39 kWh	4.13	11,469	$47,368	3.45	11,469	$39,569	-16.46%
40-42 kWh	4.44	0	$0	3.71	0	$0	0.00%
43-45 kWh	4.76	1,219	$5,805	3.97	1,219	$4,841	-16.60%
46-48 kWh	5.08	218	$1,108	4.24	218	$925	-16.54%
49-51 kWh	5.40	0	$0	4.51	0	$0	0.00%
52-54 kWh	5.71	250	$1,427	4.77	250	$1,192	-16.46%
55-57 kWh	6.03	343	$2,069	5.03	343	$1,726	-16.58%
58-60 kWh	6.35	0	$0	5.30	0	$0	0.00%
61-63 kWh	6.67	0	$0	5.57	0	$0	0.00%
64-66 kWh	6.98	0	$0	5.83	0	$0	0.00%
67-69 kWh	7.30	0	$0	6.09	0	$0	0.00%
70-72 kWh	7.62	0	$0	6.36	0	$0	0.00%
73-75 kWh	7.94	0	$0	6.63	0	$0	0.00%
76-78 kWh	8.25	0	$0	6.89	0	$0	0.00%
79-81 kWh	8.57	0	$0	7.15	0	$0	0.00%
82-84 kWh	8.89	0	$0	7.42	0	$0	0.00%
85-87 kWh	9.21	0	$0	7.69	0	$0	0.00%
88-90 kWh	9.52	0	$0	7.95	0	$0	0.00%
91-93 kWh	9.84	0	$0	8.21	0	$0	0.00%
94-96 kWh	10.16	0	$0	8.48	0	$0	0.00%
97-99 kWh	10.48	0	$0	8.75	0	$0	0.00%
100-102 kWh	10.79	0	$0	9.00	0	$0	0.00%
103-105 kWh	11.11	0	$0	9.27	0	$0	0.00%
106-108 kWh	11.43	0	$0	9.54	0	$0	0.00%
109-111 kWh	11.75	0	$0	9.81	0	$0	0.00%
112-114 kWh	12.06	0	$0	10.07	0	$0	0.00%
115-117 kWh	12.38	0	$0	10.33	0	$0	0.00%
Fuel Clause Adjustment	-$0.00128	1,019,152	-$1,305	$0.00000	1,019,152	$0	-100.00%
Tax Credit	$0.00000	1,019,152	$0	-$0.00497	1,019,152	-$5,065	0.00%
Total LED Revenue			**$3,779,641**			**$3,150,992**	**-16.63%**

We Energies Authorized Electric Rates 05-UR-109							
Rate Class	**Present Rates**	**Quantity**	**Revenues**	**2020 Authorized Rates**	**Quantity**	**Revenues**	**Percent Change**
Municipal Defense Sirens - Mg-1							
Facilities	$3.00	1,600	$4,800	$3.00	1,600	$4,800	0.00%
Energy Charge - Base	$0.13282	0	$0	$0.13214	0	$0	0.00%
Tax Credit	$0.00000	0	$0	-$0.00497	0	$0	0.00%
Telecom Equipment Service TE 1							
Facilities	$4.00	0	$0	$4.25	0	$0	0.00%
Energy Charge (tied to Cg-1 by tariff)	0.13282	0	$0	$0.13214	0	$0	0.00%
Fuel Adjustment	-$0.00128	0	$0	$0.00000	0	$0	0.00%
Tax Credit (tied to Cg1 by tariff)	$0.00000	0	$0	-$0.00335	0	$0	0.00%
Telecom Equipment Service TE 2							
Facilities (tied to Cg1 by tariff)	$0.52602	0	$0	$0.52602	0	$0	0.00%
Energy Charge (tied to Cg-1 by tariff)	0.13282	0	$0	$0.13214	0	$0	0.00%
Fuel Adjustment	-$0.00128	0	$0	$0.00000	0	$0	0.00%
Tax Credit	$0.00000	0	$0	-$0.00335	0	$0	0.00%
Energy For Tomorrow							
Energy for Tomorrow - Residential	$0.02007	54,242,152	$1,088,640	$0.02007	54,242,152	$1,088,640	0.00%
Energy for Tomorrow - Non-Residential	$0.02007	15,567,713	$312,444	$0.02007	15,567,713	$312,444	0.00%
Energy for Tomorrow - Non-Residential	$0.01872	39,821,154	$745,452	$0.01872	$39,821,154	$745,452.00	0.00%

Embedded Credits for Line Extensions			
	Present Rates	2020 Authorized Rates	Units
Rg1, Rg2 & Fg1 Single Phase	$1,114	$1,434	per Customer
Rg1, Rg2 & Fg1 Three Phase	$3,342	$3,586	per Customer
Cg1 & Cg6 Single Phase	$1,235	$1,584	per Customer
Cg1 & Cg6 Three Phase	$2,471	$3,168	per Customer
Cg2, Cg3 & Cg3C	$111.39	$118.55	per kW
TE1	$4.39	$5.97	per Customer
General Primary	$110.99	$108.12	per kW
Standard Street Lighting	$86.50	$98.82	per kW

Act 141 Costs Embedded in Base Rates		
	2020 Embedded Costs	Units
Rg1, Rg2, Rg3, Fg1	$ 0.00100	per kWh
All other Commerical and Lighting Classes	$ 0.00243	per kWh

Docket 5-UR-109 Appendix B

We Energies Authorized Electric Rates (Cg-2 Rates: Present, 2020, and 2021)

05-UR-109

Rate Class	Present Rates	Quantity	Revenues	2020 Authorized Rates	Quantity	Revenues	Percent Change
General Secondary Medium TOU Demand - Cg2							
Facilities Charge							
Facilities per Day	$1.12590	3,265,375	$3,676,486	$1.32000	3,265,375	$4,310,295	17.24%
Extra Meters per Day	$0.18542	4,061,502	$753,084	$0.18542	4,061,502	$753,084	0.00%
Energy Charge							
Annual On-Peak	$0.12101	688,614,380	$83,329,226	$0.11939	688,614,380	$82,213,671	-1.34%
Annual Off-Peak	$0.09017	829,737,506	$74,817,431	$0.08872	829,737,506	$73,614,312	-1.61%
Base Demand							
Minimum On-Peak	$2.630	1,142,622	$3,005,095	$2.630	1,142,622	$3,005,095	0.00%
Adjusted On-Peak	$4.230	348,963	$1,476,113	$4.230	348,963	$1,476,113	0.00%
Regular On-Peak	$6.860	4,004,323	$27,469,659	$6.860	4,004,323	$27,469,659	0.00%
Customer	$0.000	5,146,945	$0	$0.000	5,146,945	$0	0.00%
Fuel Adjustment	-$0.00128	1,518,351,886	-$1,943,490	$0.00000	1,518,351,886	$0	-100.00%
Tax Credit	$0.00000	1,518,351,886	$0	-$0.00254	1,518,351,886	-$3,856,614	0.00%
Act 141 Cost:							
Act 141 Capped Contribution	84,833,000	$0.00056	$47,900	84,833,000	$0.00056	$47,900	
Act 141 Capped Credits	84,833,000	-$0.00320	-$271,466	84,833,000	-$0.00243	-$206,094	
Total Cg2 Revenue			**$192,360,038**			**$188,827,421**	**-1.84%**

Rate Class	2020 Authorized Rates	Quantity	Revenues	2021 Authorized Rates	Quantity	Revenues	Percent Change
General Secondary Medium TOU Demand - Cg2							
Facilities Charge							
Facilities per Day	$1.32000	3,265,375	$4,310,295	$1.32000	3,265,375	$4,310,295	0.00%
Extra Meters per Day	$0.18542	4,061,502	$753,084	$0.18542	4,061,502	$753,084	0.00%
Energy Charge							
Annual On-Peak	$0.11939	688,614,380	$82,213,671	$0.11152	688,614,380	$76,794,276	-6.59%
Annual Off-Peak	$0.08872	829,737,506	$73,614,312	$0.08287	829,737,506	$68,760,347	-6.59%
Base Demand							
Minimum On-Peak	$2.630	1,142,622	$3,005,095	$2.630	1,142,622	$3,005,095	0.00%
Adjusted On-Peak	$4.230	348,963	$1,476,113	$4.230	348,963	$1,476,113	0.00%
Regular On-Peak	$6.860	4,004,323	$27,469,659	$6.860	4,004,323	$27,469,659	0.00%
Customer	$0.000	5,146,945	$0	$2.000	5,146,945	$10,293,891	0.00%
Fuel Adjustment	$0.00000	1,518,351,886	$0	$0.00000	1,518,351,886	$0	0.00%
Tax Credit	-$0.00254	1,518,351,886	-$3,856,614	-$0.00254	1,518,351,886	-$3,856,614	0.00%
Act 141 Cost:							
Act 141 Capped Contribution	84,833,000	$0.00056	$47,900	84,833,000	$0.00056	$47,900	0.00%
Act 141 Capped Credits	84,833,000	-$0.00243	-$206,094	84,833,000	-$0.00243	-$206,094	0.00%
Total Cg2 Revenue			**$188,827,421**			**$188,847,952**	**0.01%**

Docket 5-UR-109 Appendix C

We Energies - Authorized Steam Rates 05-UR-109							
				2020			
Rate Class	Present Rates	Quantity	Revenues	2020 Authorized Rates	Quantity	Revenues	Percent Change
Downtown Milwaukee Steam - Ag1							
Facilities Charge per day	$2.50	137,250	$343,125	$3.13	137,250	$429,593	25.20%
Customer Demand Charge	$0.71445	3,741,695	$2,673,254	$0.89306	3,741,695	$3,341,559	25.00%
Energy Charge	$11.19748	1,830,892	$20,501,377	$9.40579	1,830,892	$17,220,977	-16.00%
Tax Surcharge	$0.00000	1,830,892	$0	$1.05580	1,830,892	$1,933,056	N/A
Fuel Adjustment	-$1.30815	1,830,892	-$2,395,075	$0.00000	1,830,892	$0	-100.00%
Total Ag1 Revenue			**$21,122,681**			**$22,925,184**	**8.53%**
Downtown Milwaukee Steam - Ag2							
Facilities Charge per day	$2.50	0	$0	$3.13	0	$0	
Customer Demand Charge	$0.25489	0	$0	$0.31861	0	$0	
Energy Charge	$3.99485	0	$0	$3.25884	0	$0	
Condensate Return Water Quantity Credit	$0.13221	0	$0	$0.11283	0	$0	
Condensate Return Water Quality Credit	$0.30409	0	$0	$0.25952	0	$0	
Tax Surcharge	$0.00000	0	$0	$1.05580	0	$0	N/A
Fuel Adjustment	-$1.30815	0	$0	$0.00000	0	$0	
Total Ag2 Revenue			**$0**			**$0**	
Economic Development Rate - Ag3							
Facilities Charge per day	$2.50	732	$1,830	$3.13	732	$2,291	25.20%
Customer Demand Charge	$0.71445	16,275	$11,628	$0.89306	16,275	$14,535	25.00%
Energy Charge							
Months 1 to 60	$6.22439	11,433	$71,161	$5.22843	11,433	$59,774	-16.00%
Months 61 to 120	$8.00123	0	$0	$6.72096	0	$0	
Months 121 to 180	$9.58865	0	$0	$8.05438	0	$0	
Fuel Adjustment	-$1.42215	11,433	-$16,259	$0.00000	11,433	$0	-100.00%
Total Ag3 Revenue			**$68,360**			**$76,600**	**12.05%**
Non-Firm Service - Ag4							
Facilities Charge per day	$2.50	1,464	$3,660	$3.13	1,464	$4,582	25.20%
Customer Demand Charge	$0.71445	106,497	$76,087	$0.89306	106,497	$95,108	25.00%
Energy Charge	$9.97082	78,216	$779,880	$8.37540	78,216	$655,092	-16.00%
Tax Surcharge	$0.00000	78,216	$0	$1.05580	78,216	$82,581	N/A
Fuel Adjustment	-$1.39222	78,216	-$108,894	$0.00000	78,216	$0	-100.00%
Total Ag1 Revenue			**$750,732**			**$837,363**	**11.54%**

WE Energies - Authorized Steam Base Fuel and Embedded Extension Credit
05-UR-109

Base Fuel Cost for Test Year ending December 31, 2020

Valley Fuel Costs		
Natural Gas Commodity	$	13,820,991
Fixed Gas	$	1,206,432
Risk Management	$	144,494
Demand/Customer Charges	$	4,204,288
Total	$	19,376,205
Steam Allocation		
Total Steam Production (Mlbs)		2,276,768
MMBtu (gas)		1,935,252
Total Valley MMBtu		5,772,544
Steam Share		33.53%
Base Fuel Cost		
Steam Share of Fuel	$	6,495,896
Total Steam Sales (Mlbs)		1,920,541
Base Fuel Cost ($/Mlb)	$	3.38233
Current Base Cost	$	4.03681
Test Year Fuel Adjustment	$	(0.65448)
Conversion rate from million Btu production to Mlbs sales		1.008
Current rate from million Btu production to Mlbs sales		0.976
Test year adjustment to conversion rate		0.032

