PSC REF#:501804

Public Service Commission of Wisconsin
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BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of Wisconsin Electric Power Company for Approval of Accounting Treatments for Investments to be Made in Distribution Facilities to be Installed in the Village of Mount Pleasant in Racine County, Wisconsin

Docket No. 6630-AF-102

COMMENTS OF THE CITIZENS UTILITY BOARD

I. INTRODUCTION

On February 22, 2024, Wisconsin Electric Power Company (WEPCO, Applicant, or the Company) filed a request (the Application) for certain accounting treatment of construction costs related to a proposed "Distribution Project" in the statutory EITM Zone[1] in the Village of Mount Pleasant in Racine County.[2] The Citizens Utility Board of Wisconsin (CUB) intervened in this proceeding on March 8, 2024.[3] The Commission issued a Notice of Investigation (NOI) on March 14, 2024[4] and a Memorandum (Staff Memo) on May 6, 2024.[5] CUB responds here to the Staff Memo inviting party comment.

The request put forth in the Application is for "authorization to accrue Allowance for Funds Used During Construction ("AFUDC") on 100 percent of the construction work in progress ("CWIP") balance during the procurement of the equipment and construction of the Distribution Project."[6] WEPCO states that "timely construction. . . is critical" and that the "work needs to be initiated no later than June 2024."[7] Certain information regarding the Distribution

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[1] Wis. Stat. § 238.396(1m).
[2] Application (PSC REF#:491860 public) (PSC REF#:491859 confidential).
[3] CUB Request to Intervene (PSC REF#:493608).
[4] NOI (PSC REF#:493973)
[5] Staff Memo (PSC REF#:500600).
[6] Application at 2.
[7] *Id.* at 1.

Project is not available. Specifically, the Application notes that the Company has not determined forecasted load characteristics for "the customer"[8] who would be served by the Distribution Project nor "the costs to be funded by contributions from the customer."[9] In response to staff data request PSCW-Verbal-JMR-2.01, the Applicant notes it "has been able to refine estimated costs" to now total $304.0 million.[10]

For the reasons set forth in CUB's comments, below, CUB believes that the Commission must first address the question of whether, given the unusual nature of the Project, any recovery of CWIP-related financing costs by any means is appropriate. With respect to the Commission Alternatives regarding authorization for accrual of AFUDC (p. 7 of the Staff Memo), CUB does not have a strong preference for either Alternative One or Two. If the Commission in its discretion decides to approve the request to allow for AFUDC treatment of project-related CWIP balances, CUB supports Financing Alternative One with all of the conditions set forth on pages 7-11 of the Staff Memo, Sub-Alternative 1a capping the cost basis for AFUDC at $304 (net of any contribution from "the customer"), and Sub-Alternative 1b with an AFUDC rate no higher than 8.45%. CUB's position on Financing Alternative Two, which would allow the utility to earn a current return on CWIP if the request for AFUDC on CWIP is denied, is that if the Commission deems it appropriate to allow recovery of financing costs incurred during the construction period in some form but denies AFUDC on CWIP, then current return on CWIP would be appropriate.[11] However, the Commission must first address the question of whether, given the unusual nature of this project, any recovery of such costs by any means is appropriate.

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[8] Separate from the central issue in this proceeding, CUB questions whether confidential treatment of the identity of "the customer" is reasonable given publicly available information.
[9] Application at 2.
[10] Response-Data Request PSCW-VBL-041724-JMR-2.01 (Apr. 18, 2024) (PSC REF#:498412 public) (PSC REF#:498411 confidential).
[11] A decision in this proceeding to pursue the current return on CWIP rather than AFUDC on CWIP does not indicate that the financing costs are necessarily prudent. The Commission would make that determination based on evidence presented in the rate proceeding in which the current return were considered.

II. COMMENTS

a. The Applicant's Asserted Exemption from Certificate of Authority Approval May Raise, Not Lower, the Evidentiary Standard in This Proceeding.

