SERVICE DATE
May 24, 2018

Public Service Commission of Wisconsin
RECEIVED: 05/24/2018 12:55:01 PM

PUBLIC SERVICE COMMISSION OF WISCONSIN

Accounting Treatment of the Impacts Resulting from the Passage of the 2017 Tax Reform Bill H.R.1 — 5-AF-101

ORDER

This is the Order in the Commission's investigation relating to the impacts of the *Tax Cuts and Jobs Act* (TCJA) on all Wisconsin investor-owned utilities (IOUs).[1]

Background

On December 22, 2017, the TCJA was signed into law with an effective date of January 1, 2018. The TCJA impacts all Wisconsin investor-owned utilities (IOUs).

The TCJA made significant changes to the Federal Tax Code and included changes to individual, business, and international tax provisions. Notable for Wisconsin IOUs, the TCJA reduced the 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. (Sec. 13001 of the TCJA.)[2] IOUs are also required to revalue their accumulated deferred income taxes (ADIT) based on the reduced corporate tax rate. (*Id*.) ADIT are the result of differences between tax laws and accounting methods, and a lower corporate tax rate generally creates excess deferred

[1] City Gas Company (City Gas), Consolidated Water Power Company (CWP), Dahlberg Light and Power Company (Dahlberg), Madison Gas and Electric Company (MGE), Midwest Natural Gas, Inc. (Midwest), North Central Power Company, Inc. (North Central), Northern States Power Company-Wisconsin (NSPW), Northwestern Electric Power Company (Northwestern), Pioneer Power and Light Company (Pioneer), St. Croix Valley Natural Gas Company, Inc. (St. Croix Gas), Superior Water, Light and Power Company (SWL&P), Westfield Milling and Electric Light Company (Westfield), Wisconsin Electric Power Company (WEPCO), Wisconsin Gas LLC (WG), Wisconsin Power and Light Company (WP&L), and Wisconsin Public Service Corporation (WPSC). In addition, the Applewood Hill Water Utility (Applewood Hill) and St. Croix Improvements, Inc. (St. Croix), as private water utilities, are also affected by the TCJA; however the impacts of the TCJA on the private water utilities are not addressed in this Order.

[2] Available at https://www.congress.gov/bill/115th-congress/house-bill/1.

income taxes (EDIT). In addition, many IOUs are already receiving reduced electric transmission costs[3] and may also receive future reductions in transmission costs from interstate natural gas pipelines, as a result of the TCJA and any corresponding Federal Energy Regulatory Commission (FERC) directives.

For Wisconsin ratepayers, the changes made by the TCJA impact the IOUs' revenue requirements. In Wisconsin, utility rates are set on a forward-looking basis. As a result, the rates the Commission previously established for each IOU included the previously higher tax rate. The reduction of the corporate tax rate to a flat percent rate commencing in 2018 means that less tax needs to be collected from customers, and the rates set by the Commission at the higher tax rate will result in an over-collection of revenue by the IOUs, unless action is taken by the Commission. Additionally, in previous years, deferred taxes were recorded at a higher tax rate than the rate at which the taxes will now be paid by the IOUs. This results in an over-collection from customers, which may also require refund or other adjustment to the revenue requirement.

On January 5, 2018, the Administrator of the Division of Energy Regulation, pursuant to delegated authority, issued an Accounting Order in this docket directing all Wisconsin IOUs to defer,[4] and to accrue carrying costs at the authorized economic cost of capital,[5] the revenue

[3] Order Granting Request for Waiver, *MISO Transmission Owners*, 162 FERC ¶ 61,217 (March 15, 2018).
[4] In separate letters, the two privately-owned water utilities were directed to defer the revenue requirement impacts arising from the TCJA and to submit an application for a conventional water rate case within 60 days. (Applewood Hill, PSC REF#: 339145; St. Croix, PSC REF#: 339147.) Applewood Hill filed a rate case application with the Commission on May 1, 2018, in docket 200-WR-102. St. Croix filed a rate case application with the Commission on May 14, 2018, in docket 5200-WR-101.
[5] Economic cost of capital is the weighted cost of capital grossed up for income taxes.

requirement impact resulting from the TCJA since its inception, until a future Commission order on this topic in this docket or a future rate case proceeding.[6] (PSC REF#: 335622.)

On January 10, 2018, the Commission issued a Notice of Investigation and Request for Comments in this docket requesting that each IOU provide comments on how it proposes to implement the changes resulting from the TCJA for the benefit of ratepayers as soon as possible, and to provide an estimate of the anticipated ratepayer savings resulting from the TCJA. In addition, the Commission requested comments relating to the rate at which carrying costs are accrued for this deferral. The Commission directed the IOUs to submit comments to the Commission by February 9, 2018. (PSC REF#: 335782.)

Both the Citizens Utility Board of Wisconsin (CUB) and the Wisconsin Industrial Energy Group (WIEG) requested to intervene in this docket. (PSC REF#: 336052; PSC REF#: 336098.) On February 8, 2018, Administrative Law Judge Michael E. Newmark granted both intervention requests. (PSC REF#: 337505.) A hearing was not required, requested or held.

All of the IOUs, with the exception of the two privately-owned water utilities, filed comments in response to the Commission's Notice.[7] On February 27, 2018, CUB, WIEG, and the Wisconsin Paper Council, collectively as the Joint Customers, submitted comments to the Commission in this docket in response to the comments of the IOUs. (PSC REF#: 338725.)

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[6] This Accounting Order did not supersede the Commission's Final Decisions in dockets 5-UR-108 and 6690-UR-125, and the Accounting Order directed the Wisconsin Energy Corporation (WEC) Utilities (WEPCO, WG, and WPSC) to also comply with order conditions in those decisions relating to tax reform.

[7] City Gas (PSC REF#: 338323); CWP (PSC REF#: 337578); Dahlberg (PSC REF#: 337603); MGE (PSC REF#: 337596); Midwest (PSC REF#: 338315); North Central (PSC REF#: 337592); NSPW (PSC REF#: 337576); Northwestern (PSC REF#: 337595); Pioneer (PSC REF#: 338676); St. Croix Gas (PSC REF#: 337593); SWL&P (PSC REF#: 337608); Westfield (PSC REF#: 338677); WEPCO, WG, and WPSC (PSC REF#: 337604); and WP&L (PSC REF#: 337789).

On March 13, 2018, Commission staff provided a memorandum to the IOUs and Joint Customers for comment. (PSC REF#: 339394.) This memorandum discussed the two components that affect the calculation of each IOU's revenue requirement due to the reduction of the corporate tax rate in the TCJA: (1) the income statement component that results from the reduction in the annual tax expense beginning on January 1, 2018; and (2) the balance sheet component resulting from the revaluation of the IOU's ADIT from prior years.

Commission staff requested initial comments on this memorandum by March 27, 2018, and reply comments by April 6, 2018. City Gas, MGE, NSPW, St. Croix Gas, the WEC Utilities, WP&L, and the Joint Customers filed initial comments to the memorandum with the Commission.[8] NSPW, the WEC Utilities, and the Joint Customers filed reply comments.[9]

The comments received in response to the Commission's Notice of Investigation and Request for Comments, Commission staff's memorandum, and the comments and reply comments on that memorandum identify various alternatives or variations as to how the Commission could address the savings resulting from the TCJA for the benefit of customers. The Commission discussed this matter at is open meeting of April 24, 2018.

Income Statement Component

As noted above, the first component is the reduction in annual income tax expense beginning on January 1, 2018, which increases net operating income on the income statement (the income statement component). In response to the Notice of Investigation and Request for Comments served on January 10, 2018, the Commission asked IOUs to provide an estimate of

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[8] City Gas (PSC REF#: 340196); MGE (PSC REF#: 340221); NSPW (PSC REF#: 340200); St. Croix Gas (PSC REF#: 337593); WEC Utilities (PSC REF#: 340230); WP&L (PSC REF#: 340189); and Joint Customers (PSC REF#: 340219).

[9] NSPW (PSC REF#: 340714); WEC Utilities (PSC REF#: 340730); and Joint Customers (PSC REF#: 340727).

the anticipated ratepayer savings, as a result of the TCJA. Each IOU provided an estimate of the impact of the reduction in annual income tax expense.[10]

Commission staff also made its own estimates. In order to determine the revenue requirement impact of the income statement component, Commission staff used the most recent rate case that established the current base rates for each IOU. For the WEC Utilities,[11] the most recent rate case established a rate freeze so Commission staff used the authorized revenue requirement information from their previous rate cases.[12] Commission staff adjusted the income statements at present rates to reflect authorized rates by adding the revenue increase (or decrease) to revenues at present rates and increasing (or decreasing) income tax expense, calculated at the old combined rate, to reflect the change in income tax expense associated with the tax rate change. This adjusted income statement can be referred to as the authorized income statement. The authorized income statement shows the revenue and the net operating income that is required for the IOU to earn its authorized return at the old combined income tax rate. Next, the income tax expense (comprised of current federal and state income tax payable plus deferred income tax expense) in the authorized income statement was reduced by the percentage reduction of the combined federal and state income tax rates as a result of the TCJA.

Reducing the income tax expense on the authorized income statement results in a higher net operating income. However, the required net operating income does not change because it is made up of the net investment rate base multiplied by the required return on rate

[10] Some of the IOUs also provided an estimated range of impacts relating to the balance sheet component.
[11] WEPCO, WG, and WPSC.
[12] Dockets 5-UR-107 and 6690-UR-124.

base. The level of income tax expense does not affect the calculation for the IOUs' required net operating income. After reflecting the reduction in income tax expense, the IOUs' net operating income is greater than its required net operating income.

Commission staff then grossed up the excess net operating income by the new combined income tax rate to get the reduction in revenues necessary to reduce the net operating income back to the required level.

A summary of the IOUs' estimates and Commission staff's estimates of the income statement component was shown in an appendix to the Commission staff memorandum in this docket dated March 13, 2018. (PSC REF#: 339394.) The amounts shown were the annual estimates of revenue requirement impact from the change in the corporate tax rate. The over-collection of revenue due to the TCJA for each of the IOUs began on January 1, 2018.

Commission staff made its initial calculations as simple, transparent, and as consistent as possible among IOUs. Prior to the Commission's discussion in open meeting in this docket, all of the smaller IOUs (City Gas, CWP, Dahlberg, Midwest, Northwestern, Pioneer, St. Croix Gas, and Westfield) agreed with Commission staff's calculations for the estimated annual savings for the income statement component. However, Commission staff's calculation did not address any of the individual nuances of the larger IOUs. As such, the estimates provided by the larger IOUs may be more accurate. Given the complexity of these calculations for some of the IOUs, the Commission reiterates that the figures used in this Order are estimates and, as will be discussed, will be subject to a verification and true-up process.