2020 Embedded Credit for Steam Extension

	Credit	Unit
All Steam Classes	$ 14	per MLbs

Bundled Gas Revenue Summary

Service Rate Classes	Volumes	Current Margin & Admin Revenues	+ Cost of Gas Revenues	= Rebundled Service Class Revenues	+ Authorized Distribution Reve Change/Class	= Total Bundled Rev. by Dist. Class	Percent Change Rebundled w/ COG	Percent Change Rebundled w/o COG
Residential								
WEGO Residential (Rg-1)	381,433,009	$ 121,768,197	$ 127,289,445	$ 249,057,642	$ 5,724,270	$ 254,781,912	2.30%	4.70%
Subtotal	381,433,009	$ 121,768,197	$ 127,289,445	$ 249,057,642	$ 5,724,270	$ 254,781,912	2.30%	4.70%
Commercial & Industrial 1 (0 - 3,999)								
WEGO Firm Comm. Ind. (Fg-1)	40,764,538	$ 10,718,871	$ 13,805,024	$ 24,523,895	$ 618,017	$ 25,141,912	2.52%	5.77%
WEGO Agricultural Seasonal Use (Ag-1)	76,250	$ 21,709	$ 20,918	$ 42,627	$ 1,151	$ 43,778	2.70%	5.30%
Subtotal	40,840,788	$ 10,740,580	$ 13,825,942	$ 24,566,522	$ 619,168	$ 25,185,690	2.52%	5.76%
Commercial & Industrial 2 (4,000 - 39,999)								
WEGO Firm Comm. Ind. (Fg-2)	117,532,078	$ 21,564,675	$ 39,106,415	$ 60,671,090	$ (1,430,572)	$ 59,240,518	-2.36%	-6.63%
WEGO Transport Commercial (Tf-2)	5,617,875	$ 783,165	$ (21,349)	$ 761,816	$ 58,351	$ 820,167	7.66%	7.45%
WEGO Agricultural Seasonal Use (Ag-2)	1,348,353	$ 242,273	$ 366,184	$ 608,457	$ (16,393)	$ 592,064	-2.69%	-6.77%
Subtotal	124,498,306	$ 22,590,113	$ 39,451,250	$ 62,041,363	$ (1,388,614)	$ 60,652,749	-2.24%	-6.15%
Commercial & Industrial 3 (40,000 - 99,999)								
WEGO Firm Comm. Ind. (Fg-3)	30,311,409	$ 4,798,152	$ 9,959,032	$ 14,757,184	$ (503,119)	$ 14,254,065	-3.41%	-10.49%
WEGO Transport Commercial (Tf-3)	13,455,019	$ 1,438,886	$ (51,129)	$ 1,387,757	$ 80,465	$ 1,468,222	5.80%	5.59%
WEGO Agricultural Seasonal Use (Ag-3)	627,726	$ 92,267	$ 170,798	$ 263,065	$ (10,399)	$ 252,666	-3.95%	-11.27%
Subtotal	44,394,154	$ 6,329,305	$ 10,078,701	$ 16,408,006	$ (433,053)	$ 15,974,953	-2.64%	-6.84%
Commercial & Industrial 4 (100,000 - 499,999)								
WEGO Firm Comm. Ind. (Fg-4)	19,686,270	$ 2,709,711	$ 6,330,258	$ 9,039,969	$ (292,688)	$ 8,747,281	-3.24%	-10.80%
WEGO Transport Commercial (Tf-4)	54,747,452	$ 4,225,896	$ (208,040)	$ 4,017,856	$ 265,270	$ 4,283,126	6.60%	6.28%
WEGO Agricultural Seasonal Use (Ag-4)	149,260	$ 20,981	$ 41,253	$ 62,234	$ (2,219)	$ 60,015	-3.57%	-10.58%
WEGO Inter. Comm. Ind. (Ig-4)	1,177,926	$ 159,400	$ 312,342	$ 471,742	$ (20,572)	$ 451,170	-4.36%	-12.91%
Subtotal	75,760,908	$ 7,115,988	$ 6,475,813	$ 13,591,801	$ (50,209)	$ 13,541,592	-0.37%	-0.71%
Commercial & Industrial 5 (500,000 - 999,999)								
WEGO Firm Comm. Ind. (Fg-5)	4,121,522	$ 498,081	$ 1,200,749	$ 1,698,830	$ (28,651)	$ 1,670,179	-1.69%	-5.75%
WEGO Transport Commercial (Tf-5)	42,121,433	$ 2,997,401	$ (160,062)	$ 2,837,339	$ 200,184	$ 3,037,523	7.06%	6.68%
Subtotal	46,242,955	$ 3,495,482	$ 1,040,687	$ 4,536,169	$ 171,533	$ 4,707,702	3.78%	4.91%
Commercial & Industrial 6 (1,000,000 - 7,999,999)								
WEGO Transport Commercial (Tf-6)	90,182,126	$ 4,558,846	$ (342,692)	$ 4,216,154	$ 309,612	$ 4,525,766	7.34%	6.79%
Subtotal	90,182,126	$ 4,558,846	$ (342,692)	$ 4,216,154	$ 309,612	$ 4,525,766	7.34%	6.79%
Commercial & Industrial 7 & 8 > 8,000,000								
WEGO Firm Comm. Ind. (Fg-7)								
WEGO Transport Commercial (Tf-7)	70,820,633	$ 2,776,853	$ (269,119)	$ 2,507,734	$ 165,671	$ 2,673,405	6.61%	5.97%
WEGO Firm Comm. Ind. (Fg-8)								
WEGO Transport Commercial (Tf-8)								
Subtotal	70,820,633	$ 2,776,853	$ (269,119)	$ 2,507,734	$ 165,671	$ 2,673,405	6.61%	5.97%
Power Generation	9,314,279	$ 2,134,761	$ (32,942)	$ 2,101,819	$ 1,268	$ 2,103,087	0.06%	0.06%
Special Contracts	95,821,090	$ 159,118	$ -	$ 159,118	$ -	$ 159,118	0.00%	0.00%
Subtotal	105,135,369	$ 2,293,879	$ (32,942)	$ 2,260,937	$ 1,268	$ 2,262,205	0.06%	0.06%
Total Gas Sales Revenues	**979,308,248**	**$ 181,669,243**	**$ 197,517,085**	**$ 379,186,328**	**$ 5,119,646**	**$ 384,305,974**	**1.35%**	**2.82%**
Total Gas Operating Revenue				**$ 379,186,328**		**$ 384,305,974**	**1.35%**	

Wisconsin Electric - Gas Operations
Proposed and Current Rates
for the Test Year ended December 31, 2020

Residential Service

Rates - Description	Proposed Rates: Firm Sales	Proposed Rates: Agricultural Seasonal Use Firm Sales	Proposed Rates: Interruptible Sales	Proposed Rates: Transportation	Current Rates: Firm Sales	Current Rates: Agricultural Seasonal Use Firm Sales	Current Rates: Interruptible Sales	Current Rates: Transportation	Proposed Change in Rates: Firm Sales	Proposed Change in Rates: Agricultural Seasonal Use Firm Sales	Proposed Change in Rates: Interruptible Sales	Proposed Change in Rates: Transportation
Daily Facitilties Charge	$ 0.33	NA	NA	$ 0.33	$ 0.33	NA	NA	$ 0.33	$ -	NA	NA	$ -
Transportation Administrative	$ -	NA	NA	$ 2.00	$ -	NA	NA	$ 2.00	$ -	NA	NA	$ -
Daily Demand Charge	$ -	NA	NA	$ -	$ -	NA	NA	$ -	$ -	NA	NA	$ -
Distribution Margin per therm	$ 0.1534	NA	NA	$ 0.1534	$ 0.1137	NA	NA	$ 0.1137	$ 0.0397	NA	NA	$ 0.0397
Competitive Supply Margin	$ 0.0319	NA	NA	$ -	$ 0.0332	NA	NA	$ -	$ (0.0013)	NA	NA	$ -
Daily Balancing Margin	$ 0.0007	NA	NA	$ 0.0007	$ 0.0018	NA	NA	$ 0.0018	$ (0.0011)	NA	NA	$ (0.0011)
Peak Day Margin	$ 0.0048	NA	NA	$ -	$ 0.0022	NA	NA	$ -	$ 0.0026	NA	NA	$ -
Other Margin												
Total All Margin Rates	$ 0.1908	NA	NA	$ 0.1541	$ 0.1509	NA	NA	$ 0.1155	$ 0.0399	NA	NA	$ 0.0386
Peak Demand	$ 0.0820	NA	NA	$ -	$ 0.0820	NA	NA	$ -	$ -	NA	NA	$ -
Annual Demand	$ 0.0150	NA	NA	$ -	$ 0.0150	NA	NA	$ -	$ -	NA	NA	$ -
Commodity	$ 0.2545	NA	NA	$ -	$ 0.2545	NA	NA	$ -	$ -	NA	NA	$ -
Total Natural Gas Rate Per Therm	$ 0.3515	NA	NA	$ -	$ 0.3515	NA	NA	$ -	$ -	NA	NA	$ -
Total Rate	$ 0.5423	NA	NA	$ 0.1541	$ 0.5024	NA	NA	$ 0.1155	$ 0.0399	NA	NA	$ 0.0386
Lost and Unaccounted For Gas	$ (0.0038)	NA	NA	$ (0.0038)	$ (0.0038)	NA	NA	$ (0.0038)	$ 0.0000	NA	NA	$ 0.0000
EDIT Surcharge	$ 0.0101	NA	NA	$ 0.0101	$ -	NA	NA	$ -	$ 0.0101	NA	NA	$ 0.0101
Act 141 Surcharge Rate	$ 0.0048	NA	NA	$ 0.0048	$ 0.0076	NA	NA	$ 0.0076	$ (0.0028)	NA	NA	$ (0.0028)

NA = Not Available

Natural gas rate per therm at proposed rates.

NA = Not Available

Commercial / Industrial Class 1 0 to 3,999 Therms Annually

Rates - Description	Proposed Rates: Firm Sales	Proposed Rates: Agricultural Seasonal Use Firm Sales	Proposed Rates: Interruptible Sales	Proposed Rates: Transportation	Current Rates: Firm Sales	Current Rates: Agricultural Seasonal Use Firm Sales	Current Rates: Interruptible Sales	Current Rates: Transportation	Proposed Change in Rates: Firm Sales	Proposed Change in Rates: Agricultural Seasonal Use Firm Sales	Proposed Change in Rates: Interruptible Sales	Proposed Change in Rates: Transportation
Daily Facitilties Charge	$ 0.33	$ 0.33	NA	$ 0.33	$ 0.33	$ 0.33	NA	$ 0.33	$ -	$ -	NA	$ -
Transportation Administrative	$ -	$ -	NA	$ 2.00	$ -	$ -	NA	$ 2.00	$ -	$ -	NA	$ -
Daily Demand Charge	$ -	$ -	NA	$ -	$ -	$ -	NA	$ -	$ -	$ -	NA	$ -
Distribution Margin per therm	$ 0.1534	$ 0.1534	NA	$ 0.1534	$ 0.1137	$ 0.1137	NA	$ 0.1137	$ 0.0397	$ 0.0397	NA	$ 0.0397
Competitive Supply Margin	$ 0.0319	$ 0.0319	NA	$ -	$ 0.0332	$ 0.0332	NA	$ -	$ (0.0013)	$ (0.0013)	NA	$ -
Daily Balancing Margin	$ 0.0007	$ 0.0007	NA	$ 0.0007	$ 0.0018	$ 0.0018	NA	$ 0.0018	$ (0.0011)	$ (0.0011)	NA	$ (0.0011)
Peak Day Margin	$ 0.0048	$ 0.0048	NA	$ -	$ 0.0022	$ 0.0022	NA	$ -	$ 0.0026	$ 0.0026	NA	$ -
Other Margin												
Total All Margin Rates	$ 0.1908	$ 0.1908	NA	$ 0.1541	$ 0.1509	$ 0.1509	NA	$ 0.1155	$ 0.0399	$ 0.0399	NA	$ 0.0386
Peak Demand	$ 0.0820	$ 0.0820	NA	$ -	$ 0.0820	$ 0.0820	NA	$ -	$ -	$ -	NA	$ -
Annual Demand	$ 0.0150	$ 0.0150	NA	$ -	$ 0.0150	$ 0.0150	NA	$ -	$ -	$ -	NA	$ -
Commodity	$ 0.2545	$ 0.2545	NA	$ -	$ 0.2545	$ 0.2545	NA	$ -	$ -	$ -	NA	$ -
Total Natural Gas Rate Per Therm	$ 0.3515	$ 0.3515	NA	$ -	$ 0.3515	$ 0.3515	NA	$ -	$ -	$ -	NA	$ -
Total Rate	$ 0.5423	$ 0.5423	NA	$ 0.1541	$ 0.5024	$ 0.5024	NA	$ 0.1155	$ 0.0399	$ 0.0399	NA	$ 0.0386
Lost and Unaccounted For Gas	$ (0.0038)	$ (0.0038)	NA	$ (0.0038)	$ (0.0038)	$ (0.0038)	NA	$ (0.0038)	$ 0.0000	$ 0.0000	NA	$ 0.0000
EDIT Surcharge	$ 0.0101	NA	NA	$ 0.0101	$ -	NA	NA	$ -	$ 0.0101	NA	NA	$ 0.0101
Act 141 Surcharge Rate	$ 0.0086	$ 0.0086	NA	$ 0.0086	$ 0.0133	$ 0.0133	NA	$ 0.0133	$ (0.0047)	$ (0.0047)	NA	$ (0.0047)

NA = Not Available

Natural gas rate per therm at proposed rates.

NA = Not Available

Reflects natural gas rate per therm at proposed natural gas cost rates.

Wisconsin Electric - Gas Operations
Proposed and Current Rates
for the Test Year ended December 31, 2020

Commercial / Industrial Class 2 4,000 to 39,999 Therms Annually

	Proposed Rates				Current Rates				Proposed Change in Rates			
Rates - Description	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation
Daily Facitilties Charge	$ 0.85	$ 0.85	NA	$ 0.85	$ 0.85	$ 0.85	NA	$ 0.85	$ -	$ -	NA	$ -
Transportation Administrative	$ -	$ -	NA	$ 2.00	$ -	$ -	NA	$ 2.00	$ -	$ -	NA	$ -
Daily Demand Charge	$ -	$ -	NA	$ -	$ -	$ -	NA	$ -	$ -	$ -	NA	$ -
Distribution Margin per therm	$ 0.1078	$ 0.1078	NA	$ 0.1078	$ 0.0962	$ 0.0962	NA	$ 0.0962	$ 0.0116	$ 0.0116	NA	$ 0.0116
Competitive Supply Margin	$ 0.0319	$ 0.0319	NA	$ -	$ 0.0326	$ 0.0326	NA	$ -	$ (0.0007)	$ (0.0007)	NA	$ -
Daily Balancing Margin	$ 0.0007	$ 0.0007	NA	$ 0.0007	$ 0.0018	$ 0.0018	NA	$ 0.0018	$ (0.0011)	$ (0.0011)	NA	$ (0.0011)
Peak Day Margin	$ 0.0048	$ 0.0048	NA	$ -	$ 0.0022	$ 0.0022	NA	$ -	$ 0.0026	$ 0.0026	NA	$ -
Other Margin												
Total All Margin Rates	$ 0.1452	$ 0.1452	NA	$ 0.1085	$ 0.1328	$ 0.1328	NA	$ 0.0980	$ 0.0124	$ 0.0124	NA	$ 0.0105
Peak Demand	$ 0.0820	$ 0.0820	NA	$ -	$ 0.0820	$ 0.0820	NA	$ -	$ -	$ -	NA	$ -
Annual Demand	$ 0.0150	$ 0.0150	NA	$ -	$ 0.0150	$ 0.0150	NA	$ -	$ -	$ -	NA	$ -
Commodity	$ 0.2545	$ 0.2545	NA	$ -	$ 0.2545	$ 0.2545	NA	$ -	$ -	$ -	NA	$ -
Total Natural Gas Rate Per Therm	$ 0.3515	$ 0.3515	NA	$ -	$ 0.3515	$ 0.3515	NA	$ -	$ -	$ -	NA	$ -
Total Rate	$ 0.4967	$ 0.4967	NA	$ 0.1085	$ 0.4843	$ 0.4843	NA	$ 0.0980	$ 0.0124	$ 0.0124	NA	$ 0.0105
Lost and Unaccounted For Gas	$ (0.0038)	$ (0.0038)	NA	$ (0.0038)	$ (0.0038)	$ (0.0038)	NA	$ (0.0038)	$ 0.0000	$ 0.0000	NA	$ 0.0000
EDIT Surcharge	$ 0.0037	$ 0.0037	NA	$ 0.0037	$ -	$ -	NA	$ -	$ 0.0037	$ 0.0037	NA	$ 0.0037
Act 141 Surcharge Rate	$ 0.0086	$ 0.0086	NA	$ 0.0086	$ 0.0133	$ 0.0133	NA	$ 0.0133	$ (0.0047)	$ (0.0047)	NA	$ (0.0047)

NA = Not Available

Natural gas rate per therm at proposed rates.

