

PUBLIC SERVICE COMMISSION OF WISCONSIN

Minutes and Informal Instructions of the Open Meeting of
Thursday, August 4, 2022

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

Minutes

The Commission approved the minutes of the open meeting of Thursday, July 21, 2022.

137-EA-105 - Application of American Transmission Company LLC for Approval for Abandonment of a Portion of 69 kV Line L-94 in the City of Green Bay, Brown County, Wisconsin

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

5-TN-112 - Investigation of Area Code Relief for the 608 Area Code

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

3270-RM-102 - Application of Madison Gas and Electric Company for its Electric Procurement Risk Management Plan

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

3270-RM-103 - Application of Madison Gas and Electric Company for its Natural Gas Procurement Risk Management Plan

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

3270-SB-140 - Application of Madison Gas and Electric Company for Authority to Amend its Current Credit Facilities

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

4625-CW-121 - Application of the City of Pewaukee, as a Water Public Utility, for Authority to Construct Bluemound Road Main Extension, in the City of Pewaukee, Waukesha County, Wisconsin

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

4970-CE-108 - Application of the City of Reedsburg, as an Electric Public Utility, for Certificate of Authority to Construct the Reedsburg 69 kV Underground Duct Bank Project, in the Town and City of Reedsburg, Sauk County, Wisconsin

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

6680-RM-106 - Application of Wisconsin Power and Light Company for Approval of its Risk Management Plan for Hedging

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

6690-EI-113 - Request of Wewerka Group, LLC for a Waiver of Wis. Admin. Code § PSC 113.0803(1) Regarding Individual Electric Meters

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

6690-GP-2022 - Wisconsin Public Service Corporation Gas Supply Plan for the Period Beginning November 1, 2022

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

6690-SB-146 - Application of Wisconsin Public Service Corporation for Authority to Issue and Sell Up to \$1 Billion Aggregate Principal Amount of Intermediate-Term and/or Long-Term Debt Securities in One or More Issues

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

230-ER-107 - Application of Village of Argyle, Lafayette County, Wisconsin, as an Electric Public Utility, for Authority to Adjust Electric Rates

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

1850-ER-106 - Application of City of Elroy, Juneau County, Wisconsin, as an Electric Public Utility, for Authority to Adjust Electric Rates

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

1850-WR-105 - Application of the City of Elroy, Juneau County, Wisconsin, as a Water Public Utility, for Authority to Adjust Water Rates

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

2340-WR-101 - Application of the Village of Gratiot, Lafayette County, as a Water Public Utility, for Authority to Adjust Water Rates

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

4220-TE-111 - Application of Northern States Power Company-Wisconsin for Approval of Revisions to the Resiliency Service Pilot Tariff

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

4530-ER-105 - Application of the Village of Pardeeville, Columbia County, Wisconsin, as an Electric Public Utility, for Authority to Adjust Electric Rates

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

1-AC-258 - Revision of Wisconsin Administrative Code Chapter PSC 135 Gas Safety to Adopt Updates to the Federal Gas Pipeline Safety Code

The Commission approved opening a rulemaking docket.

The Commission accepted a Statement of Scope for submission to the Governor's office and directed Commission staff to prepare and transmit the necessary documents to the Governor's office. If the Governor approves the Statement of Scope, Commission staff is directed to prepare and submit the necessary documents to the Legislative Reference Bureau for publication in the Wisconsin Administrative Register and concurrently to the Department of Administration.

5-FE-104 - Quadrennial Planning Process IV

Phase II Micro Implementation, Cost Effectiveness and Budget for Quad IV

The Commission reviewed various micro policy and priority, cost effectiveness and budget alternatives of the Commission's Quadrennial Planning Process (Quad IV) for the Focus on Energy program (Focus) and provided the following direction to Commission staff for incorporation into further Quad IV planning activities:

1. The Commission directed Commission staff to establish an overall millions of Btu (MMBtu) saving goal with minimum performance requirement thresholds for kilowatt-hours (kWh) and therm savings set at 90 percent of fuel-specific goals.
2. Focus shall continue to maintain a four-year savings goal expressed in lifecycle savings, and shall continue to make first-year savings available for public reporting purposes.
3. Focus should continue to establish goals based on reductions in energy use and peak demand with more emphasis on energy use savings and associated emissions reductions. The Quad IV Program Administrator performance contract shall be structured to reflect this priority. Focus shall also perform additional research in Quad IV to assess strategies for achieving greater demand savings and better understand the additional value of demand savings.
4. Focus shall investigate opportunities to integrate the time-varying value of energy efficiency and renewable energy into program operations.
5. Focus shall adopt a winter electric peak period definition and begin quantifying and tracking winter electric peak savings in Quad IV. The Evaluation Workgroup (EWG) shall determine the appropriate winter peak period definition.
6. Focus shall adopt a winter natural gas peak period definition and begin quantifying and tracking winter natural gas peak demand savings in Quad IV. The EWG shall investigate and develop recommendations for estimating peak natural gas avoided costs for the Commission's consideration.
7. Focus shall allocate 60 percent of funds to Business programs and 40 percent to Residential programs.
8. Focus shall continue to emphasize near-term savings but shall increase the program's emphasis on long-term market transformation by identifying ways to adapt Focus' existing portfolio to achieve long-term market effects and develop strategies to support this direction. The Focus Evaluator shall report on the program's progress in support of