Balance Sheet Component

The second component is the revaluation of the IOUs' ADIT, which affects balances on its balance sheet (the balance sheet component). Based on differences between tax laws and accounting methods, an IOU's ADIT generally represents taxes to be paid by the IOU in a future year. ADIT are created from differences in the timing of when revenues and expenses are recognized for tax purposes compared to when they are recognized according to Generally Accepted Accounting Principles (GAAP) for book purposes.

Prior to January 1, 2018, the IOUs calculated the ADIT on their balance sheets based on a 35 percent[13] federal income tax rate. When those deferred taxes begin to unwind and the IOUs pay those taxes in the future, they will pay the taxes at the 21 percent rate, not at the 35 percent rate, as a result of the TCJA. Thus, the ADIT needs to be revalued to identify the new amount to be paid in the future, resulting in a balance of EDIT. EDIT represents amounts collected from ratepayers for future income tax payments that will no longer need to be paid as a result of the TCJA. As this revaluation is complex, the Securities and Exchange Commission (SEC) has allowed companies one year to finalize the numbers involved with the revaluation.[14]

The revaluation of the ADIT balance involves identifying the excess amount and reclassifying the EDIT as a regulatory liability, which is then grossed up for taxes.[15] This gross-up is offset by entries to the ADIT balances. In other words, it involves the movement of a liability from one place on the balance sheet to another.

[13] 34 percent for some smaller IOUs.
[14] SEC Staff Accounting Bulletin No. 118 located at https://www.sec.gov/interps/account/staff-accounting-bulletin-118.htm.
[15] It should be noted that the ADIT for a particular utility may be an asset rather than a liability and, in that situation, the EDIT is reclassified as a regulatory asset.

The Internal Revenue Service (IRS) 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. If amortized faster, the IRS could consider it to be a normalization violation, and the IOU could lose the right to use accelerated depreciation on future income tax returns. The EDIT that are subject to the normalization rules are referred to as "protected" EDIT. The rest of the IOUs' EDIT are considered to be "unprotected" and may be amortized over a shorter time period or recognized immediately. The IOUs provided the Commission varying degrees of information relating to EDIT.

Opinion

Pursuant to Wis. Stat. § 196.37(2), "[i]f the commission finds that any measurement, regulation, practice, act or service is unjust, unreasonable, insufficient, preferential, unjustly discriminatory or otherwise unreasonable or unlawful . . . the commission shall determine and make any just and reasonable order relating to a measurement, regulation, practice, act or service to be furnished, imposed, observed and followed in the future." This can include deferrals, refunds, or a combination of both.

Here, it is undisputed in the record that all IOUs are currently over-collecting for income tax expense as a result of the TCJA and that the IOU's tax savings as a result of the TCJA should be used for the customers' benefit. Therefore, the Commission finds that the IOUs' current rates are unjust and unreasonable as a result of the TCJA and believes that the tax savings should be returned to customers or otherwise used for the customers' benefit as soon as possible. When making this decision, the Commission exercises its legislative function in setting policy. The law recognizes the great degree of discretion exercised by the

Commission in making such decisions and affords such decisions great weight deference. Wis. Stat. § 227.57(8). Discretionary decisions contemplate a process of reasoning based on facts in the record or reasonably inferred from the record, and a conclusion based on a logical rationale founded upon proper legal standards. *See, e.g., Reidinger v. Optometry Exam. Bd.*, 81 Wis. 2d 292, 297, 260 N.W.2d 270, 273 (1977).

In the exercise of this discretion, the Commission is not bound to any single regulatory formula; it is permitted to make pragmatic adjustments, which may be called for by particular circumstances. In deciding how to return the tax savings to customers, the Commission attempted to find an approach with as much commonality between IOUs as possible while still respecting the individual nuances of certain IOUs.

The Commission's investigation developed a substantial record upon which to base its decision. While no hearing was required, requested or held, the Commission provided ample opportunity for the parties to be heard through the submission of written comments and reply comments.

Balance Sheet Component

The Commission understands that the revaluation of ADIT is complex and that Commission staff still needs to work with the IOUs to quantify or refine the balance sheet component savings. Unlike the income statement component, Commission staff does not have a solid estimate as to the value of the balance sheet component for many of the IOUs, while some IOUs did provide their estimates. Therefore, the Commission directs all IOUs to work with Commission staff to evaluate the impacts of the balance sheet component. Except as otherwise provided in this Order, the return to customers of any benefits associated with the balance sheet component shall be addressed by further order of the Commission in this docket or in an IOU's future rate case.

WEC Electric Utilities

While acknowledging that additional analysis is needed on the balance sheet component, the WEC Utilities did propose to utilize a portion of its savings from the balance sheet component to offset existing deferred balances, which included WEPCO's longstanding transmission escrow and deferrals for its other utilities. (PSC REF#: 340230.)

The balance of the transmission escrow will be one of the largest drivers of WEPCO's forecasted electric revenue requirement deficiency.[16] WEPCO's transmission escrow consists of two components, known as the "old" and "new" transmission escrows. The first, or "old," component of WEPCO's transmission escrow consists of the costs WEPCO incurred when American Transmission Company, LLC (ATC) was initially formed in 2001 and continued to incur through 2007. This first component earns carrying costs at WEPCO's authorized weighted average cost of capital. In docket 5-UR-103, the Commission discontinued escrow accounting treatment for WEPCO prospectively. (PSC REF#: 88448.) In docket 5-UR-105, the Commission suspended the amortization of the remaining balance of $114.1 million in order to avoid a rate increase. (PSC REF#: 155380.) The balance of this first component has been reduced to $46.3 million, as of December 31, 2017. (PSC REF#: 341317.) The second, or "new," component of WEPCO's transmission escrow consists of transmission expenses that WEPCO has incurred in excess of $250.7 million each year since 2013. The Commission

[16] The other significant driver of the forecasted revenue requirement deficiency is WEPCO's System Support Resource (SSR) escrow.

imposed this annual cap on the recovery of transmission expense in docket 5-UR-106 in order to mitigate rate increases. (PSC REF#: 178105.) The balance of this second component was $174.4 million as of December 31, 2017 (PSC REF#: 341317), and is authorized carrying costs at WEPCO's authorized short-term debt rate. The costs in the transmission escrow represent costs WEPCO has already incurred to provide electric service, but were not included in rates, and set aside by the Commission for recovery to avoid rate shock.

Recognizing the upward pressure the transmission escrow has on WEPCO's electric rates and that further inaction in addressing the balances would exacerbate the problem as the balances continued to grow, the Commission accepted the proposal of the WEC Utilities to use discretionary tax elections to offset the growth in the transmission escrow in dockets 5-UR-108 and 6690-UR-125 pending the anticipated comprehensive federal tax reform.[17] The Commission accepted this proposal, which prevented further growth in WEPCO's transmission escrow in 2018 and 2019 by creating a regulatory asset that would be recovered over a longer, 50-year period, which minimized the rate impacts to individual customers. (PSC REF#: 330746, at 26.)

At the time of the Commission's decision in dockets 5-UR-108 and 6690-UR-125, it was anticipated that the federal government would enact corporate tax reform "which could mitigate the impacts of recovering the escrow balances in the future . . . ." (*Id.*) Should such reform occur, the Commission directed the WEC Utilities to file a plan to return tax savings to customers with a priority given first to reducing the transmission escrow. Consistent with that directive, in this docket the WEC Utilities proposed for WEPCO's electric operations (WEPCO-

[17] The proposal also involved the use of discretionary tax elections to offset the growth in the SSR balance. However, as the Commission held in dockets 5-UR-108 and 6690-UR-125 that "WEPCO shall not use any tax benefits that result from federal corporate tax reform to pay down the SSR escrow until the Commission has had the opportunity to determine its recoverability" (PSC REF#: 330746, at 44), the handling of the SSR escrow is not relevant in this docket.

Electric) applying $97 million per year over 2018 and 2019 to reduce the transmission escrow from its estimated balance of $221 million as of December 31, 2017 (when it was frozen) to $27 million by the end of 2019. (PSC REF#: 337604, at 7-8.) The proposed $97 million consists of $59 million in estimated savings from the income statement component, $18 million in estimated savings from the balance sheet component, and $20 million in lower transmission expenditures.

In this docket, the WEC Utilities also proposed, for its other utilities to: (1) apply estimated annual savings of $41 million for the WPSC electric utility (WPSC-Electric) to the ReACT, Real Time Market Pricing (RTMP) and other deferral balances; (2) apply estimated annual savings of $20 million for WG to manufactured gas plant (MGP) and other deferrals; (3) apply estimated annual savings of $9 million for WEPCO's natural gas operations (WEPCO-Gas) to MGP and other deferrals; and (4) apply estimated annual savings of $7 million for WPSC's natural gas operations (WPSC-Gas) to MGP and other deferrals. (PSC REF#: 337604, at 10.)

In reply comments, the WEC Utilities offered an alternative proposal of applying 70 percent of the savings to the transmission escrow and other deferrals and 30 percent of the savings in the form of a bill credit to customers. (PSC REF#: 340730, at 3.)[18]

The Commission continues to find that taking measures to stop the growth and reduce the balance of the transmission escrow for WEPCO -Electric is paramount. The balance has grown to a size that it can no longer be ignored and must be addressed. Failure to do so will only result in rate shock later when the balance in this escrow must be paid by customers. The Commission

[18] The WEC Utilities did not advance a specific proposal with regard to WEPCO's steam operations (WEPCO-Steam), but did identify estimated savings of $1 million for both the income statement component and balance sheet statement component for these operations.

took an important first step in addressing this problem in dockets 5-UR-108 and 6690-UR-125. This docket presents the Commission with another opportunity to continue to address the transmission escrow for the benefit of customers.

With regard to the proposal for WPSC-Electric, the Commission finds, consistent with its prior decision in dockets 5-UR-108 and 6690-UR-125, that it is not reasonable to apply the tax savings to the ReACT and RTMP deferrals as "the recoverability and amortization, if any, of these escrow balances shall be addressed in WPSC's test year 2020 base rate case." (PSC REF#: 330746, at 45.) However, the Commission finds merit with the concept proposed (i.e. paying down significant deferrals with the combined benefits of the income statement component and a portion of the balance sheet component), though not the deferrals identified by WPSC-Electric. With regard to natural gas operations (WG, WEPCO-Gas, and WPSC-Gas), the Commission finds that it is not reasonable to apply the tax savings to existing deferrals as the MGP deferrals have a previously Commission-approved methodology for recovery of those costs.