NA = Not Available

Commercial / Industrial Class 3 40,000 to 99,999 Therms Annually

	Proposed Rates				Current Rates				Proposed Change in Rates			
Rates - Description	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation
Daily Facitilties Charge	$ 6.00	$ 6.00	NA	$ 6.00	$ 6.00	$ 6.00	NA	$ 6.00	$ -	$ -	NA	$ -
Transportation Administrative	$ -	$ -	NA	$ 2.00	$ -	$ -	NA	$ 2.00	$ -	$ -	NA	$ -
Daily Demand Charge	$ -	$ -	NA	$ -	$ -	$ -	NA	$ -	$ -	$ -	NA	$ -
Distribution Margin per therm	$ 0.0686	$ 0.0686	NA	$ 0.0686	$ 0.0614	$ 0.0614	NA	$ 0.0614	$ 0.0072	$ 0.0072	NA	$ 0.0072
Competitive Supply Margin	$ 0.0319	$ 0.0319	NA	$ -	$ 0.0326	$ 0.0326	NA	$ -	$ (0.0007)	$ (0.0007)	NA	$ -
Daily Balancing Margin	$ 0.0007	$ 0.0007	NA	$ 0.0007	$ 0.0018	$ 0.0018	NA	$ 0.0018	$ (0.0011)	$ (0.0011)	NA	$ (0.0011)
Peak Day Margin	$ 0.0048	$ 0.0048	NA	$ -	$ 0.0022	$ 0.0022	NA	$ -	$ 0.0026	$ 0.0026	NA	$ -
Other Margin												
Total All Margin Rates	$ 0.1060	$ 0.1060	NA	$ 0.0693	$ 0.0980	$ 0.0980	NA	$ 0.0632	$ 0.0080	$ 0.0080	NA	$ 0.0061
Peak Demand	$ 0.0820	$ 0.0820	NA	$ -	$ 0.0820	$ 0.0820	NA	$ -	$ -	$ -	NA	$ -
Annual Demand	$ 0.0150	$ 0.0150	NA	$ -	$ 0.0150	$ 0.0150	NA	$ -	$ -	$ -	NA	$ -
Commodity	$ 0.2545	$ 0.2545	NA	$ -	$ 0.2545	$ 0.2545	NA	$ -	$ -	$ -	NA	$ -
Total Natural Gas Rate Per Therm	$ 0.3515	$ 0.3515	NA	$ -	$ 0.3515	$ 0.3515	NA	$ -	$ -	$ -	NA	$ -
Total Rate	$ 0.4575	$ 0.4575	NA	$ 0.0693	$ 0.4495	$ 0.4495	NA	$ 0.0632	$ 0.0080	$ 0.0080	NA	$ 0.0061
Lost and Unaccounted For Gas	$ (0.0038)	$ (0.0038)	NA	$ (0.0038)	$ (0.0038)	$ (0.0038)	NA	$ (0.0038)	$ 0.0000	$ 0.0000	NA	$ 0.0000
EDIT Surcharge	$ 0.0030	$ 0.0030	NA	$ 0.0030	$ -	$ -	NA	$ -	$ 0.0030	$ 0.0030	NA	$ 0.0030
Act 141 Surcharge Rate	$ 0.0086	$ 0.0086	NA	$ 0.0086	$ 0.0133	$ 0.0133	NA	$ 0.0133	$ (0.0047)	$ (0.0047)	NA	$ (0.0047)

Natural gas rate per therm at proposed rates.

Reflects natural gas rate per therm at proposed natural gas cost rates.

Wisconsin Electric - Gas Operations
Proposed and Current Rates
for the Test Year ended December 31, 2020

Commercial / Industrial Class 4 100,000 to 499,999 Therms Annually

	Proposed Rates				Current Rates				Proposed Change in Rates			
Rates - Description	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation
Daily Facitilties Charge	$ 11.00	$ 11.00	$ 11.00	$ 11.00	$ 11.00	$ 11.00	$ 11.00	$ 11.00	$ -	$ -	$ -	$ -
Transportation Administrative	$ -	$ -	$ -	$ 2.00	$ -	$ -	$ -	$ 2.00	$ -	$ -	$ -	$ -
Daily Demand Charge	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Distribution Margin per therm	$ 0.0614	$ 0.0614	$ 0.0614	$ 0.0614	$ 0.0554	$ 0.0554	$ 0.0554	$ 0.0554	$ 0.0060	$ 0.0060	$ 0.0060	$ 0.0060
Competitive Supply Margin	$ 0.0319	$ 0.0319	$ 0.0319	$ -	$ 0.0297	$ 0.0297	$ 0.0297	$ -	$ 0.0022	$ 0.0022	$ 0.0022	$ -
Daily Balancing Margin	$ 0.0007	$ 0.0007	$ 0.0007	$ 0.0007	$ 0.0018	$ 0.0018	$ 0.0018	$ 0.0018	$ (0.0011)	$ (0.0011)	$ (0.0011)	$ (0.0011)
Peak Day Margin	$ 0.0048	$ 0.0048	$ -	$ -	$ 0.0022	$ 0.0022	$ -	$ -	$ 0.0026	$ 0.0026	$ -	$ -
Other Margin												
Total All Margin Rates	$ 0.0988	$ 0.0988	$ 0.0940	$ 0.0621	$ 0.0891	$ 0.0891	$ 0.0869	$ 0.0572	$ 0.0097	$ 0.0097	$ 0.0071	$ 0.0049
Peak Demand	$ 0.0820	$ 0.0820	$ -	$ -	$ 0.0820	$ 0.0820	$ -	$ -	$ -	$ -	$ -	$ -
Annual Demand	$ 0.0150	$ 0.0150	$ 0.0150	$ -	$ 0.0150	$ 0.0150	$ 0.0150	$ -	$ -	$ -	$ -	$ -
Commodity	$ 0.2545	$ 0.2545	$ 0.2545	$ -	$ 0.2545	$ 0.2545	$ 0.2545	$ -	$ -	$ -	$ -	$ -
Total Natural Gas Rate Per Therm	$ 0.3515	$ 0.3515	$ 0.2695	$ -	$ 0.3515	$ 0.3515	$ 0.2695	$ -	$ -	$ -	$ -	$ -
Total Rate	$ 0.4503	$ 0.4503	$ 0.3635	$ 0.0621	$ 0.4406	$ 0.4406	$ 0.3564	$ 0.0572	$ 0.0097	$ 0.0097	$ 0.0071	$ 0.0049
Lost and Unaccounted For Gas	$ (0.0038)	$ (0.0038)	$ (0.0038)	$ (0.0038)	$ (0.0038)	$ (0.0038)	$ (0.0038)	$ (0.0038)	$ 0.0000	$ 0.0000	$ 0.0000	$ 0.0000
EDIT Surcharge	$ 0.0021	$ 0.0021	$ 0.0021	$ 0.0021	$ -	$ -	$ -	$ -	$ 0.0021	$ 0.0021	$ 0.0021	$ 0.0021
Act 141 Surcharge Rate	$ 0.0086	$ 0.0086	$ 0.0086	$ 0.0086	$ 0.0133	$ 0.0133	$ 0.0133	$ 0.0133	$ (0.0047)	$ (0.0047)	$ (0.0047)	$ (0.0047)

Natural gas rate per therm at proposed rates.

Commercial / Industrial Class 5 500,000 to 999,999 Therms Annually

	Proposed Rates				Current Rates				Proposed Change in Rates			
Rates - Description	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation
Daily Facitilties Charge	$ 35.00	$ 35.00	$ 35.00	$ 35.00	$ 35.00	$ 35.00	$ 35.00	$ 35.00	$ -	$ -	$ -	$ -
Transportation Administrative	$ -	$ -	$ -	$ 2.00	$ -	$ -	$ -	$ 2.00	$ -	$ -	$ -	$ -
Daily Demand Charge	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Distribution Margin per therm	$ 0.0579	$ 0.0579	$ 0.0579	$ 0.0579	$ 0.0520	$ 0.0520	$ 0.0520	$ 0.0520	$ 0.0059	$ 0.0059	$ 0.0059	$ 0.0059
Competitive Supply Margin	$ 0.0319	$ 0.0319	$ 0.0319	$ -	$ 0.0217	$ 0.0217	$ 0.0217	$ -	$ 0.0102	$ 0.0102	$ 0.0102	$ -
Daily Balancing Margin	$ 0.0007	$ 0.0007	$ 0.0007	$ 0.0007	$ 0.0018	$ 0.0018	$ 0.0018	$ 0.0018	$ (0.0011)	$ (0.0011)	$ (0.0011)	$ (0.0011)
Peak Day Margin	$ 0.0048	$ 0.0048	$ -	$ -	$ 0.0022	$ 0.0022	$ -	$ -	$ 0.0026	$ 0.0026	$ -	$ -
Other Margin												
Total All Margin Rates	$ 0.0953	$ 0.0953	$ 0.0905	$ 0.0586	$ 0.0777	$ 0.0777	$ 0.0755	$ 0.0538	$ 0.0176	$ 0.0176	$ 0.0150	$ 0.0048
Peak Demand	$ 0.0820	$ 0.0820	$ -	$ -	$ 0.0820	$ 0.0820	$ -	$ -	$ -	$ -	$ -	$ -
Annual Demand	$ 0.0150	$ 0.0150	$ 0.0150	$ -	$ 0.0150	$ 0.0150	$ 0.0150	$ -	$ -	$ -	$ -	$ -
Commodity	$ 0.2545	$ 0.2545	$ 0.2545	$ -	$ 0.2545	$ 0.2545	$ 0.2545	$ -	$ -	$ -	$ -	$ -
Total Natural Gas Rate Per Therm	$ 0.3515	$ 0.3515	$ 0.2695	$ -	$ 0.3515	$ 0.3515	$ 0.2695	$ -	$ -	$ -	$ -	$ -
Total Rate	$ 0.4468	$ 0.4468	$ 0.3600	$ 0.0586	$ 0.4292	$ 0.4292	$ 0.3450	$ 0.0538	$ 0.0176	$ 0.0176	$ 0.0150	$ 0.0048
Lost and Unaccounted For Gas	$ (0.0038)	$ (0.0038)	$ (0.0038)	$ (0.0038)	$ (0.0038)	$ (0.0038)	$ (0.0038)	$ (0.0038)	$ 0.0000	$ 0.0000	$ 0.0000	$ 0.0000
EDIT Surcharge	$ 0.0015	$ 0.0015	$ 0.0015	$ 0.0015	$ -	$ -	$ -	$ -	$ 0.0015	$ 0.0015	$ 0.0015	$ 0.0015
Act 141 Surcharge Rate	$ 0.0086	$ 0.0086	$ 0.0086	$ 0.0086	$ 0.0133	$ 0.0133	$ 0.0133	$ 0.0133	$ (0.0047)	$ (0.0047)	$ (0.0047)	$ (0.0047)

Natural gas rate per therm at proposed rates.

Reflects natural gas rate per therm at proposed natural gas cost rates.

Wisconsin Electric - Gas Operations
Proposed and Current Rates
for the Test Year ended December 31, 2020

Commercial / Industrial Class 6 1,000,000 to 7,999,999 Therms Annually

	Proposed Rates				Current Rates				Proposed Change in Rates			
Rates - Description	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation
Daily Facitilties Charge	$ 115.00	NA	$ 115.00	$ 115.00	$ 115.00	NA	$ 115.00	$ 115.00	$ -	NA	$ -	$ -
Transportation Administrative	$ -	NA	$ -	$ 2.00	$ -	NA	$ -	$ 2.00	$ -	NA	$ -	$ -
Daily Demand Charge	$ 0.0030	NA	$ 0.0030	$ 0.0030	$ 0.0030	NA	$ 0.0030	$ 0.0030	$ -	NA	$ -	$ -
Distribution Margin per therm	$ 0.0289	NA	$ 0.0289	$ 0.0289	$ 0.0243	NA	$ 0.0243	$ 0.0243	$ 0.0046	NA	$ 0.0046	$ 0.0046
Competitive Supply Margin	$ 0.0319	NA	$ 0.0319	$ -	$ 0.0134	NA	$ 0.0134	$ -	$ 0.0185	NA	$ 0.0185	$ -
Daily Balancing Margin	$ 0.0007	NA	$ 0.0007	$ 0.0007	$ 0.0018	NA	$ 0.0018	$ 0.0018	$ (0.0011)	NA	$ (0.0011)	$ (0.0011)
Peak Day Margin	$ 0.0048	NA	$ -	$ -	$ 0.0022	NA	$ -	$ -	$ 0.0026	NA	$ -	$ -
Other Margin												
Total All Margin Rates	$ 0.0663	NA	$ 0.0615	$ 0.0296	$ 0.0417	NA	$ 0.0395	$ 0.0261	$ 0.0246	NA	$ 0.0220	$ 0.0035
Peak Demand	$ 0.0820	NA	$ -	$ -	$ 0.0820	NA	$ -	$ -	$ -	NA	$ -	$ -
Annual Demand	$ 0.0150	NA	$ 0.0150	$ -	$ 0.0150	NA	$ 0.0150	$ -	$ -	NA	$ -	$ -
Commodity	$ 0.2545	NA	$ 0.2545	$ -	$ 0.2545	NA	$ 0.2545	$ -	$ -	NA	$ -	$ -
Total Natural Gas Rate Per Therm	$ 0.3515	NA	$ 0.2695	$ -	$ 0.3515	NA	$ 0.2695	$ -	$ -	NA	$ -	$ -
Total Rate	$ 0.4178	NA	$ 0.3310	$ 0.0296	$ 0.3932	NA	$ 0.3090	$ 0.0261	$ 0.0246	NA	$ 0.0220	$ 0.0035
Lost and Unaccounted For Gas	$ (0.0038)	NA	$ (0.0038)	$ (0.0038)	$ (0.0038)	NA	$ (0.0038)	$ (0.0038)	$ 0.0000	NA	$ 0.0000	$ 0.0000
EDIT Surcharge	$ 0.0015	NA	$ 0.0015	$ 0.0015	$ -	NA	$ -	$ -	$ 0.0015	NA	$ 0.0015	$ 0.0015
Act 141 Surcharge Rate	$ 0.0001	NA	$ 0.0001	$ 0.0001	$ 0.0001	NA	$ 0.0001	$ 0.0001	$ -	NA	$ -	$ -

NA = Not Available

Natural gas rate per therm at proposed rates.

NA = Not Available

Commercial / Industrial Class 7 8,000,000 Therms Annually and Over

	Proposed Rates				Current Rates				Proposed Change in Rates			
Rates - Description	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation
Daily Facitilties Charge	$ 450.00	NA	$ 450.00	$ 450.00	$ 450.00	NA	$ 450.00	$ 450.00	$ -	NA	$ -	$ -
Transportation Administrative	$ -	NA	$ -	$ 2.00	$ -	NA	$ -	$ 2.00	$ -	NA	$ -	$ -
Daily Demand Charge	$ 0.0024	NA	$ 0.0024	$ 0.0024	$ 0.0024	NA	$ 0.0024	$ 0.0024	$ -	NA	$ -	$ -
Distribution Margin per therm	$ 0.0187	NA	$ 0.0187	$ 0.0187	$ 0.0152	NA	$ 0.0152	$ 0.0152	$ 0.0035	NA	$ 0.0035	$ 0.0035
Competitive Supply Margin	$ 0.0319	NA	$ 0.0319	$ -	$ 0.0119	NA	$ 0.0119	$ -	$ 0.0200	NA	$ 0.0200	$ -
Daily Balancing Margin	$ 0.0007	NA	$ 0.0007	$ 0.0007	$ 0.0018	NA	$ 0.0018	$ 0.0018	$ (0.0011)	NA	$ (0.0011)	$ (0.0011)
Peak Day Margin	$ 0.0048	NA	$ -	$ -	$ 0.0022	NA	$ -	$ -	$ 0.0026	NA	$ -	$ -
Other Margin												
Total All Margin Rates	$ 0.0561	NA	$ 0.0513	$ 0.0194	$ 0.0311	NA	$ 0.0289	$ 0.0170	$ 0.0250	NA	$ 0.0224	$ 0.0024
Peak Demand	$ 0.0820	NA	$ -	$ -	$ 0.0820	NA	$ -	$ -	$ -	NA	$ -	$ -
Annual Demand	$ 0.0150	NA	$ 0.0150	$ -	$ 0.0150	NA	$ 0.0150	$ -	$ -	NA	$ -	$ -
Commodity	$ 0.2545	NA	$ 0.2545	$ -	$ 0.2545	NA	$ 0.2545	$ -	$ -	NA	$ -	$ -
Total Natural Gas Rate Per Therm	$ 0.3515	NA	$ 0.2695	$ -	$ 0.3515	NA	$ 0.2695	$ -	$ -	NA	$ -	$ -
Total Rate	$ 0.4076	NA	$ 0.3208	$ 0.0194	$ 0.3826	NA	$ 0.2984	$ 0.0170	$ 0.0250	NA	$ 0.0224	$ 0.0024
Lost and Unaccounted For Gas	$ (0.0038)	NA	$ (0.0038)	$ (0.0038)	$ (0.0038)	NA	$ (0.0038)	$ (0.0038)	$ 0.0000	NA	$ 0.0000	$ 0.0000
EDIT Surcharge	$ 0.0012	NA	$ 0.0012	$ 0.0012	$ -	NA	$ -	$ -	$ 0.0012	NA	$ 0.0012	$ 0.0012
Act 141 Surcharge Rate	$ 0.0001	NA	$ 0.0001	$ 0.0001	$ 0.0001	NA	$ 0.0001	$ 0.0001	$ -	NA	$ -	$ -

NA = Not Available

Natural gas rate per therm at proposed rates.