As an initial matter, the Commission is faced with the question of how to reconcile the statutory requirements for certificate of authority (CA) approval, Wis. Stat. § 196.49(3)(b), with the Applicant's assertion that the Distribution Project has an "exemption from being required to obtain a certificate of authority."[12] The Application offers no legal authority or analysis supporting this position but has a footnote[13] stating that the Project is "to serve a customer in an Electronics Information Technology Manufacturing ("EITM") Zone" and referencing a letter the Company filed with the Commission on September 11, 2023. As the Staff Memo describes,[14] this letter[15] states that the exemption is pursuant to Wis. Stat. § 196.49(5g)(ar)3. This subsection reads:

> **(ar)** A public utility is exempt from the requirement to obtain a certification or approval of the commission under sub. (2) or (3) before beginning a proposed project if any of the following applies:
>
> . . .
>
> **3.** The project is primarily to provide service to a new customer within an electronics and information technology manufacturing zone designated under s. 238.396 (1m).[16]

The EITM Zone exemption in Wis. Stat. § 196.49(5g)(ar)3 is distinguishable from the exemptions in the subsections preceding it in that it singles out projects for which the primary customer is new and located in the EITM zone in the Village of Mount Pleasant, regardless of

[12] Application at 1, footnote 1.
[13] *Id.*
[14] Staff Memo at 4.
[15] WEPCO "Notification of Exemption" (Sept. 11, 2023) (PSC REF#: 478278).
[16] Wis. Stat. § 196.49(5g)(ar)3.

project size or scope. In contrast, the other exemptions under Wis. Stat. § 196.49(5g)(ar) are based on project size and scope and therefore align with principles of regulatory efficiency, due process, prudence, and just and reasonable rates. Specifically, Wis. Stat. § 196.49(5g)(ar)1m applies to projects that fall below certain cost thresholds and therefore could be considered low cost and low risk. Under this subsection, for an electric public utility of WEPCO's size, if the estimated gross cost of a proposed project does not exceed $16.316 million, the project is exempt from "certification or approval."[17] In a similar regulatory vein, Wis. Stat. § 196.49(5g)(ar)2m applies to minor transmission line rebuild projects that demonstrate simplified siting requirements.

It appears that this is the first time the Commission has been presented with the issue of how to treat a proposed project for which the applicant claims a CA exemption pursuant to Wis. Stat. § 196.49(5g)(ar)3. For purposes of this proceeding, the Commission must consider, if it finds that an EITM zone exemption is warranted for the proposed Distribution Project, whether or not this deems the Project in the public interest and the estimated $304.0 million cost (net any contribution from "the customer") just and reasonable? That is to say, is exemption under Wis. Stat. § 196.49(5g)(ar)3 the legal equivalent of having obtained a CA? Or does such an exemption simply mean, consistent with a plain reading of the statute, that the applicant may bypass the typical procedural step of obtaining a CA through Commission review of the proposed project? If the Commission's interpretation or finding is the latter, the next question in this proceeding is whether or not it is reasonable to confer to the Transmission Project the "benefits" typically associated with obtaining Commission pre-approval via the CA process, such as the opportunity

[17] Wis. Stat. § 196.49(5g)(ar)1m.c. Effective May 1, 2024, the Commission adjusted the statutory cost threshold from $10,000,000 to $16,316,000 pursuant to Wis. Stat. § 196.49(5g)(b). (PSC REF#:494643) (March 22, 2024).

to request AFUDC, or a current return, on CWIP and to have such a request presumed reasonable.

As the Staff Memo notes, WEPCO has submitted no applications for the Distribution Project and has provided "few details regarding the scope of the project. . ."[18] Given the lack of evidence supporting WEPCO's accounting request and the absence of information regarding the proposed Distribution Project, the Commission is likely at an information disadvantage. CUB believes that if the Commission accepts at face value WEPCO's asserted exemption from CA approval, then WEPCO's request for recovery from customers of financing costs for the Distribution Project must receive more, not less, regulatory scrutiny.

b. Precise Use of Terms and Policy Options Related to Construction-Period Financing Costs Is Important in Applications.

To clarify what "CWIP" and "AFUDC" mean, CWIP is an account that reflects the accumulated cost of *constructing* an asset (e.g., costs for steel, concrete, and labor). In contrast, AFUDC is a charge related to *financing* this construction (e.g., interest paid on debt used to finance the project). The two terms relate to each other in that if the Commission authorizes the potential for deferred recovery, the AFUDC figure is based on the utility's CWIP balance and the approved carrying cost rate (rate of return).[19]

The Commission has three options for addressing CWIP-related financing costs. As Table 1 shows, if it takes no explicit action the utility will bear any CWIP-related financing costs incurred during the construction period. Customers will pay for the future cost of financing the assets only once the utility places them into service and the Commission includes the plant in the

[18] Staff Memo at 4-5.
[19] To the extent that the construction period lasts more than one year, the carrying cost rate would also apply to previous AFUDC balances, to reflect the notion of "interest on interest."

rate base in a future rate proceeding. There would be no retroactive recovery from customers of any financing costs incurred during the construction period.