In sum, in regards to the WEC Utilities, and as will be described in greater detail below and elsewhere in this Order, the Commission finds it reasonable to modify and accept the WEC Utilities' proposal. The Commission directs WEPCO-Electric and WPSC-Electric to use a portion of the savings from the income statement component, and all of the proposed portion of the balance sheet component and other components identified by the WEPCO-Electric and WPSC-Electric, to reduce existing deferred balances identified by the Commission, along with a bill credit to customers, subject to true-up, review, and audit by Commission staff and intervenors in this docket or in a future rate case.

WEPCO-Electric

In terms of the income statement component, the Commission directs WEPCO-Electric to use 20 percent ($11.8 million)[19] of WEPCO-Electric's estimated annual savings of the income statement component (estimated $59 million) per year for a bill credit in 2018 and 2019, and apply the remaining 80 percent of the estimated annual savings from the income statement component to WEPCO-Electric's transmission escrow in 2018 and 2019. The bill credits shall be calculated and refunded in the manner prescribed by the Commission in this Order.

In terms of the balance sheet component, the Commission directs that WEPCO-Electric apply the estimated savings in the annual normalized amortization of the EDIT for WEPCO-Electric (estimated at $18 million) to the transmission escrow. The Commission also accepts WEPCO-Electric's proposal to apply its estimated $20 million in annual transmission cost savings to the transmission escrow in 2018 and 2019.

When applying these savings, either income statement component, balance sheet component, or transmission savings, to the WEPCO-Electric transmission escrow, the savings are to be first applied to the "old" transmission escrow balances earning at the authorized weighted average cost of capital before any offsets to the "new" balances earning at the authorized short-term debt rate. WEPCO-Electric shall defer the avoided carrying costs associated with the reduction in the transmission escrow balance resulting from the application of these savings until addressed further by Commission action in this docket or a future rate case. The calculations for this deferral are set forth in Appendix R. The deferral of any avoided carrying costs associated with reduction in the transmission escrow balance resulting from the

[19] A summary of the estimated annual bill credits for all of the IOUs is shown in Appendix A.

application of the tax savings per this Order shall accrue carrying costs as discussed in this Order.

Additionally, the Commission accepts WEPCO-Electric's proposal to apply its estimated $45 million in annual savings associated with the PTF lease to the PTF escrow.

The calculation of all of these amounts shall be subject to true-up, review and audit by Commission staff and intervenors in a manner similar to the procedure used in the fuel reconciliation proceedings.

The application of the savings, as identified above, will reduce the $221 million balance of the transmission escrow to $50.3 million by the end of December 31, 2019. By coupling the transmission escrow offset with a bill credit using 20 percent of the income statement savings, WEPCO-Electric customers will see both a long and near term immediate benefits.

WPSC-Electric

In terms of the income statement component, the Commission directs WPSC-Electric to use 60 percent ($16.8 million)[20] of WPSC-Electric's estimated annual savings of the income statement component (estimated $28 million) per year for a bill credit in 2018 and 2019. The bill credit shall be calculated in the manner prescribed by this Order. The remaining 40 percent of the estimated annual savings from the income statement component for WPSC-Electric shall be applied to Crane Creek, DePere Energy Center, and Fox Energy deferrals, in the priority listed. In terms of the balance sheet component, the Commission directs that WPSC-Electric apply the estimated savings in the annual normalized amortization of the EDIT for WPSC-Electric (estimated at $4 million) to the Crane Creek, DePere, Fox Energy deferrals, in the priority listed.

[20] *See* Appendix A.

WPSC-Electric shall defer the avoided carrying costs and amortization expenses associated with the reduction and ultimate elimination of the Crane Creek, DePere, and Fox Energy deferrals, as well as any tax savings that may remain,[21] resulting from the application of these savings to be addressed in further Commission action in this docket or in a future rate case. The calculations for these deferrals are set forth in Appendix S. The calculation of these amounts shall be subject to true-up, review and audit by Commission staff and intervenors in a manner similar to the procedure used in the fuel reconciliation proceedings. The deferral of any avoided carrying costs and amortization expenses, and any remaining tax savings, shall accrue carrying costs as discussed in this Order.

North Central Power

As North Central has a rate case currently being reviewed by the Commission for the 2018 test year, the income statement component savings and the balance sheet component savings (if any) shall be addressed in the current rate case.[22] North Central shall continue to defer these savings and associated carrying costs at the current authorized short-term debt rate of 3.61 percent until resolution of that rate case.

Income Statement Component Bill Credits

With the exception of North Central, the Commission directs the IOUs to issue bill credits to customers for the income statement component savings resulting from the TCJA. Appendix A provides a summary of the total estimated annual bill credits for all of the IOUs

[21] The calculations based upon current estimates suggest that there will be no tax savings remaining after the savings are applied to the identified deferrals. However, these are only estimates which will be subject to verification and a true-up process.
[22] PSC REF#: 337607.

that are required to issue bill credits. The Commission directs that the calculation of these savings shall be subject to true-up, review, and audit by Commission staff and intervenors. If the true-up occurs in this docket, then the calculations shall be subject to review and audit by Commission staff and intervenors in a manner similar to the procedure used in the fuel reconciliation proceedings. If the true-up occurs in a rate case, then the calculations shall be subject to review and audit in the context of that rate case.

The Commission directs the IOUs (except North Central) to issue a bill credit consisting of a one-time lump sum payment for the income statement component that has already been collected from customers, and, thereafter, a monthly on-going bill credit in the manner prescribed in more detail below and in the attached appendices. The one-time credit is to be returned to customers on bills issued no later than July 31, 2018, and shall be calculated based on the income tax expense allocated to each customer class in the IOU's last rate case. This total income tax expense amount by class shall be returned to individual customers within each class based on the total number of customers in that rate class. The ongoing, monthly bill credits shall start for usage incurred as of July 1, 2018, and shall start appearing on customers' monthly bills on the bill immediately following the bill containing the one-time bill credit. This ongoing credit shall also be calculated based on the income tax expense allocated to each customer class in the IOU's last rate case, but be issued on a volumetric basis (kWhs for electricity, therms for gas, hundred cubic feet for water, and thousand pounds for steam).

A chart summarizing the estimated annual bill credits for the IOUs is attached as Appendix A. Appendices B through P provide the specific calculations for each IOU. A model tariff sheet is included as Appendix Q. Commission rules require a clear itemization of credits. The IOUs shall identify the one-time and ongoing credits on customer bills as the

"2017 Tax Cut Credit." Further, no later than July 1, 2018, the IOUs shall provide an explanation of the credits on their websites.

For all bill credits, the Commission directs the IOUs to allocate the credits to the rate classes in the same manner as the IOUs collected the income taxes in rates. Income taxes are allocated to customers via a cost-of-service study, and the allocations in the IOU specific appendices that are attached to this Order reflect the cost-of-service studies in the most recent rate case for each utility.

WEPCO-Electric and WPSC-Electric

As discussed above, the Commission directs WEPCO-Electric and WPSC-Electric to issue a bill credit based on 20 percent for WEPCO-Electric and 60 percent for WPSC-Electric of each IOU's estimate for the first half of the annual reduction in the revenue requirement as a one-time bill credit to customers, which shall appear on customer bills issued no later than July 31, 2018. Further, the Commission directs the remaining portion of each IOUs' estimated 20 percent of the annual savings for WEPCO-Electric and estimated 60 percent of the annual savings for WPSC-Electric[23] be returned to customers as ongoing, monthly volumetric bill credits for usage for the months that follow the issuance of the bill with the one-time bill credit, subject to true-up in this docket or in future rate case. The Commission directs that the ongoing volumetric bill credits start for service consumed as of July 1, 2018. The volumetric credit will start appearing on customers' monthly bills on the bill immediately following the bill containing the one-time bill credit. The volumetric, monthly credits shall continue for WEPCO-Electric and

[23] Estimated annual bill credits are shown in Appendix A.

WPSC-Electric customers until further Commission action in this docket or Commission action in a future rate case.

The bill credit calculations for WEPCO-Electric are provided in Appendix L, and for WPSC-Electric in Appendix P.

City Gas, CWP, Dahlberg, Midwest, Northwestern, Pioneer, St. Croix Gas, and Westfield

As noted above, all of the smaller utilities agreed with Commission staff's calculations for the estimated savings for the income statement component. Therefore, the Commission directs the smaller IOUs (City Gas, CWP, Dahlberg, Midwest, Northwestern, Pioneer, St. Croix Gas, and Westfield) to issue a bill credit to customers based upon 100 percent of Commission staff's estimate[24] of the first half of the annual reduction in the revenue requirement as a one-time bill credit to customers, which shall appear on customer bills issued no later than July 31, 2018. Further, the Commission directs the remaining portion of Commission staff's estimated annual savings balance be returned to customers as ongoing, monthly volumetric bill credits, subject to true-up in this docket or in a future rate case. The Commission directs that these smaller IOUs start providing the ongoing volumetric bill credits to customers for service consumed as of July 1, 2018. The volumetric credit will start appearing on customers' monthly bills on the bill immediately following the bill containing the one-time bill credit. The volumetric, monthly credits shall continue until further Commission action in this docket or Commission action in a future rate case.

[24] Estimated annual bill credits are shown in Appendix A.

The calculation of the bill credits for each of the smaller IOUs can be found in Appendix B (City Gas), Appendix C (CWP), Appendix D (Dahlberg), Appendix F (Midwest), Appendix H (Northwestern), Appendix I (Pioneer), Appendix J (St. Croix Gas), and Appendix M (Westfield).

MGE, WP&L, SWL&P, WG, NSPW, WEPCO Gas and Steam Utilities, and WPSC-Gas

For the larger IOUs, Commission staff noted that they did not consider the individual nuances of each IOU when calculating the estimated income statement component savings as a result of the TCJA. Therefore, the Commission directs the larger IOUs (MGE, WP&L, SWL&P, WG, NSPW, WEPCO-Gas, WEPCO-Steam, and WPSC-Gas) to issue a bill credit based upon 100 percent of the IOUs' estimate[25] of the first half of the annual reduction in the revenue requirement as a one-time bill credit to customers, which shall appear on customer bills issued no later than July 31, 2018. Further, the Commission directs the remaining portion of the utilities' estimated annual savings balance be returned to ratepayers as ongoing, monthly volumetric bill credits, subject to true-up in this docket or a future rate case. The Commission directs that these larger IOUs start providing the ongoing volumetric bill credits to customers for service consumed as of July 1, 2018. The volumetric credit will start appearing on customers' monthly bills on the bill immediately following the bill containing the one-time bill credit.