NA = Not Available

Reflects natural gas rate per therm at proposed natural gas cost rates.

WE-GO Residential Monthly Bill Impact Analysis

Gas Costs	Summer	Winter
Firm Service	$ 0.4603	$ 0.5423

Monthly Use Therms	Present Customer Charge	Current Admin. & Distribution Charges	Total Monthly Cost	Gas Costs	Total Costs	Authorized Customer Charge	Authorized Admin. & Distribution Charges	Authorized Total Monthly Cost	Gas Costs	Authorized Total Costs	Monthly Bill Increase (Decrease)	Monthly Percent Increase (Decrease)
Rg-1: Residential Firm Service Sales During Summer Months												
5	$ 10.04	$ 0.75	$ 10.79	$ 2.30	$ 13.09	$ 10.04	$ 0.95	$ 10.99	$ 2.30	$ 13.29	$ 0.20	1.52%
15	$ 10.04	$ 2.26	$ 12.30	$ 6.90	$ 19.21	$ 10.04	$ 2.86	$ 12.90	$ 6.90	$ 19.80	$ 0.60	3.12%
21 avg.	$ 10.04	$ 3.17	$ 13.21	$ 9.67	$ 22.87	$ 10.04	$ 4.01	$ 14.04	$ 9.67	$ 23.71	$ 0.84	3.66%
35	$ 10.04	$ 5.28	$ 15.32	$ 16.11	$ 31.43	$ 10.04	$ 6.68	$ 16.72	$ 16.11	$ 32.83	$ 1.40	4.44%
50	$ 10.04	$ 7.55	$ 17.58	$ 23.02	$ 40.60	$ 10.04	$ 9.54	$ 19.58	$ 23.02	$ 42.59	$ 2.00	4.91%
75	$ 10.04	$ 11.32	$ 21.36	$ 34.52	$ 55.88	$ 10.04	$ 14.31	$ 24.35	$ 34.52	$ 58.87	$ 2.99	5.36%
100	$ 10.04	$ 15.09	$ 25.13	$ 46.03	$ 71.16	$ 10.04	$ 19.08	$ 29.12	$ 46.03	$ 75.15	$ 3.99	5.61%
105	$ 10.04	$ 15.84	$ 25.88	$ 48.33	$ 74.21	$ 10.04	$ 20.03	$ 30.07	$ 48.33	$ 78.40	$ 4.19	5.65%
150	$ 10.04	$ 22.64	$ 32.67	$ 69.05	$ 101.72	$ 10.04	$ 28.62	$ 38.66	$ 69.05	$ 107.70	$ 5.99	5.88%
200	$ 10.04	$ 30.18	$ 40.22	$ 92.06	$ 132.28	$ 10.04	$ 38.16	$ 48.20	$ 92.06	$ 140.26	$ 7.98	6.03%
300	$ 10.04	$ 45.27	$ 55.31	$ 138.09	$ 193.40	$ 10.04	$ 57.24	$ 67.28	$ 138.09	$ 205.37	$ 11.97	6.19%
Rg-1: Residential Firm Service Sales During Winter Months												
5	$ 10.04	$ 0.75	$ 10.79	$ 2.71	$ 13.50	$ 10.04	$ 0.95	$ 10.99	$ 2.71	$ 13.70	$ 0.20	1.48%
15	$ 10.04	$ 2.26	$ 12.30	$ 8.13	$ 20.44	$ 10.04	$ 2.86	$ 12.90	$ 8.13	$ 21.03	$ 0.60	2.93%
21	$ 10.04	$ 3.17	$ 13.21	$ 11.39	$ 24.59	$ 10.04	$ 4.01	$ 14.04	$ 11.39	$ 25.43	$ 0.84	3.41%
35	$ 10.04	$ 5.28	$ 15.32	$ 18.98	$ 34.30	$ 10.04	$ 6.68	$ 16.72	$ 18.98	$ 35.70	$ 1.40	4.07%
50	$ 10.04	$ 7.55	$ 17.58	$ 27.12	$ 44.70	$ 10.04	$ 9.54	$ 19.58	$ 27.12	$ 46.69	$ 2.00	4.46%
75	$ 10.04	$ 11.32	$ 21.36	$ 40.67	$ 62.03	$ 10.04	$ 14.31	$ 24.35	$ 40.67	$ 65.02	$ 2.99	4.82%
100	$ 10.04	$ 15.09	$ 25.13	$ 54.23	$ 79.36	$ 10.04	$ 19.08	$ 29.12	$ 54.23	$ 83.35	$ 3.99	5.03%
105 avg.	$ 10.04	$ 15.84	$ 25.88	$ 56.94	$ 82.82	$ 10.04	$ 20.03	$ 30.07	$ 56.94	$ 87.01	$ 4.19	5.06%
150	$ 10.04	$ 22.64	$ 32.67	$ 81.35	$ 114.02	$ 10.04	$ 28.62	$ 38.66	$ 81.35	$ 120.00	$ 5.99	5.25%
200	$ 10.04	$ 30.18	$ 40.22	$ 108.46	$ 148.68	$ 10.04	$ 38.16	$ 48.20	$ 108.46	$ 156.66	$ 7.98	5.37%
300	$ 10.04	$ 45.27	$ 55.31	$ 162.69	$ 218.00	$ 10.04	$ 57.24	$ 67.28	$ 162.69	$ 229.97	$ 11.97	5.49%
Average Annual Residential Billing												
756	$ 120.45	$ 114.08	$ 234.53	$ 378.98	$ 613.51	$ 120.45	$ 144.24	$ 264.69	$ 378.98	$ 643.68	$ 30.16	4.92%

Bundled Gas Revenue Summary

Service Rate Classes	Volumes	Current Margin & Admin Revenues +	Cost of Gas Revenues	= Rebundled Service Class Revenues	+ Authorized Distribution Reve Change/Class	= Total Bundled Rev. by Dist. Class	Percent Change Rebundled w/ COG	Percent Change Rebundled w/o COG
Residential								
WG Residential (Rg-1)	487,109,454	$ 210,482,332	$ 168,563,033	$ 379,045,365	$ 2,582,608	$ 381,627,973	0.68%	1.23%
Subtotal	487,109,454	$ 210,482,332	$ 168,563,033	$ 379,045,365	$ 2,582,608	$ 381,627,973	0.68%	1.23%
Commercial & Industrial 1 (0 - 3,999)								
WG Firm Comm. Ind. (Fg-1)	57,851,312	$ 21,619,886	$ 20,273,956	$ 41,893,842	$ 315,971	$ 42,209,813	0.75%	1.46%
WG Agricultural Seasonal Use (Ag-1)	117,942	$ 39,488	$ 32,951	$ 72,439	$ 659	$ 73,098	0.91%	1.67%
WG Transport Commercial (Tf-1)	12,060	$ 7,944	$ (12)	$ 7,932	$ 286	$ 8,218	3.61%	3.60%
Subtotal	57,981,314	$ 21,667,318	$ 20,306,895	$ 41,974,213	$ 316,916	$ 42,291,129	0.76%	1.46%
Commercial & Industrial 2 (4,000 - 39,999)								
WG Firm Comm. Ind. (Fg-2)	159,292,614	$ 38,523,016	$ 54,831,258	$ 93,354,274	$ (1,031,344)	$ 92,322,930	-1.10%	-2.68%
WG Transport Commercial (Tf-2)	10,569,855	$ 2,177,373	$ (8,455)	$ 2,168,918	$ 80,300	$ 2,249,218	3.70%	3.69%
WG Agricultural Seasonal Use (Ag-2)	1,110,708	$ 267,605	$ 307,926	$ 575,531	$ (7,191)	$ 568,340	-1.25%	-2.69%
Subtotal	170,973,177	$ 40,967,994	$ 55,130,729	$ 96,098,723	$ (958,235)	$ 95,140,488	-1.00%	-2.34%
Commercial & Industrial 3 (40,000 - 99,999)								
WG Firm Comm. Ind. (Fg-3)	40,765,481	$ 8,149,540	$ 13,940,274	$ 22,089,814	$ (219,944)	$ 21,869,870	-1.00%	-2.70%
WG Transport Commercial (Tf-3)	27,412,523	$ 4,414,787	$ (21,930)	$ 4,392,857	$ 218,930	$ 4,611,787	4.98%	4.96%
WG Agricultural Seasonal Use (Ag-3)	1,866,782	$ 365,304	$ 511,990	$ 877,294	$ (10,054)	$ 867,240	-1.15%	-2.75%
WG Inter. Comm. Ind. (Ig-3)	204,536	$ 34,875	$ 60,857	$ 95,732	$ (1,392)	$ 94,340	-1.45%	-3.99%
Subtotal	70,249,322	$ 12,964,506	$ 14,491,191	$ 27,455,697	$ (12,460)	$ 27,443,237	-0.05%	-0.10%
Commercial & Industrial 4 (100,000 - 499,999)								
WG Firm Comm. Ind. (Fg-4)	23,790,204	$ 3,966,917	$ 7,859,341	$ 11,826,258	$ (199,722)	$ 11,626,536	-1.69%	-5.03%
WG Transport Commercial (Tf-4)	95,905,959	$ 10,835,709	$ (76,725)	$ 10,758,984	$ 300,404	$ 11,059,388	2.79%	2.77%
WG Agricultural Seasonal Use (Ag-4)	1,016,792	$ 167,059	$ 284,783	$ 451,842	$ (8,533)	$ 443,309	-1.89%	-5.11%
WG Inter. Comm. Ind. (Ig-4)	3,086,755	$ 510,529	$ 820,539	$ 1,331,068	$ (30,227)	$ 1,300,841	-2.27%	-5.92%
Subtotal	123,799,710	$ 15,480,214	$ 8,887,938	$ 24,368,152	$ 61,922	$ 24,430,074	0.25%	0.40%
Commercial & Industrial 5 (500,000 - 999,999)								
WG Firm Comm. Ind. (Fg-5)	5,955,066	$ 818,768	$ 1,852,883	$ 2,671,651	$ (45,661)	$ 2,625,990	-1.71%	-5.58%
WG Transport Commercial (Tf-5)	57,550,625	$ 5,513,733	$ (46,039)	$ 5,467,694	$ 134,126	$ 5,601,820	2.45%	2.43%
WG Inter. Comm. Ind. (Ig-5)	1,355,489	$ 185,163	$ 362,254	$ 547,417	$ (12,291)	$ 535,126	-2.25%	-6.64%
Subtotal	64,861,180	$ 6,517,664	$ 2,169,098	$ 8,686,762	$ 76,174	$ 8,762,936	0.88%	1.17%
Commercial & Industrial 6 (1,000,000 - 7,999,999)								
WG Firm Comm. Ind. (Fg-6)	2,741,342	$ 316,464	$ 894,692	$ 1,211,156	$ (29,577)	$ 1,181,579	-2.44%	-9.35%
WG Transport Commercial (Tf-6)	238,497,182	$ 14,450,385	$ (190,799)	$ 14,259,586	$ (299,090)	$ 13,960,496	-2.10%	-2.07%
WG Inter. Comm. Ind. (Ig-6)	5,274,921	$ 670,008	$ 1,399,056	$ 2,069,064	$ (64,999)	$ 2,004,065	-3.14%	-9.70%
Subtotal	246,513,445	$ 15,436,857	$ 2,102,949	$ 17,539,806	$ (393,666)	$ 17,146,140	-2.24%	-2.55%
Commercial & Industrial 7 & 8 > 8,000,000								
WG Firm Comm. Ind. (Fg-7)	-							
WG Transport Commercial (Tf-7)	21,985,035	$ 1,033,759	$ (17,588)	$ 1,016,171	$ 949	$ 1,017,120	0.09%	0.09%
Subtotal	21,985,035	$ 1,033,759	$ (17,588)	$ 1,016,171	$ 949	$ 1,017,120	0.09%	0.09%
Commercial & Industrial 8 (> 15,000,000)								
WG Firm Comm. Ind. (Fg-8)	-							
WG Transport Commercial (Tf-8)	36,270,328	$ 1,504,904	$ (29,018)	$ 1,475,886	$ 2,112	$ 1,477,998	0.14%	0.14%
Subtotal	36,270,328	$ 1,504,904	$ (29,018)	$ 1,475,886	$ 2,112	$ 1,477,998	0.14%	0.14%
Power Generation	71,236,430	$ 18,503	$ 1,378	$ 19,881	$ (126)	$ 19,755	-0.63%	-0.68%
Special Contracts	443,669,686	$ 11,000,231	$ (132,139)	$ 10,868,092	$ (56,367)	$ 10,811,725	-0.52%	-0.51%
Subtotal	514,906,116	$ 11,018,734	$ (130,761)	$ 10,887,973	$ (56,493)	$ 10,831,480	-0.52%	-0.51%
Total Gas Sales Revenues	**1,794,649,081**	**$ 337,074,282**	**$ 271,474,466**	**$ 608,548,748**	**$ 1,619,827**	**$ 610,168,575**	**0.27%**	**0.48%**
Total Gas Operating Revenue				**$ 608,548,748**		**$ 610,168,575**	**0.27%**	

Wisconsin Gas LLC
Proposed and Current Rates
for the test year ended December 31, 2020

	Residential Service											
	2020 Proposed Rates				2019 Actual Rates				Proposed Change in Rates			
Rates - Description	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation
Daily Facitilties Charge	$ 0.33	NA	NA	$ 0.33	$ 0.33	NA	NA	$ 0.33	$ -	NA	NA	$ -
Transportation Administrative	$ -	NA	NA	$ 2.00	$ -	NA	NA	$ 2.00	$ -	NA	NA	$ -
Daily Demand Charge	$ -	NA	NA	$ -	$ -	NA	NA	$ -	$ -	NA	NA	$ -
Distribution Margin per therm	$ 0.2592	NA	NA	$ 0.2592	$ 0.2330	NA	NA	$ 0.2330	$ 0.0262	NA	NA	$ 0.0262
Competitive Supply Margin	$ 0.0305	NA	NA	$ -	$ 0.0250	NA	NA	$ -	$ 0.0055	NA	NA	$ -
Daily Balancing Margin	$ 0.0010	NA	NA	$ 0.0010	$ 0.0018	NA	NA	$ 0.0018	$ (0.0008)	NA	NA	$ (0.0008)
Peak Day Margin	$ 0.0017	NA	NA	$ -	$ 0.0004	NA	NA	$ -	$ 0.0013	NA	NA	$ -
Other Margin												
Total All Margin Rates	$ 0.2924	NA	NA	$ 0.2602	$ 0.2602	NA	NA	$ 0.2348	$ 0.0322	NA	NA	$ 0.0254
Peak Demand	$ 0.0912	NA	NA	$ -	$ 0.0912	NA	NA	$ -	$ -	NA	NA	$ -
Annual Demand	$ 0.0164	NA	NA	$ -	$ 0.0164	NA	NA	$ -	$ -	NA	NA	$ -
Commodity	$ 0.2548	NA	NA	$ -	$ 0.2548	NA	NA	$ -	$ -	NA	NA	$ -
Total Natural Gas Rate Per Therm	$ 0.3624	NA	NA	$ -	$ 0.3624	NA	NA	$ -	$ -	NA	NA	$ -
Total Rate	$ 0.6548	NA	NA	$ 0.2602	$ 0.6226	NA	NA	$ 0.2348	$ 0.0322	NA	NA	$ 0.0254
Lost and Unaccounted For Gas	$ (0.0008)	NA	NA	$ (0.0008)	$ (0.0008)	NA	NA	$ (0.0008)	$ -	NA	NA	$ -
EDIT Credit	$ 0.0043	NA	NA	$ 0.0043	$ -	NA	NA	$ -	$ 0.0043	NA	NA	$ 0.0043
Act 141 Surcharge Rate	$ 0.0053	NA	NA	$ 0.0053	$ 0.0079	NA	NA	$ 0.0079	$ (0.0026)	NA	NA	$ (0.0026)

NA = Not Available NA = Not Available NA = Not Available

Reflects natural gas rate per therm at proposed natural gas cost rates.