If the Commission instead decides to allow recovery of utility financing costs incurred during construction, it can authorize a current return in a rate proceeding. Customers would then pay through their rates estimated financing costs as the utility expects to incur them, even though the utility has not completed plant construction ("pay in advance"[20]). Ratemaking convention refers to the pay-in-advance approach as providing a **current return on CWIP**.

Alternatively, the Commission may authorize deferred recovery. That is, the Commission may require[21] customers to pay at a later date, once the utility places the plant in service and the Commission includes the plant in the rate base in a future rate proceeding, financing costs incurred during construction ("delayed payment"). Ratemaking convention refers to this approach as **AFUDC on CWIP**. Some refer to this simply as "AFUDC," but we prefer the more accurate phrase AFUDC on CWIP to make it clear how the two terms relate to each other—we cannot have AFUDC without CWIP. Table 1, below, summarizes these three approaches.

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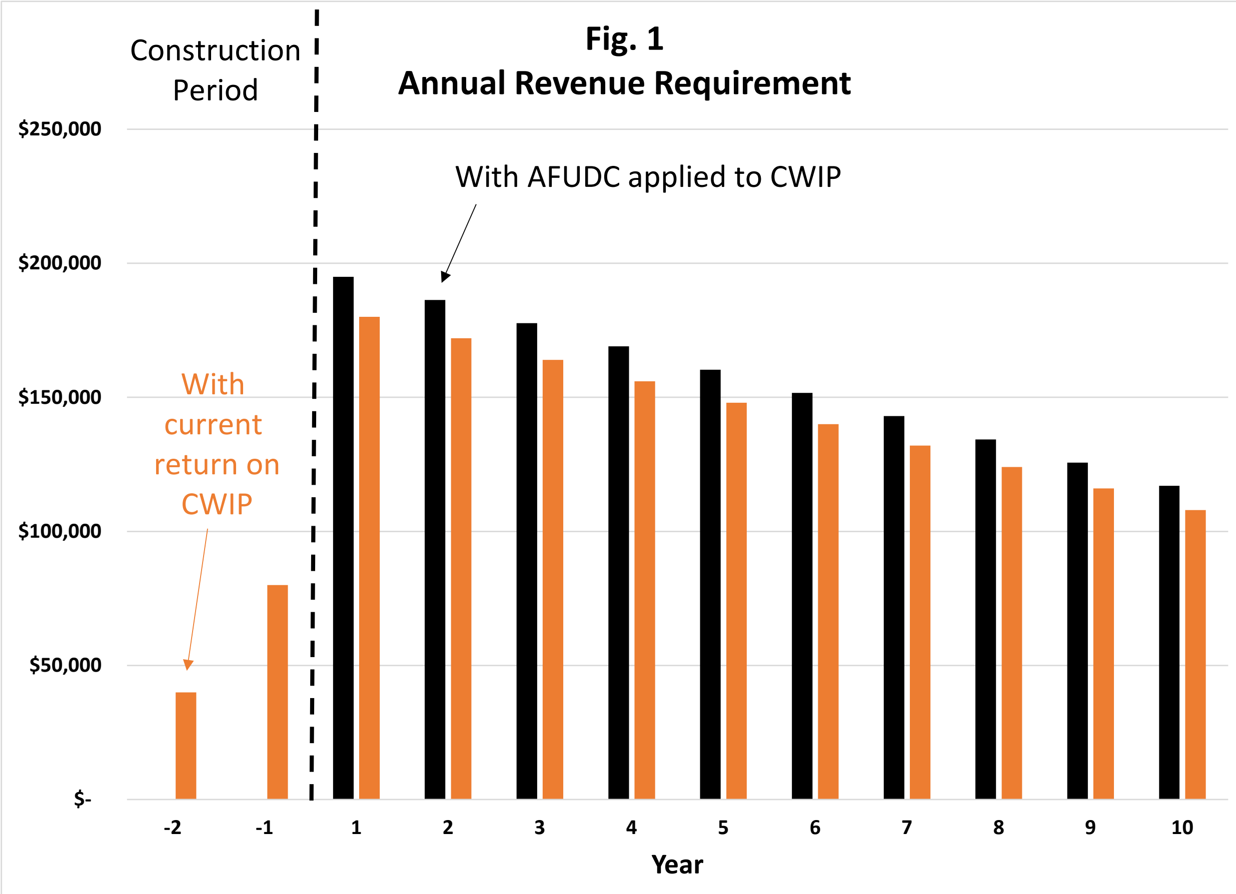
[20] This refers to the fact that customers pay financing costs before the utility places the plant in service.
[21] As the Staff Memo notes (p. 8), approving AFUDC treatment does not bind the Commission to in turn approving recovery of those costs from customers in the future. AFUDC is merely a means of recording financing costs incurred without prejudice as to their reasonableness. When the utility seeks recovery of those costs in a future rate proceeding, upon review the Commission may decide that the utility was not prudent in incurring those costs and then may disallow recovery. In most situations, however, the Commission does allow recovery of AFUDC balances when it adds the plants to the rate base.