Bill credit calculations are shown in Appendix E (MGE), Appendix L (WEPCO-Gas and WEPCO-Steam), Appendix N (WG), and Appendix P (WPSC-Gas).

In its comments, NSPW was supportive of its electric utility returning the income statement component to its customers in the form of a bill credit. (PSC REF#: 340200, at 3.) However, for its natural gas utility, NSPW advocated for using the savings to reduce the

[25] Estimated annual bill credits are shown in Appendix A.

unamortized balance of the MGP clean-up site. (*Id.*) While the Commission acknowledges that the Ashland MGP clean-up site is a significant liability and driver of NSPW's natural gas rates, it declines to apply the benefits from the TCJA to this deferral and believes customer bill credits will provide a more immediate and direct benefit to customers. Further, the Ashland MGP already has a prior Commission-approved cost recovery methodology that has been modified to address the unique circumstances associated with this clean-up site. Accordingly, the Commission declines to modify that approach and does not approve application of the TCJA benefits to the Ashland MGP deferral. This determination is consistent with how the Commission addressed the WEC Utilities' proposal for its natural gas utilities in this docket. The bill credit calculations for NSPW are included in Appendix G.

In its initial comments responsive to the Commission's Notice of Investigation and Request for Comments, WP&L discussed a preliminary plan to return TCJA savings to customers through a combination of bill credits in 2018 and mechanisms to stabilize rates in future years, noting that WP&L anticipated a rate filing for years 2019 and 2020. (PSC REF#: 337789.) In comments on Commission staff's memorandum, WP&L informed the Commission of its initiation of settlement negotiations with Joint Customers on its 2019 and 2020 rate filing and noted that those discussions have included details on its plan for TCJA savings. (PSC REF#: 340189.)

While WP&L was initially supportive in its initial comments of bill credits, in its March 27, 2018 filing, WP&L "respectfully urge[d] the Commission to . . . not take any immediate action with respect to the TCJA savings for WPL customers" stating that WP&L "has settlement negotiations ongoing with members of the Joint Customers concerning the best way to return the tax savings to customers in the context of its biennial 2019 and 2020 rate review" and that "customer benefits from the TCJA will play a key role in these ongoing settlement discussions." (*Id*. at 2.) While WP&L proposed, by way of example, refraining from issuing bill credits for the entire 2018 income statement savings and instead using a portion of these savings to offset existing regulatory assets, WP&L asked the Commission "to refrain from ordering an immediate refund of income-statement TCJA savings . . . ." (*Id*. at 3.)

While the Commission applauds and encourages WP&L's efforts to negotiate a settlement of its 2019-2020 rate case, the Commission declines WP&L's request to defer action now to address the benefits from the TCJA. Consistent with the Commission's general approach in addressing refunds associated with fuel reconciliations under Wis. Admin. Code ch. PSC 116, the Commission generally prefers to provide the refunds in the years received as opposed to using as offsets to future year expenses. While WP&L initially suggested using the income statement component for some bill credits and to offset existing regulatory assets such as Columbia, its later comments strongly suggested a preference that the Commission take no action in 2018 and instead allow it and the parties maximum flexibility in settling the 2019-2020 rate case. Further, unlike WEPCO-Electric and WPSC-Electric, WP&L's proposal to offset existing regulatory assets was not well-developed or comprehensive. In contrast, WEPCO-Electric and WPSC-Electric stated a clear proposal for using both the income statement and a portion of the balance sheet component savings and identified specific savings amounts available to be used. Accordingly, the Commission concludes that using 100 percent of the WP&L's estimate of the income statement component savings maximizes customer benefits now, while leaving additional TCJA savings on the table (*e.g*. 2018 and 2019 balance sheet component savings and 2019 income statement savings) for the use in negotiations. Bill credit calculations for WP&L are included in Appendix O.

SWL&P, as a private water utility, also allocates some of its revenue requirement to public fire protection (PFP) as a distinct customer class. The PFP revenue is collected from customers in the City of Superior as a flat monthly charge based on meter size. SWL&P also provides water service to the village of Superior, which has elected to pay for its share of PFP costs via a charge to the municipality. Because these PFP tariffs do not contain a volumetric component, the Commission finds it reasonable for SWL&P to apply bill credits for PFP charges as a flat monthly credit. The bill credit calculations for SWL&P are found in Appendix K.

Purchased Cost Adjustment Clause Authorization for Electric Utilities

Wisconsin Admin. Code § PSC 110.02 requires all electric utilities that receive refunds from their wholesale energy providers to return the refunds to their customers. As a result of the TCJA, Westfield will receive a refund from its wholesale provider, Pioneer. Wisconsin Admin. Code § PSC 110.02(1)-(2) states that utilities should return refunds to customers based on actual usage, unless the Commission approves the use of the Purchased Cost Adjustment Clause (PCAC). Here, the Commission finds that the administrative costs associated with returning the savings to customers based on actual usage would substantially diminish the benefit to customers. Therefore, the Commission approves Westfield's use of the PCAC for refunds to customers. The Commission also delegates the approval of any future requests to use the PCAC as a result of the TCJA, pursuant to Wis. Admin. Code § PSC 110.02(2), to the Administrator of the Division of Energy Regulation.

Continuation of Deferrals and Carrying Costs

For any income statement component savings or balance sheet component savings that are not otherwise addressed in this Order, the Commission directs the IOUs to continue deferrals for these savings until further Commission action in this docket or Commission action in a future rate case. As the revaluation of the ADIT results in a reclassification of the liability on the balance sheet, the Commission directs that no carrying costs shall accrue on the balance sheet component savings at this time.

For the savings from the income statement component for all IOUs, and the avoided carrying costs and amortization expenses as applicable to WEPCO-Electric and WPSC-Electric per this Order,[26] the Commission directs that carrying costs, effective as of January 1, 2018, shall accrue at the short-term debt rate, which shall be determined for each IOU in the following priority: the IOU's last rate case (if it included a short-term debt rate); or the IOU's most recently Commission authorized short-term debt issuance; or if neither exist, then at the short-term debt rate of 4.5 percent effective as of January 1, 2018.[27] Appendix A includes Commission staff's calculation of the utility's carrying cost amount at the appropriate short-term debt rate, which is included in the total bill credit amounts to be refunded to customers as set forth in the appendices specific to each IOU. Appendix R and Appendix S also include Commission staff's calculations of avoided carrying costs and amortization expenses applicable to WEPCO-Electric and WPSC-Electric as described in this Order.

Reporting Requirements

For the income statement component, each IOU, except North Central, shall provide to the Commission no later than August 15, 2018, confirmation that the utility refunded to

[26] As noted previously, while there may be no remaining tax savings after these savings are applied to the identified escrows and deferrals based upon the current estimates, to the extent there are, any remaining tax savings shall be included in this same deferral.

[27] *See* Table titled "Prime Rates[U.S. Effective 12/14/2017]" on http://www.wsj.com/mdc/public/page/2_3020-moneyrate-20180102.html?mod=mdc_pastcalendar (last accessed May 7, 2018).

customers the one-time bill credit amounts specified in this Order. This filing should also include the total amount refunded to customers in June 2018 and July 2018, separating out the amount related to the revenue requirement reduction and carrying cost amounts. Furthermore, each IOU shall also file with the Commission on a quarterly basis the total amount credited to customers per the ongoing, monthly volumetric bill credits issued thereafter. Each IOU shall file the initial quarterly report no later than October 15, 2018, for the amounts credited to customers for the ongoing volumetric credit from July 1, 2018, through September 30, 2018. Quarterly reports shall continue thereafter for as long as volumetric credits are being issued by the IOU.

For WEPCO-Electric and WPSC-Electric, each shall also provide to the Commission no later than August 15, 2018 and March 1, 2019, confirmation as to the accounting entries made in 2018 and 2019, respectively, to effectuate the offset to the transmission escrow and deferrals identified in this Order, and shall report on the remaining balances, if any, in the applicable escrow or deferrals and identify whether there are any tax benefits remaining after the offsets are applied as required by this Order.

Order

1. The IOUs shall work with Commission staff to evaluate the impacts of the balance sheet component, and, except as otherwise provided in this Order, the balance sheet component savings shall be addressed either by further order in this docket or in the IOU's next rate case.

2. All calculations of savings resulting from the TCJA shall be subject to true-up, review, and audit by Commission staff and intervenors in a manner similar to the procedure used in the fuel reconciliation proceedings.

3. WEPCO-electric shall use 20 percent of WEPCO-Electric’s estimated annual savings of the income statement component (estimated $59 million) per year for bill credits to customers in 2018 and 2019, and apply the remaining 80 percent of the estimated annual savings from the income statement component to WEPCO-Electric’s transmission escrow in 2018 and 2019.

4. WEPCO-Electric shall issue a bill credit based on 20 percent of the WEPCO-electric’s estimate for the first half of the annual reduction in the revenue requirement as a one-time bill credit to appear on customer bills issued no later than July 31, 2018. Further, WEPCO-Electric shall issue a bill credit for the remaining portion of the IOU’s estimated 20 percent of the annual savings as ongoing, monthly volumetric bill credits for usage consumed as of July 1, 2018. The volumetric credit will start appearing on customers’ monthly bills on the bill immediately following the bill containing the one-time bill credit. The ongoing volumetric bill credit amounts shall be based on 20 percent of WEPCO-Electric’s estimated annual amount to be returned to customers, subject to true-up in this docket or in a future rate case. WEPCO-Electric’s ongoing, monthly volumetric bill credits shall continue until further Commission action in this docket or Commission action in a future rate case.

5. WEPCO-Electric shall apply its estimated savings in the annual normalized amortization of the EDIT for WEPCO-Electric (estimated at $18 million) to the transmission escrow.

6. WEPCO-Electric shall apply its estimated $20 million in the annual transmission cost savings to the transmission escrow in 2018 and 2019.

7. When applying any savings to its transmission escrow, WEPCO-Electric shall apply the savings first to the “old” transmission escrow balances earning at the authorized

weighted cost of capital before any offsets to the “new” balances earning at the authorized short-term debt rate.

8. WEPCO-Electric shall defer the avoided carrying costs associated with the reduction in the transmission escrow balance resulting from the application of these savings, as calculated in Appendix R, until further Commission action in this docket or a future rate case. The deferral of any avoided carrying costs associated with the reduction in the transmission escrow balance from the application of the tax savings per this Order shall accrue carrying costs as discussed in this Order.

9. WEPCO-Electric shall apply its estimated $45 million in annual savings associated with the PTF lease to the PTF escrow.