Wisconsin Gas LLC
Proposed and Current Rates
for the test year ended December 31, 2020

	Commercial / Industrial Class 1 0 to 3,999 Therms Annually											
	2020 Proposed Rates				**2019 Actual Rates**				**Proposed Change in Rates**			
Rates - Description	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation
Daily Facitilties Charge	$ 0.33	$ 0.33	NA	$ 0.33	$ 0.33	$ 0.33	NA	$ 0.33	$ -	$ -	NA	$ -
Transportation Administrative	$ -	$ -	NA	$ 2.00	$ -	$ -	NA	$ 2.00	$ -	$ -	NA	$ -
Daily Demand Charge	$ -	$ -	NA	$ -	$ -	$ -	NA	$ -	$ -	$ -	NA	$ -
Distribution Margin per therm	$ 0.2592	$ 0.2592	NA	$ 0.2592	$ 0.2330	$ 0.2330	NA	$ 0.2330	$ 0.0262	$ 0.0262	NA	$ 0.0262
Competitive Supply Margin	$ 0.0305	$ 0.0305	NA	$ -	$ 0.0250	$ 0.0250	NA	$ -	$ 0.0055	$ 0.0055	NA	$ -
Daily Balancing Margin	$ 0.0010	$ 0.0010	NA	$ 0.0010	$ 0.0018	$ 0.0018	NA	$ 0.0018	$ (0.0008)	$ (0.0008)	NA	$ (0.0008)
Peak Day Margin	$ 0.0017	$ 0.0017	NA	$ -	$ 0.0004	$ 0.0004	NA	$ -	$ 0.0013	$ 0.0013	NA	$ -
Other Margin												
Total All Margin Rates	$ 0.2924	$ 0.2924	NA	$ 0.2602	$ 0.2602	$ 0.2602	NA	$ 0.2348	$ 0.0322	$ 0.0322	NA	$ 0.0254
Peak Demand	$ 0.0912	$ 0.0912	NA	$ -	$ 0.0912	$ 0.0912	NA	$ -	$ -	$ -	NA	$ -
Annual Demand	$ 0.0164	$ 0.0164	NA	$ -	$ 0.0164	$ 0.0164	NA	$ -	$ -	$ -	NA	$ -
Commodity	$ 0.2548	$ 0.2548	NA	$ -	$ 0.2548	$ 0.2548	NA	$ -	$ -	$ -	NA	$ -
Total Natural Gas Rate Per Therm	$ 0.3624	$ 0.3624	NA	$ -	$ 0.3624	$ 0.3624	NA	$ -	$ -	$ -	NA	$ -
Total Rate	$ 0.6548	$ 0.6548	NA	$ 0.2602	$ 0.6226	$ 0.6226	NA	$ 0.2348	$ 0.0322	$ 0.0322	NA	$ 0.0254
Lost and Unaccounted For Gas	$ (0.0008)	$ (0.0008)	NA	$ (0.0008)	$ (0.0008)	$ (0.0008)	NA	$ (0.0008)	$ -	$ -	NA	$ -
EDIT Credit	$ 0.0033	$ 0.0033	NA	$ 0.0033	$ -	$ -	NA	$ -	$ 0.0033	$ 0.0033	NA	$ 0.0033
Act 141 Surcharge Rate	$ 0.0079	$ 0.0079	NA	$ 0.0079	$ 0.0122	$ 0.0122	NA	$ 0.0122	$ (0.0043)	$ (0.0043)	NA	$ (0.0043)

NA = Not Available

NA = Not Available

NA = Not Available

Reflects natural gas rate per therm at proposed natural gas cost rates.

Wisconsin Gas LLC
Proposed and Current Rates
for the test year ended December 31, 2020

Commercial / Industrial Class 2 4,000 to 39,999 Therms Annually

	2020 Proposed Rates				2019 Actual Rates				Proposed Change in Rates			
Rates - Description	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation
Daily Facitilties Charge	$ 0.85	$ 0.85	NA	$ 0.85	$ 0.85	$ 0.85	NA	$ 0.85	$ -	$ -	NA	$ -
Transportation Administrative	$ -	$ -	NA	$ 2.00	$ -	$ -	NA	$ 2.00	$ -	$ -	NA	$ -
Daily Demand Charge	$ -	$ -	NA	$ -	$ -	$ -	NA	$ -	$ -	$ -	NA	$ -
Distribution Margin per therm	$ 0.1750	$ 0.1750	NA	$ 0.1750	$ 0.1665	$ 0.1665	NA	$ 0.1665	$ 0.0085	$ 0.0085	NA	$ 0.0085
Competitive Supply Margin	$ 0.0305	$ 0.0305	NA	$ -	$ 0.0195	$ 0.0195	NA	$ -	$ 0.0110	$ 0.0110	NA	$ -
Daily Balancing Margin	$ 0.0010	$ 0.0010	NA	$ 0.0010	$ 0.0018	$ 0.0018	NA	$ 0.0018	$ (0.0008)	$ (0.0008)	NA	$ (0.0008)
Peak Day Margin	$ 0.0017	$ 0.0017	NA	$ -	$ 0.0003	$ 0.0003	NA	$ -	$ 0.0014	$ 0.0014	NA	$ -
Other Margin												
Total All Margin Rates	$ 0.2082	$ 0.2082	NA	$ 0.1760	$ 0.1881	$ 0.1881	NA	$ 0.1683	$ 0.0201	$ 0.0201	NA	$ 0.0077
Peak Demand	$ 0.0912	$ 0.0912	NA	$ -	$ 0.0912	$ 0.0912	NA	$ -	$ -	$ -	NA	$ -
Annual Demand	$ 0.0164	$ 0.0164	NA	$ -	$ 0.0164	$ 0.0164	NA	$ -	$ -	$ -	NA	$ -
Commodity	$ 0.2548	$ 0.2548	NA	$ -	$ 0.2548	$ 0.2548	NA	$ -	$ -	$ -	NA	$ -
Total Natural Gas Rate Per Therm	$ 0.3624	$ 0.3624	NA	$ -	$ 0.3624	$ 0.3624	NA	$ -	$ -	$ -	NA	$ -
Total Rate	$ 0.5706	$ 0.5706	NA	$ 0.1760	$ 0.5505	$ 0.5505	NA	$ 0.1683	$ 0.0201	$ 0.0201	NA	$ 0.0077
Lost and Unaccounted For Gas	$ (0.0008)	$ (0.0008)	NA	$ (0.0008)	$ (0.0008)	$ (0.0008)	NA	$ (0.0008)	$ -	$ -	NA	$ -
EDIT Credit	$ 0.0017	$ 0.0017	NA	$ 0.0017	$ -	$ -	NA	$ -	$ 0.0017	$ 0.0017	NA	$ 0.0017
Act 141 Surcharge Rate	$ 0.0079	$ 0.0079	NA	$ 0.0079	$ 0.0122	$ 0.0122	NA	$ 0.0122	$ (0.0043)	$ (0.0043)	NA	$ (0.0043)

NA = Not Available NA = Not Available NA = Not Available

Commercial / Industrial Class 3 40,000 to 99,999 Therms Annually

	2020 Proposed Rates				2019 Actual Rates				Proposed Change in Rates			
Rates - Description	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation
Daily Facitilties Charge	$ 6.00	$ 6.00	$ 6.00	$ 6.00	$ 6.00	$ 6.00	$ 6.00	$ 6.00	$ -	$ -	$ -	$ -
Transportation Administrative	$ -	$ -	$ -	$ 2.00	$ -	$ -	$ -	$ 2.00	$ -	$ -	$ -	$ -
Daily Demand Charge	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Distribution Margin per therm	$ 0.1266	$ 0.1266	$ 0.1266	$ 0.1266	$ 0.1177	$ 0.1177	$ 0.1177	$ 0.1177	$ 0.0089	$ 0.0089	$ 0.0089	$ 0.0089
Competitive Supply Margin	$ 0.0305	$ 0.0305	$ 0.0305	$ -	$ 0.0188	$ 0.0188	$ 0.0188	$ -	$ 0.0117	$ 0.0117	$ 0.0117	$ -
Daily Balancing Margin	$ 0.0010	$ 0.0010	$ 0.0010	$ 0.0010	$ 0.0018	$ 0.0018	$ 0.0018	$ 0.0018	$ (0.0008)	$ (0.0008)	$ (0.0008)	$ (0.0008)
Peak Day Margin	$ 0.0017	$ 0.0017	$ -	$ -	$ 0.0003	$ 0.0003	$ -	$ -	$ 0.0014	$ 0.0014	$ -	$ -
Other Margin												
Total All Margin Rates	$ 0.1598	$ 0.1598	$ 0.1581	$ 0.1276	$ 0.1386	$ 0.1386	$ 0.1383	$ 0.1195	$ 0.0212	$ 0.0212	$ 0.0198	$ 0.0081
Peak Demand	$ 0.0912	$ 0.0912	$ -	$ -	$ 0.0912	$ 0.0912	$ -	$ -	$ -	$ -	$ -	$ -
Annual Demand	$ 0.0164	$ 0.0164	$ 0.0164	$ -	$ 0.0164	$ 0.0164	$ 0.0164	$ -	$ -	$ -	$ -	$ -
Commodity	$ 0.2548	$ 0.2548	$ 0.2548	$ -	$ 0.2548	$ 0.2548	$ 0.2548	$ -	$ -	$ -	$ -	$ -
Total Natural Gas Rate Per Therm	$ 0.3624	$ 0.3624	$ 0.2712	$ -	$ 0.3624	$ 0.3624	$ 0.2712	$ -	$ -	$ -	$ -	$ -
Total Rate	$ 0.5222	$ 0.5222	$ 0.4293	$ 0.1276	$ 0.5010	$ 0.5010	$ 0.4095	$ 0.1195	$ 0.0212	$ 0.0212	$ 0.0198	$ 0.0081
Lost and Unaccounted For Gas	$ (0.0008)	$ (0.0008)	$ (0.0008)	$ (0.0008)	$ (0.0008)	$ (0.0008)	$ (0.0008)	$ (0.0008)	$ -	$ -	$ -	$ -
EDIT Credit	$ 0.0013	$ 0.0013	$ 0.0013	$ 0.0013	$ -	$ -	$ -	$ -	$ 0.0013	$ 0.0013	$ 0.0013	$ 0.0013
Act 141 Surcharge Rate	$ 0.0079	$ 0.0079	$ 0.0079	$ 0.0079	$ 0.0122	$ 0.0122	$ 0.0122	$ 0.0122	$ (0.0043)	$ (0.0043)	$ (0.0043)	$ (0.0043)

Reflects natural gas rate per therm at proposed natural gas cost rates.

Wisconsin Gas LLC
Proposed and Current Rates
for the test year ended December 31, 2020

Commercial / Industrial Class 4 100,000 to 499,999 Therms Annually

Rates - Description	2020 Proposed Rates: Firm Sales	2020 Proposed Rates: Agricultural Seasonal Use Firm Sales	2020 Proposed Rates: Interruptible Sales	2020 Proposed Rates: Transportation	2019 Actual Rates: Firm Sales	2019 Actual Rates: Agricultural Seasonal Use Firm Sales	2019 Actual Rates: Interruptible Sales	2019 Actual Rates: Transportation	Proposed Change in Rates: Firm Sales	Proposed Change in Rates: Agricultural Seasonal Use Firm Sales	Proposed Change in Rates: Interruptible Sales	Proposed Change in Rates: Transportation
Daily Facitilties Charge	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ -	$ -	$ -	$ -
Transportation Administrative	$ -	$ -	$ -	$ 2.00	$ -	$ -	$ -	$ 2.00	$ -	$ -	$ -	$ -
Daily Demand Charge	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Distribution Margin per therm	$ 0.0904	$ 0.0904	$ 0.0904	$ 0.0904	$ 0.0864	$ 0.0864	$ 0.0864	$ 0.0864	$ 0.0040	$ 0.0040	$ 0.0040	$ 0.0040
Competitive Supply Margin	$ 0.0305	$ 0.0305	$ 0.0305	$ -	$ 0.0169	$ 0.0169	$ 0.0169	$ -	$ 0.0136	$ 0.0136	$ 0.0136	$ -
Daily Balancing Margin	$ 0.0010	$ 0.0010	$ 0.0010	$ 0.0010	$ 0.0018	$ 0.0018	$ 0.0018	$ 0.0018	$ (0.0008)	$ (0.0008)	$ (0.0008)	$ (0.0008)
Peak Day Margin	$ 0.0017	$ 0.0017	$ -	$ -	$ 0.0003	$ 0.0003	$ -	$ -	$ 0.0014	$ 0.0014	$ -	$ -
Other Margin												
Total All Margin Rates	$ 0.1236	$ 0.1236	$ 0.1219	$ 0.0914	$ 0.1054	$ 0.1054	$ 0.1051	$ 0.0882	$ 0.0182	$ 0.0182	$ 0.0168	$ 0.0032
Peak Demand	$ 0.0912	$ 0.0912	$ -	$ -	$ 0.0912	$ 0.0912	$ -	$ -	$ -	$ -	$ -	$ -
Annual Demand	$ 0.0164	$ 0.0164	$ 0.0164	$ -	$ 0.0164	$ 0.0164	$ 0.0164	$ -	$ -	$ -	$ -	$ -
Commodity	$ 0.2548	$ 0.2548	$ 0.2548	$ -	$ 0.2548	$ 0.2548	$ 0.2548	$ -	$ -	$ -	$ -	$ -
Total Natural Gas Rate Per Therm	$ 0.3624	$ 0.3624	$ 0.2712	$ -	$ 0.3624	$ 0.3624	$ 0.2712	$ -	$ -	$ -	$ -	$ -
Total Rate	$ 0.4860	$ 0.4860	$ 0.3931	$ 0.0914	$ 0.4678	$ 0.4678	$ 0.3763	$ 0.0882	$ 0.0182	$ 0.0182	$ 0.0168	$ 0.0032
Lost and Unaccounted For Gas	$ (0.0008)	$ (0.0008)	$ (0.0008)	$ (0.0008)	$ (0.0008)	$ (0.0008)	$ (0.0008)	$ (0.0008)	$ -	$ -	$ -	$ -
EDIT Credit	$ 0.0009	$ 0.0009	$ 0.0009	$ 0.0009	$ -	$ -	$ -	$ -	$ 0.0009	$ 0.0009	$ 0.0009	$ 0.0009
Act 141 Surcharge Rate	$ 0.0079	$ 0.0079	$ 0.0079	$ 0.0079	$ 0.0122	$ 0.0122	$ 0.0122	$ 0.0122	$ (0.0043)	$ (0.0043)	$ (0.0043)	$ (0.0043)