Table 1 Approaches for Addressing CWIP-Related Financing Costs			
Return Applied to CWIP Balance	**Charges Related to CWIP Costs**	**CWIP-related cost recovered from customers prior to the plant being placed in rate base**	**Note**
none	CWIP costs only	none	utility absorbs all CWIP-related financing costs incurred during the construction period
AFUDC on CWIP	CWIP costs and financing charges recorded as accounting items for later recovery	none	plant enters rate base at a level that reflects both the cost of the plant and the related financing costs recorded as AFUDC charges
current return on CWIP	CWIP costs and financing charges to be recovered in current rates	current rates include charges to cover CWIP-related financing costs	plant enters rate base at a level that reflects only the plant cost as construction-period financing costs have already been recovered from customers

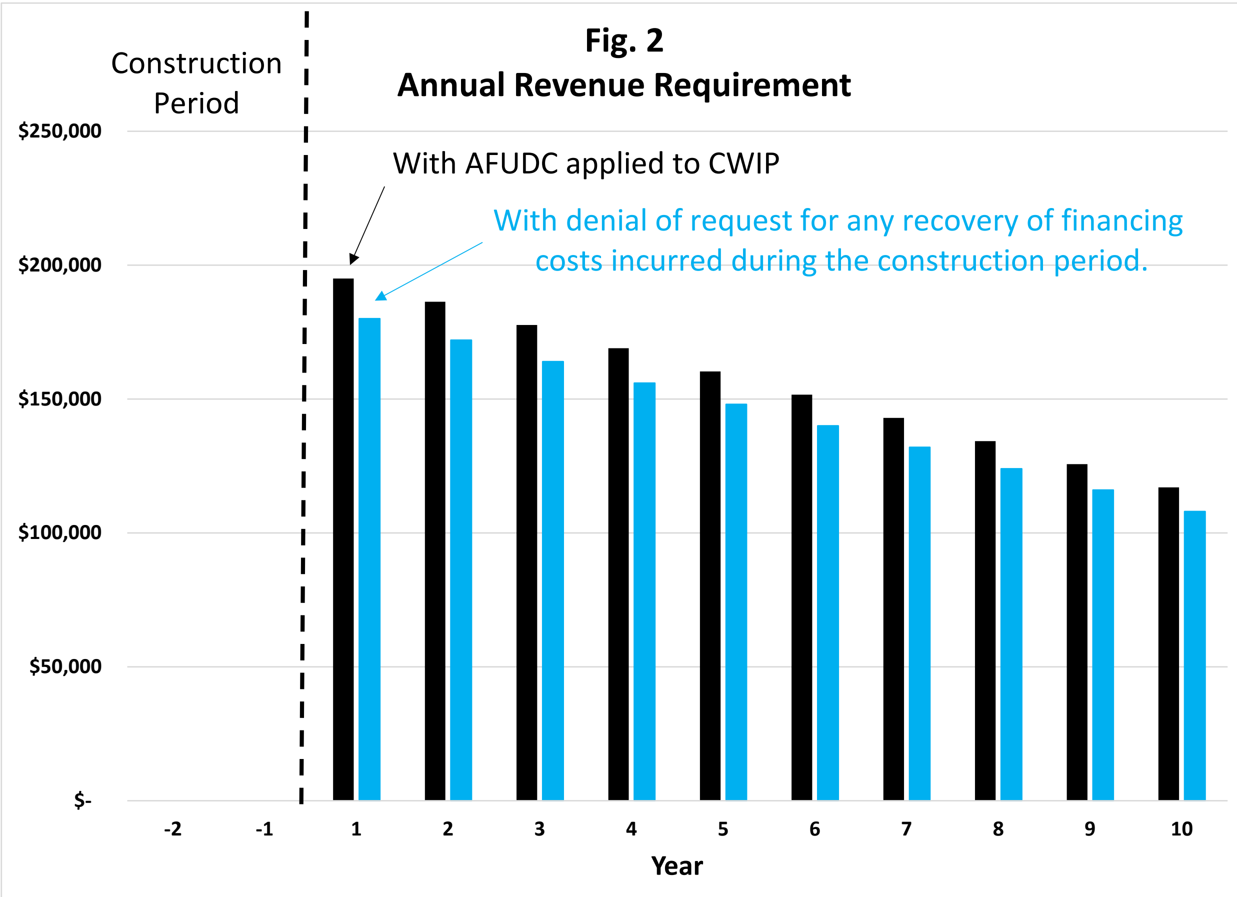
To illustrate, assume that a utility will build a plant that costs $1,000,000. It will take two years to complete, with the utility spending $500,000 in each year. Assume that the carrying cost on the construction expenditures is 8% and that the utility invests all of the funds at the beginning of each year so that a full carrying cost return applies in each year. If the Commission approves either of the approaches for recovering construction-period financing costs, and if the utility depreciates the plant over an estimated 10-year life, Fig. 1 shows the revenue requirement customers would pay under each method. Because under the current return on CWIP approach customers pay financing costs during the construction period, the revenue requirement is smaller once the plant comes into service than it would be under the AFUDC on CWIP approach. Under the AFUDC on CWIP approach, when the Commission adds the completed plant to the rate base, it adds the AFUDC financing cost balance to the CWIP construction cost balance.