10. WPSC-Electric shall use 60 percent of WPSC-Electric’s estimated annual savings of the income statement component (estimated $28 million) per year for a bill credit in 2018 and 2019, and apply the remaining 40 percent of the estimated annual savings from the income statement component to WPSC-Electric’s Crane Creek, DePere Energy Center, and Fox Energy deferrals, in the priority listed.

11. WPSC-Electric shall issue a bill credit based on 60 percent of the WPSC-Electric’s estimate for the first half of the annual reduction in the revenue requirement as a one-time bill credit to appear on customer bills issued no later than July 31, 2018. Further, WPSC-Electric shall issue a bill credit for the remaining portion of the IOU’s estimated 60 percent of the annual savings as ongoing, monthly volumetric bill credits for usage consumed as of July 1, 2018. The volumetric credit will start appearing on customers’ monthly bills on the bill immediately following the bill containing the one-time bill credit. The ongoing volumetric bill credit amounts shall be based on 60 percent of WPSC-Electric’s estimated annual amount to be

returned to customers, subject to true-up in this docket or in a future rate case. WPSC-Electric's ongoing, monthly volumetric bill credits shall continue until further Commission action in this docket or Commission action in a future rate case.

12. WPSC-Electric shall apply the estimated savings in the annual normalized amortization of the EDIT for WPSC-Electric (estimated at $4 million) to the Crane Creek, DePere, and Fox Energy deferrals, in the priority listed.

13. WPSC-Electric shall defer the avoided carrying costs and amortization expenses associated with the reduction, and if applicable, the ultimate elimination of the Crane Creek, DePere, and Fox Energy deferrals, as calculated pursuant to Appendix S, until addressed by further Commission action in this docket or a future rate case. Any tax savings remaining after the payoff of these deferrals shall be included in the deferral for the avoided carrying costs and amortization expenses established by this Order until further Commission action in this docket or in a future rate case. The deferral of any avoided carrying costs, amortization expenses, and remaining tax savings (if any), shall accrue carrying costs as discussed in this Order.

14. North Central shall address all savings as a result of the TCJA in its current 2018 test-year rate case. North Central shall continue to defer these savings until resolution of that rate case.

15. City Gas, CWP, Dahlberg, Midwest, Northwestern, Pioneer, St. Croix Gas, and Westfield shall issue a bill credit based upon 100 percent of Commission staff's estimate of the first half of the 2018 annual reduction in the revenue requirement as a one-time bill credit to appear on customer bills issued no later than July 31, 2018. Further, the Commission directs the remaining portion of Commission staff's estimated annual savings balance for City Gas, CWP, Dahlberg, Midwest, Northwestern, Pioneer, St. Croix Gas, and Westfield be returned to

ratepayers as ongoing, monthly volumetric bill credits, subject to true-up in this docket or a future rate case. The Commission directs that these smaller IOUs start providing the ongoing volumetric bill credits to customers for usage consumed as of July 1, 2018. The volumetric credit will start appearing on customers' monthly bills on the bill immediately following the bill containing the one-time bill credit. The monthly, volumetric bill credits shall continue until further Commission action in this docket or Commission action in a future rate case.

16. MGE, WP&L, SWL&P, WG, NSPW, WEPCO-Gas, WEPCO-Steam, and WPSC-Gas shall issue a bill credit based upon 100 percent of the IOUs' estimate of the first half of the annual reduction in the revenue requirement as a one-time bill credit to appear on customer bills issued no later than July 31, 2018. Further, the Commission directs the remaining portion of the IOUs' estimated annual savings balance for MGE, WP&L, SWL&P, WG, NSPW, WEPCO-Gas, WEPCO-Steam, and WPSC-Gas be returned to ratepayers as ongoing, monthly volumetric bill credits, subject to true-up in this docket or a future rate case. The Commission directs that these larger IOUs start providing the ongoing volumetric bill credits to customers for usage consumed as of July 1, 2018. The volumetric credit will start appearing on customers' monthly bills on the bill immediately following the bill containing the one-time bill credit. The monthly, volumetric bill credits shall continue until further Commission action in this docket or Commission action in a future rate case.

17. For the income statement component, each IOU, except North Central, shall provide to the Commission no later than August 15, 2018, confirmation that the utility refunded to customers the one-time bill credit amounts specified in this Order. This filing should also include the total amount refunded to customers in June 2018 and July 2018, separating out the amount related to the revenue requirement reduction and carrying cost amounts.

18. Each IOU shall file with the Commission on a quarterly basis the total amount credited to customers per the ongoing, monthly volumetric bill credits. Each IOU shall file the initial quarterly report no later than October 15, 2018, for the amounts credited to customers for the ongoing volumetric credit from July 1, 2018, through September 30, 2018. Quarterly reports shall continue thereafter for as long as volumetric credits are being issued by the IOU.

19. WEPCO-Electric and WPSC-Electric, each shall provide to the Commission no later than August 15, 2018 and March 1, 2019, confirmation as to the accounting entries made in 2018 and 2019, respectively, to effectuate the offset to the transmission escrow and deferrals identified in this Order, and shall report on the remaining balances, if any, in the applicable escrow or deferrals and identify whether there are any tax benefits remaining after the offsets are applied as required by this Order.

20. The IOUs shall allocate refunds to the rate classes in the same manner as the IOUs collected the income taxes in rates.

21. The IOUs shall calculate the one-time credit, which will appear on customer bills issued no later than July 31, 2018, by using a methodology that reimburses the credit balance to ratepayers in an equitable manner by refunding to each respective class its actual contribution to the total credit balance as quickly as possible. The one-time credit shall be based on the 2017 average number of customers for each rate class.

22. The IOUs shall provide the ongoing, monthly bill credits for usage effective July 1, 2018, on a volumetric basis (kWhs for electricity, therms for gas, hundred cubic feet for water, and thousand pounds for steam). SWL&P may use a fixed bill credit for its PFP tariffs.

23. Bill credits shall be calculated pursuant to Appendices B through P, as applicable to each IOU.

24. All bill credits issued to customers in this docket shall be identified on customer bills as "2017 Tax Cut Credit." No later than July 1, 2018, the IOUs shall provide an explanation of the credits on their websites.

25. The Commission approves Westfield's use of the PCAC for refunds to customers.

26. For any income statement component savings or balance sheet component savings that are not otherwise addressed in this Order, the IOUs shall continue deferrals for these savings until further Commission action in this docket or Commission action in a future rate case.

27. The IOUs shall accrue no carrying costs on the balance sheet component savings at this time.

28. For the income statement component savings for all IOUs, and the avoided carrying costs, avoided amortization expenses, and any remaining tax benefits, as applicable to WEPCO-Electric and WPSC-Electric per this Order, the IOUs shall accrue carrying costs, effective as of January 1, 2018, at the short-term debt rate, which shall be determined for each IOU in the following priority: the IOU's last rate case (if it included a short-term debt rate), or the IOU's most recently Commission authorized short-term debt issuance, or if neither exist, then at the short-term debt rate of 4.5 percent effective as of January 1, 2018.

29. MG&E, NSPW, SWL&P, WG, WEPCO, WP&L, and WPSC shall file tariffs consistent with the Appendices of this Order.

30. Pursuant to Wis. Stat. § 196.19, the other IOUs shall be deemed to have filed with the Commission the rates authorized in this Order when the IOU receives completed tariff sheets reflecting this Order from the Commission.

31. This Order takes effect one day after the date of service.

32. Jurisdiction is retained.

Dated at Madison, Wisconsin, the 24th day of May, 2018.

By the Commission:

Steffany Powell Coker
Secretary to the Commission

SPC:RM:jlt:DL: 01637731

Attachments

See attached Notice of Rights

PUBLIC SERVICE COMMISSION OF WISCONSIN
4822 Madison Yards Way
P.O. Box 7854
Madison, Wisconsin 53707-7854

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.[28] 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

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

Utilty ID	Utility Name			Estimated Annual Bill Credits: Electric	Gas	Water	Steam	Total Bill Credits
1140	City Gas Company	*		$ -	$ 120,694	$ -	$ -	**$ 120,694**
1330	Consolidated Water Power Company	*		$ 435,133	$ -	$ -	$ -	**$ 435,133**
1510	Dahlberg Light and Power Company	*		$ 318,439	$ -	$ -	$ -	**$ 318,439**
3270	Madison Gas and Electric Company	**		$ 6,000,000	$ 2,000,000	$ -	$ -	**$ 8,000,000**
3670	Midwest Natural Gas Inc.	*		$ -	$ 306,774	$ -	$ -	**$ 306,774**
4220	Northern States Power Company-Wisconsin	**		$ 24,692,030	$ 2,299,905	$ -	$ -	**$ 26,991,935**
4280	Northwestern Electric Power Company	*		$ 501,677	$ -	$ -	$ -	**$ 501,677**
4660	Pioneer Power and Light Company	*		$ 56,623	$ -	$ -	$ -	**$ 56,623**
5230	St. Croix Valley Natural Gas Company Inc.	*		$ -	$ 54,116	$ -	$ -	**$ 54,116**
5820	Superior Water Light and Power Company	*		$ 552,814	$ 194,767	$ 574,441	$ -	**$ 1,322,022**
6410	Westfield Milling and Electric Light Company	*		$ 22,673	$ -	$ -	$ -	**$ 22,673**
6630	Wisconsin Electric Power Company (WEPCO) (a)	**	(a)	$ 11,800,000	$ 8,000,000	$ -	$ 1,000,000	**$ 20,800,000**
6650	Wisconsin Gas LLC (WG)	**		$ -	$ 19,000,000	$ -	$ -	**$ 19,000,000**
6680	Wisconsin Power and Light Company	**		$ 36,000,000	$ 4,000,000	$ -	$ -	**$ 40,000,000**
6690	Wisconsin Public Service Corporation (WPSC)	**	(b)	$ 16,800,000	$ 6,000,000	$ -	$ -	**$ 22,800,000**
	Total Estimated Annual Savings			**$ 97,179,389**	**$ 41,976,256**	**$ 574,441**	**$ 1,000,000**	**$ 140,730,086**

* Annual savings used to estimate the annual bill credits were based on Commission staffs calculation.
** Annual savings used to estimate the annual bill credits were based on IOUs calculation.
(a) Annual estimate is $59 million
(b) Annual estimate is $28 million