Commercial / Industrial Class 5 500,000 to 999,999 Therms Annually

Rates - Description	2020 Proposed Rates: Firm Sales	2020 Proposed Rates: Agricultural Seasonal Use Firm Sales	2020 Proposed Rates: Interruptible Sales	2020 Proposed Rates: Transportation	2019 Actual Rates: Firm Sales	2019 Actual Rates: Agricultural Seasonal Use Firm Sales	2019 Actual Rates: Interruptible Sales	2019 Actual Rates: Transportation	Proposed Change in Rates: Firm Sales	Proposed Change in Rates: Agricultural Seasonal Use Firm Sales	Proposed Change in Rates: Interruptible Sales	Proposed Change in Rates: Transportation
Daily Facitilties Charge	$ 45.00	$ 45.00	$ 45.00	$ 45.00	$ 45.00	$ 45.00	$ 45.00	$ 45.00	$ -	$ -	$ -	$ -
Transportation Administrative	$ -	$ -	$ -	$ 2.00	$ -	$ -	$ -	$ 2.00	$ -	$ -	$ -	$ -
Daily Demand Charge	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Distribution Margin per therm	$ 0.0718	$ 0.0718	$ 0.0718	$ 0.0718	$ 0.0686	$ 0.0686	$ 0.0686	$ 0.0686	$ 0.0032	$ 0.0032	$ 0.0032	$ 0.0032
Competitive Supply Margin	$ 0.0305	$ 0.0305	$ 0.0305	$ -	$ 0.0154	$ 0.0154	$ 0.0154	$ -	$ 0.0151	$ 0.0151	$ 0.0151	$ -
Daily Balancing Margin	$ 0.0010	$ 0.0010	$ 0.0010	$ 0.0010	$ 0.0018	$ 0.0018	$ 0.0018	$ 0.0018	$ (0.0008)	$ (0.0008)	$ (0.0008)	$ (0.0008)
Peak Day Margin	$ 0.0017	$ 0.0017	$ -	$ -	$ 0.0003	$ 0.0003	$ -	$ -	$ 0.0014	$ 0.0014	$ -	$ -
Other Margin												
Total All Margin Rates	$ 0.1050	$ 0.1050	$ 0.1033	$ 0.0728	$ 0.0861	$ 0.0861	$ 0.0858	$ 0.0704	$ 0.0189	$ 0.0189	$ 0.0175	$ 0.0024
Peak Demand	$ 0.0912	$ 0.0912	$ -	$ -	$ 0.0912	$ 0.0912	$ -	$ -	$ -	$ -	$ -	$ -
Annual Demand	$ 0.0164	$ 0.0164	$ 0.0164	$ -	$ 0.0164	$ 0.0164	$ 0.0164	$ -	$ -	$ -	$ -	$ -
Commodity	$ 0.2548	$ 0.2548	$ 0.2548	$ -	$ 0.2548	$ 0.2548	$ 0.2548	$ -	$ -	$ -	$ -	$ -
Total Natural Gas Rate Per Therm	$ 0.3624	$ 0.3624	$ 0.2712	$ -	$ 0.3624	$ 0.3624	$ 0.2712	$ -	$ -	$ -	$ -	$ -
Total Rate	$ 0.4674	$ 0.4674	$ 0.3745	$ 0.0728	$ 0.4485	$ 0.4485	$ 0.3570	$ 0.0704	$ 0.0189	$ 0.0189	$ 0.0175	$ 0.0024
Lost and Unaccounted For Gas	$ (0.0008)	$ (0.0008)	$ (0.0008)	$ (0.0008)	$ (0.0008)	$ (0.0008)	$ (0.0008)	$ (0.0008)	$ -	$ -	$ -	$ -
EDIT Credit	$ 0.0007	$ 0.0007	$ 0.0007	$ 0.0007	$ -	$ -	$ -	$ -	$ 0.0007	$ 0.0007	$ 0.0007	$ 0.0007
Act 141 Surcharge Rate	$ 0.0079	$ 0.0079	$ 0.0079	$ 0.0079	$ 0.0122	$ 0.0122	$ 0.0122	$ 0.0122	$ (0.0043)	$ (0.0043)	$ (0.0043)	$ (0.0043)

NA = Not Available

NA = Not Available

Reflects natural gas rate per therm at proposed natural gas cost rates.

Wisconsin Gas LLC
Proposed and Current Rates
for the test year ended December 31, 2020

Commercial / Industrial Class 6 1,000,000 to 7,999,999 Therms Annually

	2020 Proposed Rates				2019 Actual Rates				Proposed Change in Rates			
Rates - Description	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation
Daily Facitilties Charge	$ 85.00	NA	$ 85.00	$ 85.00	$ 85.00	NA	$ 85.00	$ 85.00	$ -	NA	$ -	$ -
Transportation Administrative	$ -	NA	$ -	$ 2.00	$ -	NA	$ -	$ 2.00	$ -	NA	$ -	$ -
Daily Demand Charge	$ 0.0040	NA	$ 0.0040	$ 0.0040	$ 0.0040	NA	$ 0.0040	$ 0.0040	$ -	NA	$ -	$ -
Distribution Margin per therm	$ 0.0386	NA	$ 0.0386	$ 0.0386	$ 0.0390	NA	$ 0.0390	$ 0.0390	$ (0.0004)	NA	$ (0.0004)	$ (0.0004)
Competitive Supply Margin	$ 0.0305	NA	$ 0.0305	$ -	$ 0.0150	NA	$ 0.0150	$ -	$ 0.0155	NA	$ 0.0155	$ -
Daily Balancing Margin	$ 0.0010	NA	$ 0.0010	$ 0.0010	$ 0.0018	NA	$ 0.0018	$ 0.0018	$ (0.0008)	NA	$ (0.0008)	$ (0.0008)
Peak Day Margin	$ 0.0017	NA	$ -	$ -	$ 0.0002	NA	$ -	$ -	$ 0.0015	NA	$ -	$ -
Other Margin												
Total All Margin Rates	$ 0.0718	NA	$ 0.0701	$ 0.0396	$ 0.0560	NA	$ 0.0558	$ 0.0408	$ 0.0158	NA	$ 0.0143	$ (0.0012)
Peak Demand	$ 0.0912	NA	$ -	$ -	$ 0.0912	NA	$ -	$ -	$ -	NA	$ -	$ -
Annual Demand	$ 0.0164	NA	$ 0.0164	$ -	$ 0.0164	NA	$ 0.0164	$ -	$ -	NA	$ -	$ -
Commodity	$ 0.2548	NA	$ 0.2548	$ -	$ 0.2548	NA	$ 0.2548	$ -	$ -	NA	$ -	$ -
Total Natural Gas Rate Per Therm	$ 0.3624	NA	$ 0.2712	$ -	$ 0.3624	NA	$ 0.2712	$ -	$ -	NA	$ -	$ -
Total Rate	$ 0.4342	NA	$ 0.3413	$ 0.0396	$ 0.4184	NA	$ 0.3270	$ 0.0408	$ 0.0158	NA	$ 0.0143	$ (0.0012)
Lost and Unaccounted For Gas	$ (0.0008)	NA	$ (0.0008)	$ (0.0008)	$ (0.0008)	NA	$ (0.0008)	$ (0.0008)	$ -	NA	$ -	$ -
EDIT Credit	$ 0.0007	NA	$ 0.0007	$ 0.0007	$ -	NA	$ -	$ -	$ 0.0007	NA	$ 0.0007	$ 0.0007
Act 141 Surcharge Rate	$ 0.0001	NA	$ 0.0001	$ 0.0001	$ 0.0001	NA	$ 0.0001	$ 0.0001	$ -	NA	$ -	$ -

NA = Not Available NA = Not Available NA = Not Available

Commercial / Industrial Class 7 8,000,000 Therms and Over Annually

	2020 Proposed Rates				2019 Actual Rates				Proposed Change in Rates			
Rates - Description	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation
Daily Facitilties Charge	$ 450.00	NA	$ 450.00	$ 450.00	$ 450.00	NA	$ 450.00	$ 450.00	$ -	NA	$ -	$ -
Transportation Administrative	$ -	NA	$ -	$ 2.00	$ -	NA	$ -	$ 2.00	$ -	NA	$ -	$ -
Daily Demand Charge	$ 0.0031	NA	$ 0.0031	$ 0.0031	$ 0.0031	NA	$ 0.0031	$ 0.0031	$ -	NA	$ -	$ -
Distribution Margin per therm	$ 0.0253	NA	$ 0.0253	$ 0.0253	$ 0.0244	NA	$ 0.0244	$ 0.0244	$ 0.0009	NA	$ 0.0009	$ 0.0009
Competitive Supply Margin	$ 0.0305	NA	$ 0.0305	$ -	$ 0.0150	NA	$ 0.0150	$ -	$ 0.0155	NA	$ 0.0155	$ -
Daily Balancing Margin	$ 0.0010	NA	$ 0.0010	$ 0.0010	$ 0.0018	NA	$ 0.0018	$ 0.0018	$ (0.0008)	NA	$ (0.0008)	$ (0.0008)
Peak Day Margin	$ 0.0017	NA	$ -	$ -	$ 0.0002	NA	$ -	$ -	$ 0.0015	NA	$ -	$ -
Other Margin												
Total All Margin Rates	$ 0.0585	NA	$ 0.0568	$ 0.0263	$ 0.0414	NA	$ 0.0412	$ 0.0262	$ 0.0171	NA	$ 0.0156	$ 0.0001
Peak Demand	$ 0.0912	NA	$ -	$ -	$ 0.0912	NA	$ -	$ -	$ -	NA	$ -	$ -
Annual Demand	$ 0.0164	NA	$ 0.0164	$ -	$ 0.0164	NA	$ 0.0164	$ -	$ -	NA	$ -	$ -
Commodity	$ 0.2548	NA	$ 0.2548	$ -	$ 0.2548	NA	$ 0.2548	$ -	$ -	NA	$ -	$ -
Total Natural Gas Rate Per Therm	$ 0.3624	NA	$ 0.2712	$ -	$ 0.3624	NA	$ 0.2712	$ -	$ -	NA	$ -	$ -
Total Rate	$ 0.4209	NA	$ 0.3280	$ 0.0263	$ 0.4038	NA	$ 0.3124	$ 0.0262	$ 0.0171	NA	$ 0.0156	$ 0.0001
Lost and Unaccounted For Gas	$ (0.0008)	NA	$ (0.0008)	$ (0.0008)	$ (0.0008)	NA	$ (0.0008)	$ (0.0008)	$ -	NA	$ -	$ -
EDIT Credit	$ 0.0014	NA	$ 0.0014	$ 0.0014	$ -	NA	$ -	$ -	$ 0.0014	NA	$ 0.0014	$ 0.0014
Act 141 Surcharge Rate	$ 0.0001	NA	$ 0.0001	$ 0.0001	$ 0.0001	NA	$ 0.0001	$ 0.0001	$ -	NA	$ -	$ -

NA = Not Available NA = Not Available NA = Not Available

Reflects natural gas rate per therm at proposed natural gas cost rates.

Wisconsin Gas LLC
Proposed and Current Rates
for the test year ended December 31, 2020

Commercial / Industrial Class 8 15,000,000 Therms Annually & Over

	2020 Proposed Rates				2019 Actual Rates				Proposed Change in Rates			
Rates - Description	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation	Firm Sales	Agricultural Seasonal Use Firm Sales	Interruptible Sales	Transportation
Daily Facitilties Charge	$ 450.00	NA	$ 450.00	$ 450.00	$ 450.00	NA	$ 450.00	$ 450.00	$ -	NA	$ -	$ -
Transportation Administrative	$ -	NA	$ -	$ 2.00	$ -	NA	$ -	$ 2.00	$ -	NA	$ -	$ -
Daily Demand Charge	$ 0.0031	NA	$ 0.0031	$ 0.0031	$ 0.0031	NA	$ 0.0031	$ 0.0031	$ -	NA	$ -	$ -
Distribution Margin per therm	$ 0.0253	NA	$ 0.0253	$ 0.0253	$ 0.0244	NA	$ 0.0244	$ 0.0244	$ 0.0009	NA	$ 0.0009	$ 0.0009
Competitive Supply Margin	$ 0.0305	NA	$ 0.0305	$ -	$ 0.0150	NA	$ 0.0150	$ -	$ 0.0155	NA	$ 0.0155	$ -
Daily Balancing Margin	$ 0.0010	NA	$ 0.0010	$ 0.0010	$ 0.0018	NA	$ 0.0018	$ 0.0018	$ (0.0008)	NA	$ (0.0008)	$ (0.0008)
Peak Day Margin	$ 0.0017	NA	$ -	$ -	$ 0.0002	NA	$ -	$ -	$ 0.0015	NA	$ -	$ -
Other Margin												
Total All Margin Rates	$ 0.0585	NA	$ 0.0568	$ 0.0263	$ 0.0414	NA	$ 0.0412	$ 0.0262	$ 0.0171	NA	$ 0.0156	$ 0.0001
Peak Demand	$ 0.0912	NA	$ -	$ -	$ 0.0912	NA	$ -	$ -	$ -	NA	$ -	$ -
Annual Demand	$ 0.0164	NA	$ 0.0164	$ -	$ 0.0164	NA	$ 0.0164	$ -	$ -	NA	$ -	$ -
Commodity	$ 0.2548	NA	$ 0.2548	$ -	$ 0.2548	NA	$ 0.2548	$ -	$ -	NA	$ -	$ -
Total Natural Gas Rate Per Therm	$ 0.3624	NA	$ 0.2712	$ -	$ 0.3624	NA	$ 0.2712	$ -	$ -	NA	$ -	$ -
Total Rate	$ 0.4209	NA	$ 0.3280	$ 0.0263	$ 0.4038	NA	$ 0.3124	$ 0.0262	$ 0.0171	NA	$ 0.0156	$ 0.0001
Lost and Unaccounted For Gas	$ (0.0008)	NA	$ (0.0008)	$ (0.0008)	$ (0.0008)	NA	$ (0.0008)	$ (0.0008)	$ -	NA	$ -	$ -
EDIT Credit	$ 0.0014	NA	$ 0.0014	$ 0.0014	$ -	NA	$ -	$ -	$ 0.0014	NA	$ 0.0014	$ 0.0014
Act 141 Surcharge Rate	$ 0.0001	NA	$ 0.0001	$ 0.0001	$ 0.0001	NA	$ 0.0001	$ 0.0001	$ -	NA	$ -	$ -

NA = Not Available

NA = Not Available

NA = Not Available

Reflects natural gas rate per therm at proposed natural gas cost rates.