To be clear, the applicant is not requesting a current return on CWIP, only AFUDC on CWIP. We included analysis of the current return on CWIP approach because the Staff Memo refers to it as a possible alternative to AFUDC on CWIP.

If we restrict the analysis to approve or reject AFUDC treatment on CWIP, with no consideration of a current return on CWIP, the revenue requirements based on our stylized example are shown in Fig. 2. It should not be surprising to see that if the Commission denies recovery of the financing costs, then customers pay less in each year than they would under the

AFUDC on CWIP. Notice that under neither method are there charges to customers during the construction period.[22]



c. Any of the Above Three Treatments Is Well Within the Commission's Discretion.

Under standard ratemaking, utilities are not entitled to dollar-for-dollar recovery of every cost they incur.[23] Activities between rate cases cause the earned return on equity (ROE) to rise above and fall below the authorized ROE. The authorized ROE provides a cushion above the

[22] A question may arise as to whether customers prefer current return on CWIP or AFUDC on CWIP. From an economic perspective, customers with high discount rates, which typically includes low-income customers and risky businesses, prefer to push charges to the future. They tend to prefer AFUDC on CWIP. In contrast, customers with low discount rates, which typically includes middle- and upper-income customers, prefer to pay for items upfront when they can to avoid compounding interest charges. They tend to prefer current return on CWIP.

[23] Kahn, A. 1970. *The Economics of Regulation*, Vol. II, p. 48.

utility's cost of equity that allows the utility to absorb costs that were not included in the most recent rate proceeding. As to the potential impact of downside movement in the earned return, as the Company's own testimony in its current rate proceeding (docket 5-UR-111) demonstrates, its higher-than-average ROE provides more cushion to absorb downside impacts than that afforded the typical utility.[24] CUB has attached to these comments, as Attachment A, a relevant excerpt from this testimony.

The notion that the utility must absorb certain costs without recovery from customers between rate proceedings is the most powerful incentive mechanism embedded in the traditional ratemaking model, as Alfred Kahn explains in *The Economics of Regulation*. Requiring utilities to absorb some costs between rate proceedings:

> …is thus to be regarded not as a deplorable imperfection of regulation but as a positive advantage…A similar function is served by the Commission's following the explicit policy of holding permitted profits not to a fixed percentage, but within a range or 'zone of reasonableness,' with adjustments in rates permitted only when returns fall outside that range.[25]

Following the basic ratemaking model, the Commission's denial of WEPCO's request to apply AFUDC on the Distribution Project's CWIP balances would not prevent WEPCO from financing it. The Company reported annual net income of $463,675,000 in 2023.[26] Based on the limited information available, the annual AFUDC amount for the Distribution Project is $25,688,000, which is only 5% of the 2023 net income figure.[27] Any claims that WEPCO cannot raise the capital for the Distribution Project if it does not receive AFUDC treatment is inconsistent with the Company's financial position and the workings of the capital markets. Simply put, while the

[24] *See* Direct Testimony of Ann E. Bulkley at 67, Docket 5-UR-111 (PSC REF#:496978) (Apr. 12, 2024).
[25] Alfred Kahn, 1970. *The Economics of Regulation*. Cambridge, MA: MIT Press, vol. II, p. 48.
[26] Wisconsin Electric Power Company Annual Report for the Year Ended December 31, 2023 filed with the Wisconsin Public Service Commission.
[27] Estimated project cost of $304 million x AFUDC rate of 8.45% = $25,688,000.