this direction in annual evaluation reports. The Focus Evaluator shall develop an assessment of the Focus' market transformation potential in coordination with the Program Administrator and Commission staff, with input from stakeholders. This assessment shall, at minimum, identify the existing and emerging markets and technologies best suited for program intervention, theories of change for select markets, potential short-term, mid-term, and long-term market outcomes, appropriate market performance indicators, data collection plan(s), evaluation plan(s), and budgets. This assessment shall be delivered to the Commission prior to scoping for Quadrennial Planning Process V.

Commissioner Nowak dissented.

9. The Focus portfolio shall meet a modified Total Resource Cost (TRC) Test of net cost-effectiveness.
10. Focus shall use an Expanded TRC Test, Utility Cost Test and Societal Cost Test as secondary tests to be calculated and reported for additional information.

Commissioner Nowak dissented on the inclusion of the Societal Cost Test.

11. For purposes of evaluating Focus cost-effectiveness, a benefits adder shall be applied to programs and offerings targeting customers below 60 percent of statewide median income in Focus' primary cost-effectiveness test. The EWG shall review available options and propose an approach for the Commission's consideration prior to the first program year evaluation of portfolio cost-effectiveness in Quad IV.

Commissioner Nowak dissented.

12. For purposes of evaluating Focus cost-effectiveness, Focus shall continue to base electric avoided energy costs on a forecasted locational marginal price (LMP) across Wisconsin nodes.
13. For purposes of evaluating Focus cost-effectiveness, Focus shall maintain the current approach to calculating avoided electric capacity costs based upon the unit cost of a peaker plant consistent with the approach approved by the Commission in Quad III.

Chairperson Valcq dissented.

14. For purposes of evaluating Focus cost effectiveness, Focus shall maintain the current approach to calculating avoided transmission and distribution costs using an incremental cost approach based on recent transmission line investments reported in annual investor-

owned utility reports and data requested and received from entities owner and operating electric transmission and distribution infrastructure in the state.

Commissioner Nowak dissented.

15. EWG or EWG and a third party together shall present to the Commission during Quad IV for its consideration an alternative method (or multiple alternative methods) for calculating avoided electric transmission and distribution costs for the purpose of evaluating Focus in the future. EWG or EWG and a third party shall submit a proposed recommendation prior to the first program year evaluation of portfolio cost-effectiveness in Quad IV, or by an alternative timeline deemed reasonable by Commission staff.
16. For purposes of evaluating Focus cost effectiveness, Focus shall maintain the current approach to calculating avoided natural gas costs based on EIA forecasts of Henry Hub prices adjusted using Wisconsin City Gate prices and retail prices to estimate avoided natural gas costs in Wisconsin.

Commissioner Huebner dissented.

17. Focus cost-effectiveness tests shall value avoided CO2 emissions using an updated market-based value. No later than September 30, 2023, the EWG shall provide a report to the Commission on alternatives for an appropriate market-based carbon value, at which time the Commission will select the preferred valuation.

Commissioner Nowak dissented.

18. Focus shall continue to use a discount rate of 2.0 percent in Focus' cost effectiveness tests.
19. Focus shall set a four-year maximum budget Key Performance Indicators (KPI) at \$22 million to give the Program Administrator the flexibility to shift funds between the Renewable and Core Efficiency budgets with approval from Commission staff. The maximum budget KPI is for incentives only, non-incentive costs shall be taken out of the Core-efficiency budget.

Commissioner Nowak dissented.

20. Focus shall develop KPIs to target a percentage of incentive spend proportional to percentage of rural customers in designated zip codes.

Commissioner Nowak dissented.

21. The Program Administrator is directed to conduct data gathering and analysis during the first year of Quad IV to better identify underserved customers, target program offerings, and develop KPIs and report back to the Commission by March 31, 2024. This effort should emphasize underserved customers facing the highest energy burdens as well as small business customers.

Commissioner Nowak joined in the decision to conduct further data gathering but dissented on the inclusion of specific analysis target groups.

22. Focus shall increase the annual Economic Research and Development Program (EERD) budget to \$200,000 and Commission staff shall identify alternative sources of funding.

Commissioner Nowak dissented.

23. Focus funds may be used for behavioral pilots at the discretion of the Program Administrator.

Commissioner Nowak dissented.

24. For those items where the Commission directed further research or analysis be conducted as part of Quad IV, Commission staff shall return to the Commission with recommendations as to the budget and timing for such additional research.

The Commission adjourned the meeting at 11:47 a.m.

A handwritten signature in black ink, appearing to read "Cru Stubley". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Cru Stubley
Secretary to the Commission

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