WG Residential Monthly Bill Impact Analysis

Gas Costs	Summer	Winter
Firm Service	$ 0.5636	$ 0.6548

Monthly Use Therms	**Present Customer Charge**	**Current Admin. & Distribution Charges**	**Total Monthly Cost**	**Gas Costs**	**Total Costs**	**Authorized Customer Charge**	**Authorized Admin. & Distribution Charges**	**Authorized Total Monthly Cost**	**Gas Costs**	**Authorized Total Costs**	**Monthly Bill Increase (Decrease)**	**Monthly Percent Increase (Decrease)**
Rg-1: Residential Firm Service Sales During Summer Months												
5	$ 10.04	$ 1.30	$ 11.34	$ 2.82	$ 14.16	$ 10.04	$ 1.46	$ 11.50	$ 2.82	$ 14.32	$ 0.16	1.14%
15	$ 10.04	$ 3.90	$ 13.94	$ 8.45	$ 22.39	$ 10.04	$ 4.39	$ 14.42	$ 8.45	$ 22.88	$ 0.48	2.16%
21 avg.	$ 10.04	$ 5.46	$ 15.50	$ 11.84	$ 27.34	$ 10.04	$ 6.14	$ 16.18	$ 11.84	$ 28.01	$ 0.68	2.47%
35	$ 10.04	$ 9.11	$ 19.14	$ 19.73	$ 38.87	$ 10.04	$ 10.23	$ 20.27	$ 19.73	$ 40.00	$ 1.13	2.90%
50	$ 10.04	$ 13.01	$ 23.05	$ 28.18	$ 51.23	$ 10.04	$ 14.62	$ 24.66	$ 28.18	$ 52.84	$ 1.61	3.14%
75	$ 10.04	$ 19.52	$ 29.55	$ 42.27	$ 71.82	$ 10.04	$ 21.93	$ 31.97	$ 42.27	$ 74.24	$ 2.41	3.36%
100	$ 10.04	$ 26.02	$ 36.06	$ 56.36	$ 92.42	$ 10.04	$ 29.24	$ 39.28	$ 56.36	$ 95.64	$ 3.22	3.48%
105	$ 10.04	$ 27.32	$ 37.36	$ 59.18	$ 96.54	$ 10.04	$ 30.70	$ 40.74	$ 59.18	$ 99.92	$ 3.38	3.50%
150	$ 10.04	$ 39.03	$ 49.07	$ 84.54	$ 133.61	$ 10.04	$ 43.86	$ 53.90	$ 84.54	$ 138.44	$ 4.83	3.62%
200	$ 10.04	$ 52.04	$ 62.08	$ 112.72	$ 174.80	$ 10.04	$ 58.48	$ 68.52	$ 112.72	$ 181.24	$ 6.44	3.68%
300	$ 10.04	$ 78.06	$ 88.10	$ 169.08	$ 257.18	$ 10.04	$ 87.72	$ 97.76	$ 169.08	$ 266.84	$ 9.66	3.76%
Rg-1: Residential Firm Service Sales During Winter Months												
5	$ 10.04	$ 1.30	$ 11.34	$ 3.27	$ 14.61	$ 10.04	$ 1.46	$ 11.50	$ 3.27	$ 14.77	$ 0.16	1.10%
15	$ 10.04	$ 3.90	$ 13.94	$ 9.82	$ 23.76	$ 10.04	$ 4.39	$ 14.42	$ 9.82	$ 24.25	$ 0.48	2.03%
21	$ 10.04	$ 5.46	$ 15.50	$ 13.75	$ 29.25	$ 10.04	$ 6.14	$ 16.18	$ 13.75	$ 29.93	$ 0.68	2.31%
35	$ 10.04	$ 9.11	$ 19.14	$ 22.92	$ 42.06	$ 10.04	$ 10.23	$ 20.27	$ 22.92	$ 43.19	$ 1.13	2.68%
50	$ 10.04	$ 13.01	$ 23.05	$ 32.74	$ 55.79	$ 10.04	$ 14.62	$ 24.66	$ 32.74	$ 57.40	$ 1.61	2.89%
75	$ 10.04	$ 19.52	$ 29.55	$ 49.11	$ 78.66	$ 10.04	$ 21.93	$ 31.97	$ 49.11	$ 81.08	$ 2.41	3.07%
100	$ 10.04	$ 26.02	$ 36.06	$ 65.48	$ 101.54	$ 10.04	$ 29.24	$ 39.28	$ 65.48	$ 104.76	$ 3.22	3.17%
105 avg.	$ 10.04	$ 27.32	$ 37.36	$ 68.75	$ 106.11	$ 10.04	$ 30.70	$ 40.74	$ 68.75	$ 109.49	$ 3.38	3.19%
150	$ 10.04	$ 39.03	$ 49.07	$ 98.22	$ 147.29	$ 10.04	$ 43.86	$ 53.90	$ 98.22	$ 152.12	$ 4.83	3.28%
200	$ 10.04	$ 52.04	$ 62.08	$ 130.96	$ 193.04	$ 10.04	$ 58.48	$ 68.52	$ 130.96	$ 199.48	$ 6.44	3.34%
300	$ 10.04	$ 78.06	$ 88.10	$ 196.44	$ 284.54	$ 10.04	$ 87.72	$ 97.76	$ 196.44	$ 294.20	$ 9.66	3.39%
Average Annual Residential Billing												
756	$ 120.45	$ 196.71	$ 317.16	$ 460.56	$ 777.72	$ 120.45	$ 221.05	$ 341.50	$ 460.56	$ 802.06	$ 24.34	3.13%

Appendix F

Wisconsin Electric Power Company
Docket 5-UR-109 2020 Test Year

Monitored Fuel Ranges for the 2020 Fuel Cost Plan

Month	Fuel Costs	MWh	Fuel Cost $/MWh	Cumulative Fuel Cost $/MWh
January	$ 64,136,487	2,138,063	$ 30.00	$ 30.00
February	$ 60,151,824	1,957,138	$ 30.73	$ 30.35
March	$ 55,497,636	2,001,345	$ 27.73	$ 29.49
April	$ 52,044,841	1,860,302	$ 27.98	$ 29.14
May	$ 63,273,479	1,970,189	$ 32.12	$ 29.73
June	$ 72,225,708	2,120,179	$ 34.07	$ 30.49
July	$ 92,310,651	2,429,699	$ 37.99	$ 31.75
August	$ 87,042,516	2,338,060	$ 37.23	$ 32.51
September	$ 71,041,962	2,046,766	$ 34.71	$ 32.75
October	$ 53,039,432	1,939,224	$ 27.35	$ 32.25
November	$ 51,903,327	1,882,229	$ 27.58	$ 31.86
December	$ 64,197,195	2,083,205	$ 30.82	$ 31.77
Totals	$ 786,865,059	24,766,399	$ 31.77	

SETTLEMENT AGREEMENT

This Settlement Agreement ("Settlement Agreement") is entered into this 22nd day of August, 2019 by and between Wisconsin Electric Power Company ("WEPCO"), a Wisconsin corporation, Wisconsin Gas LLC ("WG"), a Wisconsin corporation (collectively, WEPCO and WG are referred to as "We Energies" or the "Company"), Citizens Utility Board ("CUB"), and Wisconsin Industrial Energy Group ("WIEG") (collectively, the "Settling Parties" and individually a "Settling Party").

RECITALS

A. WEPCO and WG are investor-owned electric and natural gas public utilities as defined in Wis. Stat. § 196.01(5)(a), providing electric and natural gas service in Wisconsin;

B. We Energies initiated Docket No. 5-UR-109 with the Public Service Commission of Wisconsin ("Commission"), seeking authority to adjust retail electric and natural gas rates for test years 2020 and 2021 (the "Proceeding");

C. The Settling Parties are full parties in the Proceeding pursuant to Wis. Admin. Code ch. PSC 2.21;

D. The Settling Parties acknowledge that fully litigating the Proceeding would require a substantial investment of time, effort, and expense by each Settling Party in pursuit of its respective interests in the Proceeding;

E. The Settling Parties agree that they may avoid the time, effort, expense and uncertainty associated with a fully contested Proceeding by entering into this Settlement Agreement pursuant to Wis. Stat. § 196.026;

F. The Settling Parties agree that We Energies' proposed revenue requirement contained in the Company's filings in the Proceeding as adjusted by the audit completed by Commission Staff on or about July 15, 2019, generally form a reasonable basis for settlement, ***with the exception of*** certain agreed adjustments including, but not limited to, return on equity, capital structure, return on and of certain capital investments and regulatory assets, and securitization of certain undepreciated assets, all as set forth in Exhibit A to this Settlement Agreement;

G. While this Settlement Agreement does not represent a comprehensive settlement of rate design issues, the Settling Parties also agree to certain changes to We Energies' proposed rate design and to working collaboratively on certain rate design issues, as set forth in Exhibit A;

H. This Settlement Agreement has resulted from arms' length negotiations between and among the Settling Parties and represents a complex, interdependent set of compromises among divergent and substantial utility, customer and stakeholder interests;

I. Each Settling Party has been advised by counsel and is satisfied that the terms and conditions of this Settlement Agreement, taken together, are fair, adequate, and reasonable, and agree that the material modification of terms may change a Settling Party's satisfaction with the settlement;

NOW THEREFORE, in consideration of the promises and the mutual agreements contained in this Settlement Agreement, and other good and valuable consideration, the sufficiency of which the Settling Parties acknowledge, the Settling Parties agree as follows:

1. Settlement Terms: The settlement terms contained in Exhibit A (the "Settlement Terms") comprise the Settling Parties' substantive agreement as to We Energies' base revenue requirements for 2020 and 2021, and all of the financial parameters and other assumptions underlying those base revenue requirements, including the treatment of tax savings associated with the 2017 Tax Cuts and Jobs Act (P.L. 115-97) in the 2020 and 2021 test years. The Settlement Terms also comprise the Settling Parties' partial agreement as to rate design for We Energies in 2020 and 2021. The Settlement Terms represent the Settling Parties' negotiated settlement of the issues described therein, and are incorporated into, and are part of, this Settlement Agreement.

2. Cooperation of the Settling Parties: We Energies will present this Settlement Agreement and its attachments and other supporting materials to the Commission and seek an order from the Commission pursuant to Wis. Stat. § 196.026 approving this Settlement Agreement and implementing the Settlement Terms without modification. The Settling Parties will support the Application in their own interest and as reasonably requested by other Settling Parties, including by filing supportive testimony, briefing, correspondence for, or otherwise advocating in favor of, the Settlement Terms and the terms of this Settlement Agreement in the Proceeding, including as requested in any evidentiary hearing or post-evidentiary submissions. No Settling Party will oppose, directly or indirectly, any aspect of this Settlement Agreement in any venue. If in its open meeting deliberations the Commission decides to adopt part but not all of this Settlement Agreement, or to impose one or more conditions on its approval of the Settlement Agreement, each Settling Party will, within five business days of the relevant Commission open meeting, notify all of the other Settling Parties whether it is willing to accept the Commission's decision. If one or more Settling Parties indicate that they are not willing to accept the Commission's decision and, as a consequence, wish to withdraw from this Settlement Agreement, all of the Settling Parties will jointly or individually file a request for Commission rehearing or, alternatively should all the Settling Parties agree, for a contested case evidentiary hearing. In either case, the Settling Parties shall zealously advocate for the Commission's adoption of those portions of the Settlement Agreement that the Commission rejected and for the elimination of any conditions that the Commission imposed. Only upon the failure of these remedies to result in the Commission approving the Settlement Agreement as initially presented may a Settling Party who provided notice that it wished to withdraw from the Settlement Agreement so withdraw. Subject to the requirement that the Settling Parties support the Settlement

Agreement as specified in this Paragraph 2, each Settling Party shall determine in its sole discretion the language contained in its submissions to the Commission or any other venue.

3. No Precedential Effect of Settlement Terms: The Parties agree that this Settlement Agreement is entered into solely for purposes of avoiding litigation on the issues identified in the Settlement Terms. The Settling Parties therefore agree that the substantive details of this Settlement Agreement or the Settlement Terms will: (i) have no precedential effect on any Settling Parties in later Commission proceedings, or (ii) bind the Commission's future decisions in any way except insofar as necessary to implement, effectuate or enforce this Settlement Agreement.

4. Entire Agreement: This Settlement Agreement contains the entire agreement between the Settling Parties with respect to the subjects addressed herein and on a going forward basis supersedes all prior agreements and understandings, express or implied. In entering into this Settlement Agreement, no Settling Party is relying on any representation or consideration not expressed herein. Any modification of this Settlement Agreement may be made only by an instrument in writing signed by or on behalf of all the Settling Parties hereto.

5. Signature by Counterparts: The Settling Parties agree that this Settlement Agreement may be executed in counterparts and a signature by copy, facsimile, or PDF is as binding as an original signature.

6. Authority: The Settling Parties represent and warrant that the individuals signing below for each party have full power and authority to execute this Settlement Agreement.

7. Preamble: The Preamble and Recitals hereto are intended to be an integral part of this Settlement Agreement. The Preamble and Recitals hereto (including the definitions set forth therein) are hereby incorporated by reference.

[remainder of this page left intentionally blank; signature pages follow]

Appendix G

WISCONSIN ELECTRIC POWER COMPANY

By: Robert M. Garvin
Name: ROBERT M. GARVIN
Title: EVP – External Affairs – WEC Energy Group

WISCONSIN GAS LLC

By: Robert M. Garvin
Name: ROBERT M GARVIN
Title: EVP – External Affairs – WEC Energy Group

WISCONSIN INDUSTRIAL ENERGY GROUP

By: [signature]
Name: Todd Stuart
Title: executive director

CITIZENS UTILITY BOARD

By: Thomas Content
Name: Thomas Content
Title: Executive Director

Exhibit A

Settlement Terms—Docket 5-UR-109

Staff Audit

- Except as otherwise noted below, accept the results of the Staff audit. The settlement terms below will have the net result of reducing WEPCO's revenue deficiency from the Staff audit's $115 M to below $100 M.

ROE & Capital Structure (WEPCO)

- ROE: 10.0%
- Equity: 52.5%

ROE & Capital Structure (WG)

- ROE: 10.2%
- Equity: 52.5%

Revenue Sharing

- Utilities to have the following earnings sharing mechanism:
  - Company to retain all earnings for the first 25 basis points above the settled ROE.
  - Company to return to customers an amount equal to 50 percent of earnings for the next 50 basis points.
  - Company to return an amount equal to 100 percent of earnings in excess of basis points specified in preceding bullet.

Pleasant Prairie Power Plant – Securitization

- WEPCO will agree to seek a financing order from the PSCW to securitize $ 100 million of P4's remaining book balance as of 1/1/2020. This amount represents 50% of the equity investment in the plant after deferred taxes.
- While the securitization process is being undertaken, carry will continue to accrue at WACC and be added to the amount that is securitized.
- The $100 million securitization amount and any accrued carry between 1/1/2020 and when it is securitized will be booked to a segregated 182.2 sub-account so that the amounts can be tracked. This new sub-account will not be included in Wisconsin retail ratemaking.
- Costs to implement securitization (*e.g.*, legal fees, bankers' fees, billing system changes, etc.) to be added to amount to be securitized.