Commission could grant the Applicant's request, not doing so will not threaten the Distribution Project.

That said, the Commission's view as to the status of the Distribution Project bears on this decision. If the Commission finds the Distribution Project exempt from CA requirements and reads out of this exemption a presumption of reasonableness for the Distribution Project, then a common approach would be to apply AFUDC on CWIP, current return on CWIP, or a combination of the two. However, CUB would argue that such a presumption is not found within the statutes as Wis. Stat. § 196.49(5g)(ar)3 merely waives a public utility's "requirement to obtain a certification or approval of the Commission… *before beginning* a [qualifying] proposed project." (emphasis supplied)

Should the Commission approve the requested AFUDC on CWIP, any presumed reasonableness of the need for the facilities cannot mean that WEPCO is entitled to full cost recovery for whatever amount it wishes to spend on the Distribution Project. As noted below, if the Commission grants the Company's request for AFUDC on CWIP, we support Commission staff's proposed condition imposing a hard limit of $304 million for the AFUDC calculation, reduced by the amount of any contribution from "the customer."

We expect "the customer" whose presence has created the need for the proposed facilities will make a sizeable contribution to Distribution Project costs. If this contribution is $50 million, for example, the cost cap for the assets for which WEPCO could recover financing costs incurred during the construction period through AFUDC on CWIP would be $254 million. That is the limit to the base of the AFUDC on CWIP charge; if the AFUDC rate is 8.45%, the AFUDC charge would be that rate times the CWIP balance equal to costs incurred to up a limit of $254 million, which produces a maximum annual AFUDC on CWIP charge of $21,463,000. That is, the Applicant would be authorized AFUDC on CWIP treatment on assets up to a limit of $304 million minus customer contributions, regardless of what it costs to construct the plant. WEPCO would absorb any financing costs on plant balances in excess of that limit that WEPCO incurred prior to the Commission placing the plant in the rate base in a future rate proceeding. However, this limit on the base to which the AFUDC charge is calculated would not limit the Company's recovery of or return on prudently incurred plant costs once the plant were in service.

d. CUB Comments on Specific Items in the Commission Staff Memo

To efficiently present CUB's positions on issues that Commission staff raised, we offer the following comments on certain points in the Staff Memo.

- Staff Memo, page 2: "The Commission may allow utilities to earn a return on the cumulative financing costs for construction projects, which is referred to as AFUDC." CUB comment: We agree with this statement. The Commission can allow for AFUDC on CWIP treatment but it is not required to do so.
- Staff Memo, page 3: "Commission staff notes that if the applicant's request is denied, there could be an immediate impact to ratepayers in the applicant's ongoing rate proceeding." CUB comment: The Commission could grant a current return on CWIP in the rate proceeding, but the Commission is not required to do that if it denies the request to allow AFUDC on CWIP.
- Staff Memo, page 3: "If the request is approved, it will allow the applicant to finance the necessary and time-sensitive investments in Wisconsin." CUB comment: With its strong financial position, WEPCO will have no difficulty financing the project absent either AFUDC on CWIP or current return on CWIP. Its ability to finance the project depends on the financial integrity of the corporation, not the project specifics, and the Applicant will be in a strong financial position regardless of whether the Commission grants recovery of construction period

financing costs. Fitch recently reported that it is rating WEPCO debentures A+.[28] This reveals the Company's financial strength. The Edison Electric Institute reports that 77% of U.S. investor-owned electric utilities have bonds with a lower rating.[29]

- Staff Memo, page 3: "The applicant indicated timely construction of the Distribution Project is critical to maintain project timelines and ensure continued business growth and economic development within the EITM Zone." CUB comment: The Applicant does not need AFUDC on CWIP nor a current return on CWIP to proceed with the Distribution Project.
- Staff Memo, page 4: "The applicant has not submitted any applications for the Distribution Project and few details regarding the scope of the project to which the applicant seeks to accrue AFUDC on have been provided." CUB comment: Regardless of the status of the project, the Applicant has a burden of proof to show that what it proposes with respect to recovery of construction-period financing costs is just and reasonable. The less information applicant provides, the weaker its case for recovery of financing costs.
- Staff Memo: "In response to Commission staff's verbal data request…the applicant provided revised project costs of $304 million." CUB comment: If the Commission grants AFUDC on CWIP treatment, it should set a hard upper limit of $304 million, reduced by any customer contributions, for the amount of capital to which AFUDC on CWIP would be applied. The Company can easily absorb any financing costs associated with project costs that exceed that amount.
- Staff Memo, page 5: "The applicant indicated that more precise estimates will become available as the procurement process continues and firm pricing is provided by equipment suppliers and contractors, and indicated that it would supplement this estimate as additional information