Utilty ID	Utility Name	Estimated Carrying Costs: Electric	Gas	Water	Steam	Total Bill Credits
1140	City Gas Company	$ -	$ 594	$ -	$ -	**$ 594**
1330	Consolidated Water Power Company	$ 2,408	$ -	$ -	$ -	**$ 2,408**
1510	Dahlberg Light and Power Company	$ 1,339		$ -	$ -	**$ 1,339**
3270	Madison Gas and Electric Company	$ 6,639	$ 2,213	$ -	$ -	**$ 8,852**
3670	Midwest Natural Gas Inc.	$ -	$ 1,886	$ -	$ -	**$ 1,886**
4220	Northern States Power Company-Wisconsin	$ 63,755	$ 5,938	$ -	$ -	**$ 69,693**
4280	Northwestern Electric Power Company	$ 2,177	$ -	$ -	$ -	**$ 2,177**
4660	Pioneer Power and Light Company	$ 313	$ -	$ -	$ -	**$ 313**
5230	St. Croix Valley Natural Gas Company Inc.	$ -	$ 299	$ -	$ -	**$ 299**
5820	Superior Water Light and Power Company	$ 1,257	$ 443	$ 1,307	$ -	**$ 3,007**
6410	Westfield Milling and Electric Light Company	$ 125	$ -	$ -	$ -	**$ 125**
6630	Wisconsin Electric Power Company (WEPCO) (a)	$ 8,705	$ 5,902	$ -	$ 738	**$ 15,345**
6650	Wisconsin Gas LLC (WG)	$ -	$ 14,017	$ -	$ -	**$ 14,017**
6680	Wisconsin Power and Light Company	$ 75,248	$ 8,361	$ -	$ -	**$ 83,609**
6690	Wisconsin Public Service Corporation (WPSC)	$ 24,787	$ 8,853	$ -	$ -	**$ 33,640**
	Total Estimated Carrying Costs	**$ 186,753**	**$ 48,506**	**$ 1,307**	**$ 738**	**$ 237,304**

Utilty ID	Utility Name	Total Estimated Annual Bill Credits with Carrying Costs: Electric	Gas	Water	Steam	Total Bill Credits
1140	City Gas Company	$ -	$ 121,288	$ -	$ -	**$ 121,288**
1330	Consolidated Water Power Company	$ 437,541	$ -	$ -	$ -	**$ 437,541**
1510	Dahlberg Light and Power Company	$ 319,778	$ -	$ -	$ -	**$ 319,778**
3270	Madison Gas and Electric Company	$ 6,006,639	$ 2,002,213	$ -	$ -	**$ 8,008,852**
3670	Midwest Natural Gas Inc.	$ -	$ 308,660	$ -	$ -	**$ 308,660**
4220	Northern States Power Company-Wisconsin	$ 24,755,785	$ 2,305,843	$ -	$ -	**$ 27,061,628**
4280	Northwestern Electric Power Company	$ 503,854	$ -	$ -	$ -	**$ 503,854**
4660	Pioneer Power and Light Company	$ 56,936	$ -	$ -	$ -	**$ 56,936**
5230	St. Croix Valley Natural Gas Company Inc.	$ -	$ 54,415	$ -	$ -	**$ 54,415**
5820	Superior Water Light and Power Company	$ 554,071	$ 195,210	$ 575,748	$ -	**$ 1,325,029**
6410	Westfield Milling and Electric Light Company	$ 22,798	$ -	$ -	$ -	**$ 22,798**
6630	Wisconsin Electric Power Company (WEPCO) (a)	$ 11,808,705	$ 8,005,902	$ -	$ 1,000,738	**$ 20,815,345**
6650	Wisconsin Gas LLC (WG)	$ -	$ 19,014,017	$ -	$ -	**$ 19,014,017**
6680	Wisconsin Power and Light Company	$ 36,075,248	$ 4,008,361	$ -	$ -	**$ 40,083,609**
6690	Wisconsin Public Service Corporation (WPSC)	$ 16,824,787	$ 6,008,853	$ -	$ -	**$ 22,833,640**
	Total Estimated Annual Savings with Carying Costs	**$ 97,366,142**	**$ 42,024,762**	**$ 575,748**	**$ 1,000,738**	**$ 140,967,390**

City Gas Company
Gas Rates

Customer Class	Allocation Percentage	2017 Average Customers	2017 Volumetric Sales (therms)	One-time Credit	Ongoing Volumetric Credit	Units
Residential (Rg-1)	56.41%	4,672	4,209,485	$ 7.36	$ 0.0162	per therm
Small Firm (Cg1)	17.67%	628	1,725,606	$ 17.15	$ 0.0124	per therm
Large Firm (Cg-2)	6.43%	33	521,433	$ 118.74	$ 0.0149	per therm
Small Interruptible (In-1)	1.80%	13	515,210	$ 84.16	$ 0.0042	per therm
Large Interruptible (In-2)	0.39%	4	87,350	$ 59.18	$ 0.0054	per therm
Firm Transport (Tg-1)	12.10%	13	2,127,659	$ 567.32	$ 0.0069	per therm
Interruptible Transport (Tg-2)	0.91%	3	166,285	$ 184.94	$ 0.0066	per therm
Interruptible Transport (Tg-3)	4.29%	3	1,045,833	$ 872.06	$ 0.0050	per therm

Consolidated Water Power Company
Electric Rates

Customer Class	Allocation Percentage	2017 Average Customers	2017 Volumetric Sales (kWh)	One-time Credit	Ongoing Volumetric Credit	Units
Residential	0.85%	86	673,000	$ 21.64	$ 0.0055	per kWh
General Service	0.45%	10	149,000	$ 98.55	$ 0.0131	per kWh
Cz-1	0.07%	2	129,000	$ 78.09	$ 0.0024	per kWh
S-1	1.10%	4	7,018,000	$ 604.93	$ 0.0007	per kWh
S-2	97.49%	5	1,078,763,000	$ 42,889.31	$ 0.0004	per kWh
Lighting	0.05%	1	41,000	$ 105.59	$ 0.0051	per kWh

Dahlberg Light & Power Company
Electric Rates

Customer Class	Allocation Percentage	2017 Average Customers	2017 Volumetric Sales (kWh)	One-time Credit	Ongoing Volumetric Credit	Units
Residential	11.82%	1,678	11,582,000	$ 11.31	$ 0.0032	per kWh
Farm	60.47%	9,097	53,396,000	$ 10.67	$ 0.0036	per kWh
General Service	17.36%	1,161	17,398,000	$ 24.01	$ 0.0032	per kWh
Cp-1	5.97%	38	10,384,000	$ 252.25	$ 0.0018	per kWh
Cp-2	3.38%	3	5,554,000	$ 1,808.96	$ 0.0019	per kWh
Lighting	1.00%	764	1,199,000	$ 2.10	$ 0.0027	per kWh

Madison Gas & Electric
Electric Rates

Customer Class	Allocation Percentage	2017 Average Customers	2017 Volumetric Sales (kWh)	One-time Credit	Ongoing Volumetric Credit	Units
Residential	40.55%	132,022	795,976,471	$ 9.23	$ 0.00306	per kWh
Small Commercial	7.48%	15,333	205,730,315	$ 14.67	$ 0.00218	per kWh
Med/Lg Commercial	44.47%	3,994	1,700,226,885	$ 334.74	$ 0.00157	per kWh
Cp-1	0.48%	1	98,524,427	$ 14,532.09	$ 0.00029	per kWh
Sp-3	6.17%	1	409,549,177	$ 185,409.41	$ 0.00090	per kWh
Lighting	0.88%	17,091	14,551,652	$ 1.55	$ 0.00364	per kWh

Madison Gas & Electric
Gas Rates

Customer Class	Allocation Percentage	2017 Average Customers	2017 Volumetric Sales (therms)	One-time Credit	Ongoing Volumetric Credit	Units
Residential (RD-1)	63.18%	140,327	93,430,673	$ 4.51	$ 0.0135	per therm
Small Commercial (GSD-1)	15.48%	15,428	52,795,159	$ 10.06	$ 0.0059	per therm
Medium Commercial (GSD-2)	7.72%	672	36,410,884	$ 115.24	$ 0.0042	per therm
Large Industrial (GSD-3)	3.58%	53	29,128,413	$ 675.48	$ 0.0025	per therm
Interruptible Generation (IGD-1)	2.51%	8	41,297,304	$ 3,314.29	$ 0.0012	per therm
Seasonal Distribution (SD-1 &2)	0.57%	83	3,577,476	$ 68.20	$ 0.0032	per therm
Steam and Power Generation (SP-1)	1.95%	1	35,497,014	$ 19,568.66	$ 0.0011	per therm
Compressed Natural Gas (CNG-1)	0.00%	1	844	$ 29.00	$ 0.0971	per therm
Margin Costs Tied Only to Firm Sales (FS-1)	0.68%	156,276	176,587,424	$ 0.04	$ 0.0001	per therm
Margin Costs Tied to All Sales (FS-1 & IS)	3.87%	156,394	257,527,501	$ 0.25	$ 0.0003	per therm
Daily Balancing Margin Costs (DBS-1)	0.32%	151	69,965,773	$ 21.46	$ 0.0001	per therm
Telemetering Costs (IS & DBS-1)	0.13%	268	151,057,430	$ 4.71	$ 0.0001	per therm

Midwest Natural Gas
Gas Rates

Customer Class	Allocation Percentage	2017 Average Customers	2017 Volumetric Sales (therms)	One-time Credit	Ongoing Volumetric Credit	Units
Residential (Rg-1)	66.88%	14,992	11,522,103	$ 6.93	$ 0.0178	per therm
Small Commercial (Cg-1)	6.23%	1,043	1,069,732	$ 9.28	$ 0.0179	per therm
Medium Commercial (Cg-2)	5.18%	383	1,297,110	$ 21.00	$ 0.0123	per therm
Large Commercial (Cg-3)	7.07%	197	2,786,364	$ 55.71	$ 0.0078	per therm
Commercial Interruptible (Ig-1)	14.64%	65	5,506,628	$ 349.70	$ 0.0082	per therm

Northern States Power - Wisconsin
Electric Rates

Customer Class	Allocation Percentage	2017 Average Customers	2017 Volumetric Sales (kWh)	One-time Credit	Ongoing Volumetric Credit	Units
Residential	38.09%	208,893	1,786,165,000	$ 22.63	$ 0.00527	per kWh
Non-D General	5.38%	27,760	303,927,000	$ 24.03	$ 0.00437	per kWh
Demand General	20.10%	7,965	1,069,596,000	$ 313.17	$ 0.00464	per kWh
Large Commercial	32.52%	1,144	2,974,852,000	$ 3,527.89	$ 0.00270	per kWh
RTP	2.76%	11	406,523,000	$ 31,092.11	$ 0.00167	per kWh
Lighting	1.15%	40,530	24,487,000	$ 3.53	$ 0.01164	per kWh