- Schedule of amounts to be securitized through Environmental Trust Financing:
  - $100 million of capital for P4 environmental controls;
  - Carry on the $100 million from 1/1/2020 through financing order at weighted average cost of capital ($9.77 million); and

  - Costs to implement securitization (currently estimated at $2 million)
- WEPCO shall hold customers harmless from all income tax effects related to the ETF financing including but not limited to any early reversal of liability ADIT.
- Agree that settlement terms to include mutually agreed upon language providing that all parties will be held harmless in the event that a financing order is not successfully obtained, allowing for a limited reopener or limited rate proceeding to address P4 issues at that time. Those issues shall include but not be limited to recoverability of the net book value of the P4 plant balance as of December 31, 2019. The Parties agree that the amounts authorized to be included in the base revenue requirements are subject to true-up based on the Commission's Decision in the limited reopener or limited rate proceeding.

SSR Escrow Balance

- Agree that the $10 million "SSR Carry disallowance" from the Staff's audit will be restored to the balance of the SSR Escrow to be amortized.
- WEPCO will extend the amortization period from 6 years to 15 years.

Future Rate Design Discussions

- During 2020, WEPCO shall work with WIEG and CUB on new rates or other innovative utility programs targeted at industrial, residential and small commercial customers respectively.

Real Time Pricing Rates

- WEPCO, CUB and WIEG will support maintaining through 2021 the status quo on RTP/RTMP market-based programs; they further agree that the period in which to address issues involving a minimum load retention requirement, as discussed in the Final Decision in 05-UR-108, be extended by two years, through 2021.

Low Income Assistance Analysis/Program Language.

- Prior to its next rate application filing, WEPCO shall provide to CUB the results of a detailed household burden index analysis. This analysis shall evaluate residential electric and natural gas utility customer bills as a percentage of household income. This analysis shall be conducted with a county-by-county level of resolution, or better.

90/10 Fuel Blend

- We will make operations and environmental managers available to provide data from plant operations; as well EPRI study that confirms ERGS cannot operate at 90/10 and comply with new WPDES permit.
- WEPCO to provide this information in either supplemental direct or rebuttal testimony.

RTMP and other Tariff Clean up

- Agree to the following WEPCO rate design modification and/or contract adjustments proposed by WIEG:
  - The CBL energy and/or billing demands may be permanently decreased when the customer reduces its load through the implementation of energy efficiency, conservation, or process improvement measures, or via the installation of new equipment.
  - Mutually agreed to language concerning interruptible event process in place of load control devices.
  - Modify the contract language concerning the notification time period and percentage of change allowed to the firm load.

WEPCO and WG Fixed Charge Change

- WEPCO and WG shall maintain residential and small commercial electric and natural gas customer fixed charges at currently authorized rates for 2020 and 2021.

Generation Planning

- WEPCO shall work collaboratively with WIEG, CUB and Commission Staff to review alternatives to the Point Beach PPA.
- Prior to retiring any units in the future, the justification to retire on an economic basis shall include a cost benefit analysis that incorporates the impact of replacement power costs. This analysis shall be vetted with WIEG, CUB and Staff on a confidential basis.
- Not less than 30 days after WEPCO files a proposal to retire an electric generating plant with a regional transmission organization, WEPCO shall provide that proposal in its entirety to the Commission.
- WEPCO shall share and brief the results of the MISO Y2 analysis with WIEG and CUB. This briefing by WEPCO to CUB and WIEG shall be made by senior management of the company, and shall be provided as soon as reasonably practicable after WEPCO receives the results of its requested Attachment Y2 analysis from MISO and a decision to retire a plant has been made.
- WEPCO, WIEG AND CUB are not opposed to considering future innovative financial tools and treatments including securitization, if such new mechanisms or policies are introduced and available to the Company in the future.

Fuel Case – Final Fuel Runs to be Performed

- The Agreement reflects a preliminary fuel cost estimate for the 2020 Fuel Cost Plan (2020 FCP) under Wis. Admin. Code ch. PSC 116. WIEG and CUB do not oppose the fuel costs as currently proposed in WEPCO's Direct testimony, but reserve the right to provide testimony under review of WEPCO's 2020 Fuel Cost Plan consistent with the requirements of Wis. Admin. Code s. PSC 116.03. WEPCO, WIEG, and CUB agree that for WEPCO's 2020 fuel plan, the allowed fuel plan is subject to the final fuel cost runs updated by Staff.

Section 199 Issue – Reservation of Rights

- WIEG and CUB will not contest the amortization allowed for the Section 199 regulatory asset as provided in the Staff audit in this rate proceeding, but reserve their rights to contest the recoverability and/or treatment of this item in future test year rate cases.

We Energies
Deferral Amortization Schedule
2020 and 2021
Dollars in 000's

Appendix H

Company / Description	Utility	Inc Stmt Account	Bal Sheet Account	Originating Docket	Approx. Remaining Life	2020 Amortization	2021 Amortization
Wisconsin Electric Power Company							
Earnings sharing						**-**	**-**
Other Reg Liab-Earnings Cap Elec	WE Electric	Various	254	9400-YO-100	N/A	-	-
Electric transmission costs	WE Electric			5-UR-106	Various	**(337,664)**	**(337,664)**
Energy costs						**(1,377)**	**(1,377)**
Other Reg Assets-Def-MISO Day 2 Charges	WE Electric	555	182	5-GF-148	2	(1,114)	(1,114)
MISO Day 2 WUMS Agreement	WE Electric	555	182	5-GF-165	2	(263)	(263)
Energy costs recoverable through rate adjustments						**(170)**	**(170)**
CSAPR Deferral	WE Electric	555	182	6630-FR-103	2	(170)	(170)
Energy costs refundable through rate adjustments						**-**	**-**
Other Reg Liab-Refund WI Retail Fuel	WE Electric	555	254	1-AC-224	Various	-	-
Energy efficiency programs						**(49,158)**	**(49,158)**
Other Reg Assets-Act 141 Electric Utility Payments	WE Electric	908	182	2005 Act 141	Various	(36,922)	(36,922)
Other Reg Assets-Act 141 Elec Large Cust Escrow (Note 1)	WE Electric	908	182	2005 Act 141	Various	(16,583)	(16,583)
Other Reg Assets-Energy Efficiency Gas Program	WE Electric	908	182	5-BU-100	Various	919	919
Other Reg Liab-Conservation Escrow Elec (WI)	WE Electric	908	254	5-BU-100/102	Various	12,756	12,756
Other Reg Liab-ConserEscrow PTF EnerProcure Elec	WE Electric	908	254	5-CE-130, 5-AE-118	Various	(2,544)	(2,544)
Other Reg Liab-WE Agricultural Service Program	WE Electric	908	254	5-UR-107	Various	(970)	(970)
Other Reg Assets-Act 141 Gas Utility Payments	WE Gas	908	182	2005 Act 141	Various	(3,734)	(3,734)
Other Reg Assets-Act 141 Gas Large Customer Escrow	WE Gas	908	182	2005 Act 141	Various	(2,032)	(2,032)
Other Reg Liab-Conservation Escrow Gas (WI)	WE Gas	908	254	5-BU-100/102	Various	(47)	(47)
Environmental remediation costs	WE Gas			6630-GR-109	Various	**(1,743)**	**(1,743)**
Escrowed PTF - WI	WE Electric			6630-GF-111	Various	**(402,006)**	**(402,006)**
Income tax related						**69,566**	**69,566**
WE - Deferred Tax Expense (Pre-Tax) - TAX REPAIRS	WE Electric	Various	182	5-UR-108	50	(5,557)	(5,557)
WE - TR - Remeasure - Electric (P)	WE Electric		254	5-AF-101	Variable *	22,473	22,473
WE - TR - Remeasure - Electric (U) excl P4/SSR/PIPP	WE Electric		254	5-AF-101	2	66,028	66,028
WE - TR - Remeasure - Gas (P)	WE Gas		254	5-AF-101	Variable *	1,766	1,766
WE - TR - Remeasure - Gas (U)	WE Gas		254	5-AF-101	4	(5,280)	(5,280)
WE - TR - Remeasure - Steam (P)	WE Steam		254	5-AF-101	Variable *	174	174
WE - TR - Remeasure - Steam (U)	WE Steam		254	5-AF-101	4	(2,016)	(2,016)
Other Reg Asset-DPMD-Electric	WE Electric	410/421	182	5-GF-143	8	(6,326)	(6,326)
Other Reg Assets-Elec Tax & Int Assess Payments	WE Electric	408	182	Precedent (Last 5-UR-108)	Various	858	858
Other Reg Liab-Tax & Int Refunds Receipts	WE Electric	408	254	Precedent (Last 5-UR-108)	Various	(2,555)	(2,555)
Other						**(13,039)**	**(13,039)**
Oth Reg Assets-Greenhouse Gas Reduction Initiative	WE Electric	930	182	Aug 2008 ERGS Agreement	2	(83)	(83)
Oth Reg Liab-Section 1603 Treasury Grant-FERC	WE Electric	410	254	FERC	N/A	-	-
Oth Reg Liab-Section 1603 Treasury Grant-WI	WE Electric	410	254	5-UR-106	6	(868)	(868)
Other Reg Assets-MISO RSG Deferral	WE Electric	456	182	6630-FR-101	2	(450)	(450)
Other Reg Assets-Montfort Deferral	WE Electric	456	182	6630-EB-103	Resolved	-	-
Other Reg Assets-NOx Escrow	WE Electric	456	182	6620-UR-111	Various	(797)	(797)
Other Reg Assets-Pt Beach WI	WE Electric	456	182	5-UR-103	Various	91	91
Other Reg Liab-Elec SO2 Allowances	WE Electric	456	254	5-EI-113	Various	74	74
Other Reg Liab-MISO Sch 33 Black Start Revenue	WE Electric	456	254	5-AE-204	Various	3,389	3,389
Bluewater Charges	WE Electric	824	182	5-DR-112	Various	(14,394)	(14,394)
Pension settlement accounting	WE Common	926	182	5-UI-104	Various	**(666)**	**(666)**
Plant retirements						**(36,518)**	**(36,518)**
Other Reg Assets-PWPP Retirement	WE Electric	407	182	Feb 27 2003 Norcross Letter	10	(273)	(273)
WEPCO P4 Retirement	WE Electric	407	182	5-UR-109	20	(29,812)	(29,812)
WEPCO P4 Retirement Securitization	WE Electric			5-UR-109	20	5,000	5,000
Other Reg Assets – P4 AFUDC Equity deferral	WE Electric		182	5-UR-109	20	(1,063)	(1,063)
WEPCO Presque Isle Retirement	WE Electric	407	182	5-UR-109	18	(10,370)	(10,370)
Reg Asset Write Offs/Carry and Avoided Amort						**1,844**	**1,844**
Oth Reg Liab-Avoided Carry on Reg Asset Write Offs	WE Electric	421	254	5-AF-101	2	1,844	1,844

We Energies
Deferral Amortization Schedule
2020 and 2021
Dollars in 000's

Appendix H

Company / Description	Utility	Inc Stmt Account	Bal Sheet Account	Originating Docket	Approx. Remaining Life	2020 Amortization	2021 Amortization
Renewable energy						**108**	**108**
Other Reg Liab-Renew Energy Prog Elec	WE Electric	908	254	5-UR-102	Various	108	108
WE Solar Now 2019 Return On/Of	WE Electric	908		6630-TE-102	N/A	-	-
Tax savings / remeasure						**3,057**	**3,057**
Oth Reg Liab-Tax Reform Svg - Elec WI Trans Offset	WE Electric		254	5-AF-101	Resolved	0	0
Other Reg Liab-Tax Reform Remeasure - Elec WI	WE Electric	456	254	5-AF-101	Resolved	0	0
Other Reg Liab-Tax Reform Remeasure - Gas WI	WE Gas	495	254	5-AF-101	2	2,008	2,008
Other Reg Liab-Tax Reform Remeasure - WEPCO Steam	WE Steam	467	254	5-AF-101	2	190	190
Other Reg Liab-Tax Reform Savings - Elec WI	WE Electric	456	254	5-AF-101	2	452	452
Other Reg Liab-Tax Reform Savings - Gas WI	WE Gas	495	254	5-AF-101	2	395	395
Other Reg Liab-Tax Reform Savings - WEPCO Steam	WE Steam	467	254	5-AF-101	2	12	12
Uncollectible expense						**(22,354)**	**(22,354)**
Other Reg Liab-Uncoll Exp Elec	WE Electric	904	254	5-GF-144	Various	(19,672)	(19,672)
Other Reg Liab-Uncoll Exp Gas	WE Gas	904	254	5-GF-144	Various	(2,682)	(2,682)
WI SSR escrow, net Mines Margin				5-UR-105	15	**(6,496)**	**(6,496)**
Total Wisconsin Electric Power Company						**(796,616)**	**(796,616)**
Wisconsin Gas							
Earnings sharing						**-**	**-**
Other Reg Liab-Earnings Cap Gas	WG Gas	495	254	9400-YO-100	N/A	-	-
Energy efficiency programs						**(6,903)**	**(6,903)**
Other Reg Assets-Act 141 Gas Utility Payments	WG Gas	908	182	2005 Act 141	Various	(6,123)	(6,123)
Other Reg Assets-Act 141 Gas Large Customer Escrow	WG Gas	908	182	2005 Act 141	Various	(410)	(410)
Other Reg Assets-SDC-Milwaukee(WRAP)Program	WG Gas	908	182	6650-CG-215	2	0	0
Other Reg Assets-Energy Efficiency Gas Program	WG Gas	908	182	5-BU-100/102	Various	(371)	(371)
Environmental remediation costs	WG Gas	735	182	6650-GR-112	Various	**(1,158)**	**(1,158)**
Income tax related		408				**3,895**	**3,895**
WG - TR - Remeasure - Gas (P)	WG Gas		254	5-AF-101	Variable *	963	963
WG - TR - Remeasure - Gas (U)	WG Gas		254	5-AF-101	4	3,084	3,084
Other Reg Assets-Gas Tax & Int Assess Payments	WG Gas	408	182	Precedent (Last 5-UR-108)	Various	(115)	(115)
Other Reg Liab-Tax & Int Refunds Receipts	WG Gas	408	254	Precedent (Last 5-UR-108)	Various	(37)	(37)
Other						**(20,730)**	**(20,730)**
Bluewater Charges	WG Gas	84x	182	5-DR-112	Various	(20,730)	(20,730)
Pension settlement accounting	WG Gas	926	182	5-UI-104	Various	**(99)**	**(99)**
Tax savings / remeasure						**1,881**	**1,881**
Other Reg Liab-Tax Reform Remeasure - Gas WI	WG Gas	495	254	5-AF-101	2	917	917
Other Reg Liab-Tax Reform Savings - Gas WI	WG Gas	495	254	5-AF-101	2	964	964
Uncollectible expense	WG Gas	904	254	6650-GR-15/16	Various	**(13,001)**	**(13,001)**
Total Wisconsin Gas						**(15,386)**	**(15,386)**

* uses Average Rate Assumption Method (ARAM)

Note 1: The 2020 and 2021 deferral amount and amortization amounts was changed from the filed and settlement positon to match the amount of Act 141 large customer refunds implicit in the rate design. Both amounts were reduced by $5,532k. This change does not affect the overall revenue requirement.