[28] Fitch Ratings, May 2024. *Fitch Rates Wisconsin Electric Power Company Debentures 'A+'*.
[29] Edison Electric Institute, February 20, 2024. *2023 Industry Financial Highlights*.

becomes available." CUB comment: If the Commission approves the Applicant's request it should require detailed, timely submission of project costs. If the applicant fails to meet the requirement, the AFUDC on CWIP balance would not have to be included in the revenue requirement in future rate proceedings.

- Staff Memo, page 5: "The applicant also indicated, due to factors outside of its control, it needed to begin making deposits due to the long lead time and high cost of equipment, particularly transformers." CUB comment: This is a risk factor that the Company, not its customers, should bear. This is why its ROE is 9.8%, 540 basis points higher than the yield on risk-free Treasury securities. To be worthy of that high return, the utility must face risk and absorb some unexpected costs. The company should procure the necessary resources at the lowest possible cost, regardless of cost recovery. Again, regulation does not provide for dollar-for-dollar cost recovery of utility expenses, including financing costs. The Commission has discretion in this matter.
- Staff Memo, page 5: "Given the lack of detail provided in this application and the lack of any construction applications filed relating to the work, it is difficult to ascertain what, if any, portions of the project may be the responsibility of the customer served." CUB comment: This creates uncertainty as to whether AFUDC treatment on CWIP balances is needed. Will the customer pay 10% of the costs, 50%, or 90%? The more the customer contributes, the less the need for recovery of any financing costs from other customers under any method.
- Staff Memo, page 6: "Given the absence of specific details regarding the proposed Distribution Project and the other unique factors noted above, the Commission may also wish to consider some specific additional conditions should it be inclined to authorize the request." CUB comment: We agree that specific conditions will be necessary given the lack of information

provided. We also agree with the wording that suggests that the decision to deny the request is fully within the Commission's discretion.

- Staff Memo, page 6: "The Commission may wish to consider requiring that the calculation of AFUDC shall not be based on a cost greater than the estimated $304 million identified in the applicant's response to Commission staff's verbal data request." CUB comment: We support this condition with the added qualifier that the $304 million be reduced to reflect any contributions from "the customer" for which the Company is constructing the facilities.
- Staff Memo, page 6: "When calculating AFUDC, the Commission may also wish to consider requiring the applicant to use its most recently authorized AFUDC rate, which is currently 8.45 percent as authorized in docket 5-UR-110." CUB comment: The AFUDC rate may need to be reduced given the lack of project details.

III. CONCLUSION

This case presents an unprecedented assertion by a utility of an EITM Zone exemption from CA approval. The first order questions for the Commission, then, are (1) does the Distribution Project qualify for such an exemption and (2) if yes, does the Application support a finding that it is just and reasonable for customers to pay for financing costs on projects in the EITM Zone? If the answer to either of these questions is no, then the Application to record AFUDC on CWIP for the Distribution Project should be denied, as would any future request (in a rate case) to receive current return on the requested Distribution Project CWIP balances.

If the answers to both of these questions are yes and the Commission decides to allow for a return applied to project-related CWIP balances, CUB supports Financing Alternative One (Staff Memo p. 7) with all of the conditions set forth on pages 7-11 of the Staff Memo (Additional Conditions Alternative Two on p. 11), Financing Sub-Alternative 1a capping the cost basis for AFUDC at $304 *net of any contribution from "the customer"*, and Financing Sub-

Alternative 1b with an AFUDC rate of no higher than 8.45%. CUB's position on Financing Alternative Two (Staff Memo p. 7) is that if the Commission deems it appropriate to allow recovery of financing costs incurred during the construction period in some form but denies AFUDC on CWIP, then current return on CWIP would be appropriate.

CUB appreciates the opportunity to offer comments in this proceeding and thanks the Commission for its time and consideration.

Dated this day, Thursday, May 16, 2024.