Northern States Power - Wisconsin
Gas Rates

Customer Class	Allocation Percentage	2017 Average Customers	2017 Volumetric Sales (therms)	One-time Credit	Ongoing Volumetric Credit	Units
Residential (Rg-1)	58.24%	95,676	62,814,550	$ 7.04	$ 0.0213	per therm
General Service (Gs-1)	30.15%	12,229	64,698,569	$ 28.49	$ 0.0107	per therm
Large Firm (Gt-2)	1.56%	1	14,470,900	$ 18,021.81	$ 0.0025	per therm
Small Interruptible (Ig-1)	2.78%	173	9,268,080	$ 185.87	$ 0.0069	per therm
Medium Interruptible (Ig-1)	3.62%	34	25,062,193	$ 1,229.26	$ 0.0033	per therm
Large Interruptible (Ig-1)	3.65%	10	22,394,113	$ 4,223.41	$ 0.0038	per therm

Northwestern Electric Company
Electric Rates

Customer Class	Allocation Percentage	2017 Average Customers	2017 Volumetric Sales (kWh)	One-time Credit	Ongoing Volumetric Credit	Units
Residential	19.25%	4,068	27,143,000	$ 11.97	$ 0.0036	per kWh
Farm	39.42%	8,105	49,081,000	$ 12.31	$ 0.0040	per kWh
General Service	15.14%	1,283	15,355,000	$ 29.86	$ 0.0049	per kWh
Cp-1	8.38%	171	24,617,000	$ 123.99	$ 0.0017	per kWh
Cp-2	2.75%	30	7,464,000	$ 231.93	$ 0.0018	per kWh
Cp-3	6.03%	18	21,094,000	$ 847.60	$ 0.0014	per kWh
Cp-4	5.60%	6	14,312,000	$ 2,361.48	$ 0.0020	per kWh
Cp-5	0.59%	1	5,911,000	$ 1,492.79	$ 0.0005	per kWh
Lighting	2.84%	106	1,580,000	$ 67.79	$ 0.0090	per kWh

Pioneer Power & Light Company
Electric Rates

Customer Class	Allocation Percentage	2017 Average Customers	2017 Volumetric Sales (kWh)	One-time Credit	Ongoing Volumetric Credit	Units
Residential	58.09%	1,997	10,631,601	$ 8.33	$ 0.0031	per kWh
General Service	9.67%	171	2,924,572	$ 16.19	$ 0.0019	per kWh
Cp-1	6.75%	27	1,878,588	$ 71.56	$ 0.0020	per kWh
Cp-2	1.60%	2	371,800	$ 229.00	$ 0.0024	per kWh
Lighting	0.86%	184	207,912	$ 1.34	$ 0.0023	per kWh
Wholesale	23.03%	1	12,178,922	$ 6,592.22	$ 0.0011	per kWh

St. Croix Valley Natural Gas Company
Gas Rates

Customer Class	Allocation Percentage	2017 Average Customers	2017 Volumetric Sales (therms)	One-time Credit	Ongoing Volumetric Credit	Units
Residential (Rg-1)	71.32%	7,795	6,202,748	$ 2.50	$ 0.0062	per therm
Residential Multi-use (Rm-1)	2.73%	73	428,384	$ 10.21	$ 0.0034	per therm
Small Commercial (Cg-1)	15.78%	616	2,147,886	$ 7.01	$ 0.0040	per therm
Large Commercial Interruptible (IG-1)	0.63%	2	48,098	$ 85.64	$ 0.0070	per therm
Large Commercial (CG-2)	3.81%	15	1,391,018	$ 69.48	$ 0.0015	per therm
Large Commercial Interruptible (Ig-2)	2.97%	3	1,298,292	$ 270.70	$ 0.0012	per therm
Interruptible Transport (TSI-IG2)	2.78%	1	1,184,658	$ 759.32	$ 0.0013	per therm

Superior Water, Light, & Power Company
Electric Rates

Customer Class	Allocation Percentage	2017 Average Customers	2017 Volumetric Sales (kWh)	One-time Credit	Ongoing Volumetric Credit	Units
Residential	33.83%	12,449	85,352,276	$ 7.54	$ 0.0022	per kWh
EC-1	7.19%	1,458	20,604,730	$ 13.70	$ 0.0019	per kWh
EC-3	13.54%	430	82,396,948	$ 87.42	$ 0.0009	per kWh
EC-5	2.45%	7	20,895,696	$ 970.50	$ 0.0006	per kWh
EP-1	1.12%	9	7,489,818	$ 346.04	$ 0.0008	per kWh
EP-3	19.02%	17	242,327,364	$ 3,106.60	$ 0.0004	per kWh
EP-5	22.26%	1	386,165,350	$ 61,807.81	$ 0.0003	per kWh
Lighting	0.59%	1,621	2,223,392	$ 1.02	$ 0.0013	per kWh

Superior Water, Light & Power Company
Gas Rates

Customer Class	Allocation Percentage	2017 Average Customers	2017 Volumetric Sales (therms)	One-time Credit	Ongoing Volumetric Credit	Units
Residential (GR-1)	59.16%	11,435	9,781,341	$ 5.06	$ 0.0118	per therm
Small Commercial Firm (GC-1)	22.29%	1,242	5,694,408	$ 17.56	$ 0.0076	per therm
Small Commercial Interruptible (GI-1)	1.42%	8	547,925	$ 173.54	$ 0.0050	per therm
Large Commercial Firm (GL-1)	7.24%	28	2,345,171	$ 253.01	$ 0.0060	per therm
Large Commercial Interruptible (GI-6)	8.05%	7	5,015,936	$ 1,125.00	$ 0.0031	per therm
Large Commercial Interruptible Transport (TSR)	1.84%	1	96,543	$ 1,797.43	$ 0.0371	per therm

Superior Water, Light & Power Company
Water Rates

Customer Class	Allocation Percentage	2017 Average Customers	2017 Volumetric Sales (CCF)	One-time Credit	Ongoing Volumetric Credit	Units
Residential	44.04%	9,349	436,323	$ 13.59	$ 0.41	per CCF
Commercial	20.63%	870	323,861	$ 68.42	$ 0.41	per CCF
Public Authority	1.87%	30	31,407	$ 179.85	$ 0.41	per CCF
Industrial	13.26%	57	334,578	$ 671.21	$ 0.41	per CCF
Public Fire Protection - City	19.76%	N/A	N/A	See Public Fire Protection table below.		
Public Fire Protection - Village	0.45%	N/A	N/A	$ 1,298.37	$ 215.42	per month

Public Fire Protection Direct Credits

Meter Size	2017 Meter Count	One-time Credit	Ongoing Monthly Credit	Units
5/8"	9,419	$ 5.70	$ 0.95	per month
3/4"	125	$ 5.70	$ 0.95	per month
1"	174	$ 14.24	$ 2.36	per month
1.5"	115	$ 28.49	$ 4.73	per month
2"	106	$ 45.58	$ 7.56	per month
3"	30	$ 85.46	$ 14.18	per month
4"	33	$ 142.43	$ 23.63	per month
6"	5	$ 284.87	$ 47.26	per month

Wisconsin Electric Power Company
Electric Rates

Customer Class	Allocation Percentage	2017 Average Customers	2017 Volumetric Sales (kWh)	One-time Credit	Ongoing Volumetric Credit	Units
Residential	26.50%	1,005,530	7,645,530,000	$ 1.56	$ 0.0004	per kWh
Small Commercial	16.16%	99,075	1,727,266,000	$ 9.64	$ 0.0011	per kWh
Cg-2	12.34%	8,924	1,486,643,000	$ 81.72	$ 0.0010	per kWh
Cg-3	22.58%	6,078	5,535,079,000	$ 219.47	$ 0.0005	per kWh
General Primary	18.76%	661	7,089,476,000	$ 1,677.40	$ 0.0003	per kWh
Lighting	3.67%	2,502	171,607,000	$ 86.58	$ 0.0025	per kWh

Wisconsin Electric Power Company
Gas Rates

Customer Class	Allocation Percentage	2017 Average Customers	2017 Volumetric Sales (therms)	One-time Credit	Ongoing Volumetric Credit	Units
Residential (Rg-1)	65.69%	443,814	344,288,238	$ 5.93	$ 0.0153	per therm
Commercial/Industrial (Cg-1)	5.89%	28,956	36,390,813	$ 8.15	$ 0.0129	per therm
Commercial/Industrial (Cg-2)	8.78%	10,078	110,304,630	$ 34.88	$ 0.0064	per therm
Commercial/Industrial (Cg-3)	2.77%	690	40,633,686	$ 160.97	$ 0.0055	per therm
Commercial/Industrial (Cg-4)	4.86%	350	71,530,462	$ 556.78	$ 0.0054	per therm
Commercial/Industrial (Cg-5)	2.40%	61	42,939,512	$ 1,577.70	$ 0.0045	per therm
Commercial/Industrial (Cg-6)	5.50%	36	84,963,842	$ 6,115.79	$ 0.0052	per therm
Commercial/Industrial (Cg-7)	4.11%	5	65,889,259	$ 32,892.30	$ 0.0050	per therm

Wisconsin Electric Power Company
District Steam Heating Rates

Customer Class	Allocation Percentage	2017 Average Customers	2017 Volumetric Sales (Mlbs)	One-time Credit	Ongoing Volumetric Credit	Units
All Customers	100.00%	389	1,122,770	$ 1,286.30	$ 0.89065	per Mlb

Westfield Milling & Electric Company
Electric Rates

Customer Class	Allocation Percentage	2017 Average Customers	2017 Volumetric Sales (kWh)	One-time Credit	Ongoing Volumetric Credit	Units
Residential	42.42%	588	4,072,159	$ 8.27	$ 0.0024	per kWh
General Service	20.50%	136	2,971,415	$ 17.28	$ 0.0016	per kWh
Cp-1	20.99%	14	3,734,536	$ 171.84	$ 0.0013	per kWh
Cp-2	10.53%	2	1,454,020	$ 603.45	$ 0.0016	per kWh
Lighting	5.56%	33	170,752	$ 19.31	$ 0.0074	per kWh

