



August 30, 2024

Mr. Cru Stublely
 Secretary to the Commission
 Public Service Commission of Wisconsin
 4822 Madison Yards Way
 Madison, WI 53705

RE: Koshkonong Solar Project - Docket 5-BS-258

Dear Mr. Stublely:

Wisconsin Electric Power Company ("Wisconsin Electric"), Wisconsin Public Service Corporation ("WPSC") and Madison Gas and Electric Company ("MGE") write to notify the Commission of the recently-executed Asset Purchase Agreement (APA) and Engineering Procurement and Construction (EPC) Agreement that have been executed for the Koshkonong Solar and BESS project. The EPC scope of work covers the solar portion of the project. The BESS scope of work has not yet been awarded.

In Docket 9811-CE-100, the Commission issued a Certificate of Convenience and Necessity authorizing construction of the Koshkonong Solar and BESS project, to consist of 300 MW of solar photovoltaic generation and 165 MW of BESS Storage facilities. In its April 10, 2023 final decision in this docket, 5-BS-258, the Commission granted Certificates of Authority to Wisconsin Electric, WPS and MGE to acquire 75%, 15% and 10%, respectively, of the Koshkonong project.

In Order Point 3 of its order in Docket 5-BS-258, the Commission required Wisconsin Electric, WPSC and MGE to provide copies of agreements between the applicants and the developers as they become available for informational purposes. Both of these agreements are attached to this letter on a confidential basis.

The Commission authorized recovery of the Koshkonong project's acquisition costs up to \$649 million. If it is discovered that the acquisition costs may exceed that amount, Wisconsin Electric, WPS and MGE are required to provide notice to the Commission within 30 days of learning of such an event¹. Because finalizing and executing the APA and Solar EPC agreements for the Koshkonong project will cause an increase in the total expected cost of the Koshkonong project, Wisconsin Electric, WPS and MGE are hereby giving such notice to the Commission, as explained below in additional detail.

Finalizing and executing the APA and Solar EPC agreements will result in the total cost of the Koshkonong project, including owners' costs, increasing by approximately \$272,000,000 or 42% of the total project amount authorized by the

¹ Final Decision at 38 (Order Point 8), Docket 5-BS-258 (April 10, 2023).

Commission in Docket 5-BS-258. The execution of these agreements does not have an impact on the expected in-service date of the Koshkonong solar project, which remains December 2026. BESS pricing and schedule are still being finalized and additional updates will be provided, as appropriate.

These agreements reflect the cost impacts of the numerous force majeure events that took place after the application was filed and for which the cost impact had not become known until the execution of the attached agreements. The force majeure events that have taken place during this time include:

- Global supply chain disruptions from the Covid-19 pandemic.
- Multiple U.S. Department of Commerce antidumping and countervailing duties investigations, determinations, and rulings.
- U.S. Department of Commerce Uyghur Forced Labor Prevention Act (“UFLPA”) enforcement.
- Inflation Reduction Act prevailing wage and apprenticeship requirements.

Each of these force majeure events caused a significant cost increase for labor, equipment, and/or material, impacted the domestic solar industry as a whole, and resulted in the solar market pricing we have today.

Wisconsin Electric, WPSC and MGE have agreed to the solar cost and schedule for the facilities associated with the Koshkonong solar project with Invenergy. Paying the negotiated cost is prudent given impacts of the Force Majeure Events known to date and to avoid further project delays. The agreements result in a solar project total cost consistent with current market conditions and costs for similar projects in Wisconsin and elsewhere in the Midwestern United States.

Finally, the force majeure event project cost increases will also impact authorized AFUDC costs because these higher costs will be added to Construction Work In Progress as the project is constructed.

Respectfully submitted,

/s/ Theodore T. Eidukas
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State Regulatory Affairs
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/s/ Scott R. Smith
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