Respectfully Submitted,

By: /s/ Cara Coburn Faris
General Counsel for Citizens Utility Board

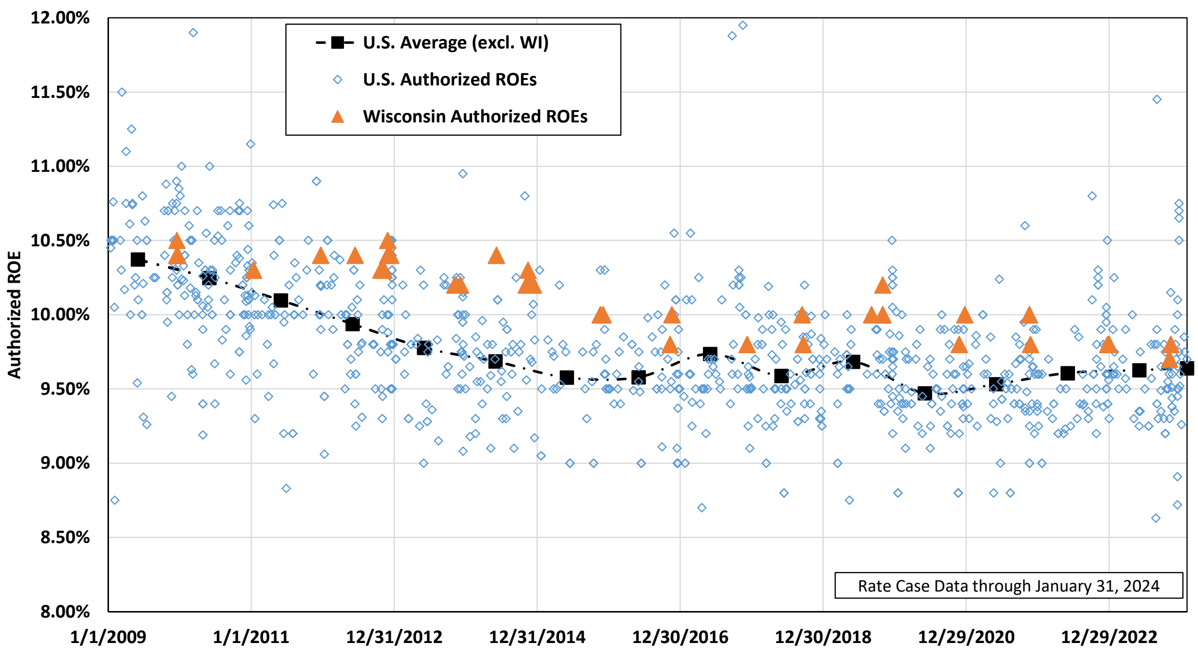
By: /s/ Steve Kihm
Regulatory Strategist-Economics and Finance for Citizens Utility Board

625 North Segoe Rd
Suite 101
Madison, WI 53705
608-251-3322
faris@cubwi.org
kihm@cubwi.org

Attachment A

Excerpt from Direct Testimony of Ann E. Bulkley in Docket 5-UR-111 (PSC REF#:496978) (Apr. 12, 2024) identified a credit-supportive regulatory environment as a being important factors in the Companies' credit profiles.[71] However, Moody's notes that the credit rating agency's opinion of the regulatory environment could change if the controversy surrounding WEC subsidiaries' 2022 general rate case leads to a permanent deterioration in the relationship with the Commission. Moody's noted this uncertainty tempers the credit quality of Wisconsin Gas and WEPCO, particularly following recent Commission changes in March 2023.[72]

Figure 18: Authorized ROEs for Wisconsin Utilities v. U.S. Average[73]



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71 S&P Global Ratings, Ratings Direct, Wisconsin Electric Power Co., May 5, 2023; S&P Global Ratings, Ratings Direct, Wisconsin Gas LLC, May 5, 2023. Moody's Investors Service, Credit Opinion, Wisconsin Electric Power Company, May 17, 2023; Moody's Investors Service, Credit Opinion, Wisconsin Gas LLC, October 10, 2023.

72 Moody's Investors Service, Credit Opinion, Wisconsin Electric Power Company, May 17, 2023; Moody's Investors Service, Credit Opinion, Wisconsin Gas LLC, October 10, 2023.

73 S&P Capital IQ Pro. Electric and natural gas rate case decisions from January 1, 2009 through January 31, 2024. The chart does not display either the 12.88% ROE that was authorized for Alaska Electric Light and Power on September 2, 2011 or the 12.55% ROE that was authorized for ENSTAR Natural Gas Co. on August 9, 2010. The chart also excludes: 1) the authorized returns for electric utilities in Illinois and Vermont since they are established based on a formulaic approach that is directly linked to interest