Wisconsin Gas
Gas Rates

Customer Class	Allocation Percentage	2017 Average Customers	2017 Volumetric Sales (therms)	One-time Credit	Ongoing Volumetric Credit	Units
Residential (Rg-1)	66.44%	569,954	445,175,897	$ 11.09	$ 0.0284	per therm
Commercial/Industrial (Cg-1)	6.39%	40,560	52,616,164	$ 14.98	$ 0.0231	per therm
Commercial/Industrial (Cg-2)	9.44%	14,232	153,688,288	$ 63.10	$ 0.0117	per therm
Commercial/Industrial (Cg-3)	3.31%	1,067	62,954,239	$ 295.56	$ 0.0100	per therm
Commercial/Industrial (Cg-4)	4.77%	550	116,494,447	$ 825.91	$ 0.0078	per therm
Commercial/Industrial (Cg-5)	2.24%	88	70,094,140	$ 2,423.16	$ 0.0061	per therm
Commercial/Industrial (Cg-6)	6.98%	105	254,938,303	$ 6,327.51	$ 0.0052	per therm
Commercial/Industrial (Cg-7)	0.42%	5	88,498,038	$ 7,915.59	$ 0.0009	per therm

Wisconsin Power & Light
Electric Rates

Customer Class	Allocation Percentage	2017 Average Customers	2017 Volumetric Sales (kWh)	One-time Credit	Ongoing Volumetric Credit	Units
Residential	50.08%	394,937	3,067,941,388	$ 22.92	$ 0.00588	per kWh
General Service	15.61%	73,634	1,452,237,489	$ 38.32	$ 0.00387	per kWh
CG-2	8.06%	3,105	1,191,803,191	$ 469.08	$ 0.00243	per kWh
Cp-1	20.08%	1,075	3,787,540,502	$ 3,376.96	$ 0.00191	per kWh
Cp-2	5.05%	20	1,244,052,114	$ 45,658.08	$ 0.00146	per kWh
Other	1.11%	50,290	37,428,812	$ 3.98	$ 0.01066	per kWh

Wisconsin Power & Light
Gas Rates

Customer Class	Allocation Percentage	2017 Average Customers	2017 Volumetric Sales (therms)	One-time Credit	Ongoing Volumetric Credit	Units
Residential (GG-1)	58.40%	167,916	117,884,645	$ 6.99	$ 0.0198	per therm
Commercial and Industrial (GC-1)	10.09%	16,475	23,100,781	$ 12.30	$ 0.0175	per therm
Commercial and Industrial (GC-2)	9.23%	2,698	25,806,541	$ 68.73	$ 0.0143	per therm
Commercial and Industrial (GC-3)	12.61%	927	46,432,732	$ 273.10	$ 0.0109	per therm
Commercial and Industrial (GC-4)	4.89%	114	51,243,690	$ 862.34	$ 0.0038	per therm
Commercial and Industrial (GC-5)	1.28%	25	52,488,008	$ 1,031.65	$ 0.0010	per therm
Commercial and Industrial (GC-6)	0.39%	2	29,484,765	$ 3,910.34	$ 0.0005	per therm
Seasonal (S1-1)	1.21%	226	46,975,144	$ 107.39	$ 0.0010	per therm
Generation (GN-9)	0.08%	9	410,180	$ 187.19	$ 0.0082	per therm
Generation (GN-10)	1.81%	1	211,202,448	$ 36,303.42	$ 0.0003	per therm

Wisconsin Public Service Corporation
Electric Rates

Customer Class	Allocation Percentage	2017 Average Customers	2017 Volumetric Sales (kWh)	One-time Credit	Ongoing Volumetric Credit	Units
Residential	40.72%	388,063	2,760,713,000	$ 8.84	$ 0.0025	per kWh
Small Commercial	10.87%	48,532	936,596,000	$ 18.86	$ 0.00195	per kWh
Cg-5	3.21%	1,730	293,558,000	$ 156.42	$ 0.00184	per kWh
Cg-20	23.19%	3,307	2,476,126,000	$ 590.68	$ 0.00157	per kWh
Cp-1	20.89%	189	4,004,017,000	$ 9,310.06	$ 0.00088	per kWh
Lighting	1.14%	424	40,374,000	$ 225.72	$ 0.0047	per kWh

Wisconsin Public Service Corporation
Gas Rates

Customer Class	Allocation Percentage	2017 Average Customers	2017 Volumetric Sales (therms)	One-time Credit	Ongoing Volumetric Credit	Units
Residential (Rg-1)	55.38%	291,780	234,506,137	$ 5.71	$ 0.0142	per therm
Commercial and Industrial Firm (Cg-FST)	3.91%	19,158	17,861,316	$ 6.14	$ 0.0131	per therm
Commercial and Industrial Firm (Cg-FS)	8.82%	13,409	77,344,828	$ 19.80	$ 0.0068	per therm
Commercial and Industrial Firm (Cg-FM)	5.35%	1,214	51,828,309	$ 132.58	$ 0.0062	per therm
Commercial and Industrial Firm (Cg-FL)	1.17%	26	17,504,664	$ 1,355.47	$ 0.0040	per therm
Commercial and Industrial Interruptible (Cg-IM)	0.33%	12	1,220,576	$ 822.98	$ 0.0161	per therm
Commercial and Industrial Interruptible (Cg-IL)	0.20%	2	466,900	$ 3,050.05	$ 0.0261	per therm
Commercial and Industrial Seasonal Opportunity (Cg-SOS-M)	0.16%	115	1,703,319	$ 40.99	$ 0.0055	per therm
Commercial and Industrial Interruptible (Cg-IEGL)	2.04%	2	60,176,372	$ 30,624.24	$ 0.0020	per therm
Gas Transportation Service (Cg-TSA)	0.07%	32	475,060	$ 65.23	$ 0.0088	per therm
Gas Transportation Service (CG-TMA)	0.84%	172	10,757,116	$ 147.11	$ 0.0047	per therm
Gas Transportation Service (CG-TLA)	0.07%	8	4,222,437	$ 276.06	$ 0.0010	per therm
Gas Transportation Service (CG-TS)	0.02%	22	332,035	$ 25.54	$ 0.0034	per therm
Gas Transportation Service (CG-TM)	2.04%	265	24,271,410	$ 231.36	$ 0.0050	per therm
Gas Transportation Service (CG-TL)	8.04%	180	126,936,641	$ 1,343.54	$ 0.0038	per therm
Gas Transportation Service (CG-TSL)	11.56%	31	248,322,945	$ 11,221.72	$ 0.0028	per therm

Appendix Q

Sample Tariff Sheet

RATE FILE

Public Service Commission of Wisconsin

UTILITY

Sheet No.	1 of 1
Schedule No.	Tx-1
Amendment No.	EXH

2017 Tax Cut Credit

Application: The 2018 Income Tax Credit is applicable to all customers in the tariffs listed below.

Income Tax Credit: Pursuant to the order issued in docket 5-AF-101, the following credits are associated with the overcollections of federal income tax expense in the base revenue requirement set in the utility's last rate case. The monthly credit will be listed as a separate line item on a customer's bill.

No later than July 31, 2018, customers in the following classes shall receive a one-time credit of the amount listed below.

Customer Class (Tariffs)	*rate*

The Income Tax Credit will be in effect for service starting July 1, 2018 until superseded by a future rate case order.

Customer Class (Tariffs)	*rate*

EFFECTIVE:
PSCW AUTHORIZATION:

WEPCO
Docket 5-AF-101
Amortization Expense and
Carrying Costs to be Deferred
(000's)

Appendix R

WEPCO transmission escrow assumes no amortization of existing balances is currently taking place	**1/1/2018**	**Less: 2018 Tax Svgs Applied Ratably**	**Bal. after Tax Svgs Applied 12/31/2018**	**1/1/2019**	**Less: 2019 Tax Svgs Applied Ratably**	**Bal. after Tax Svgs Applied 12/31/2019**
Old transmission escrow balance	46,300	(46,300)	-	-		-
accum. Def. tax at old combined rate	(18,156)		-	-		-
net of tax amount	28,144		-	-		-
reduction in net balance over two years			(14,072)			(28,144)
times adjusted wtd cost of capital			8.45%			8.45%
Annual avoided carrying costs on "old" escrow			$ (1,189)			$ (2,378)
New transmission escrow balance	174,400	(38,900)	135,500	135,500	(85,200)	50,300
accum. Def. tax at old combined rate	(68,389)		(53,135)	(53,135)		(19,725)
net of tax amount	106,011		82,365	82,365		30,575
Avg reduction in net balance			(11,823)			(61,363)
times auth. Short-term debt rate			0.60%			0.60%
Annual avoided carrying costs on "new" escrow			(71)			(368)
Total Annual Tax Svgs applied to escrows		(85,200)			(85,200)	
Total carrying costs to be deferred			**$ (1,260)**			**$ (2,746)**
Total carrying costs to be deferred over 2018 and 2019				**$ (4,006)**		

WPSC
Docket 5-AF-101
Amortization Expense and
Carrying Costs to be Deferred
(000's)

Appendix S

WPSC	1/1/2018	Less: 2018 Tax Svgs Applied Ratably	Bal. after Tax Svgs Applied 12/31/2018	Annual Amort Exp	Amort Exp Avoided	Bal. After Tax Svgs and Amortization 12/31/2018	1/1/2019	Less: 2019 Tax Svgs Applied Ratably	Bal. after Tax Svgs Applied 12/31/2019	Annual Amort Exp	Amort Exp Avoided	Bal. After Tax Svgs and Amortization 12/31/2019
Crane Creek balance	15,100	(15,100)	-	(455)	(455)	-	-		-	(455)	(455)	
accum. Def. tax at old combined rate	(5,921)		-			-	-		-			
net of tax amount	9,179		-			-	-		-			
DePere balance	13,700	(100)	13,600	(2,280)	-	11,320	11,320	(11,320)	-	(2,280)	(2,280)	
accum. Def. tax at old combined rate	(5,372)		(5,333)			(4,439)	(4,439)		-			
net of tax amount	8,328		8,267			6,881	6,881		-			
Fox Energy Center balance	32,100		32,100	(13,135)		18,965	18,965	(3,880)	15,085	(13,135)	-	1,950
accum. Def. tax at old combined rate	(12,588)		(12,588)			(7,437)	(7,437)		(5,915)			(765)
net of tax amount	19,512		19,512			11,528	11,528		9,170			1,185
Total Annual Tax Svgs applied to escrows		(15,200)						(15,200)				
Avg reduction in net bal due to tax svgs						(4,620)			(13,859)			
times adjusted wtd cost of capital						7.72%			7.72%			
annual avoided carrying costs on escrows						$ (357)			$ (1,070)			**$ (1,427)**
amort exp avoided that should be deferred					$ (455)						$ (2,735)	**$ (3,190)**
excess tax svgs that should be deferred								$ -				**$ -**
Total amt to be deferred as a reg liability over 2018 and 2019												**$ (4,617)**