

SERVICE DATE Aug 18, 2025
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PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of Madison Gas and Electric Company for Reconciliation of
Actual Fuel Costs to the Authorized 2024 Fuel Cost Plan

3270-FR-2024

FINAL DECISION

This is the Final Decision in the application of Madison Gas and Electric Company (applicant) for the reconciliation of actual monitored fuel costs for items in its approved fuel cost plan for 2024, pursuant to Wis. Admin. Code § PSC 116.07. The application is APPROVED, subject to the conditions contained in this Final Decision.

Introduction

Pursuant to Wis. Admin. Code § PSC 116.03, each of the five major, investor-owned electric utilities must file an annual proposed fuel cost plan (monitored fuel costs) for the next calendar year (the plan year). Wisconsin Admin. Code § PSC 116.07 provides for an annual reconciliation of the utility's Commission-approved monitored fuel costs incurred in the plan year. Wisconsin Admin. Code §§ PSC 116.06(3) and 116.07(4)(a) further provide that a utility may collect from customers any actual, prudently incurred fuel costs that exceed its Commission approved monitored fuel costs by more than 2.0 percent as measured on a cost per megawatt-hour basis, provided it does not have excess revenues for the plan year as described under the fuel rules. Wisconsin Admin. Code §§ PSC 116.06(3) and 116.07(4) conversely provide that a utility must credit to customers any amount of the approved fuel cost plan that exceeds actual, prudently incurred fuel costs, in excess of 2.0 percent. Wisconsin Admin. Code §§ PSC 116.06(1) and (2) contain formulas that calculate deferred account balances for over- or

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under-collected fuel costs included in the approved fuel cost plan. The deferred account balance is subject to interest at the utility's authorized short-term debt rate as provided in Wis. Admin. Code § PSC 116.07(5)(c).

On March 28, 2025, the applicant filed its reconciliation application for the 2024 fuel plan year. ([PSC REF#: 538817](#).) The applicant reported an over-collection of its monitored fuel by \$4,594,676 for 2024, which was reduced to an over-collection of \$3,042,914 available for refund to customers when adjusted for the 2.0 percent fuel cost tolerance band. The applicant proposed to refund the deferred credit balance of \$3,042,914 to its customers in October 2025, with interest at its authorized 2024 cost of short-term debt rate of 4.40 percent. ([PSC REF#: 487247](#).) The applicant did not propose a specific refund allocation method.

On April 10, 2025, the Commission issued a Notice of Investigation in this docket. ([PSC REF#: 541369](#).) No hearing was required or held. On April 24, 2025, Wisconsin Industrial Energy Group (WIEG) requested to intervene. ([PSC REF#: 543302](#).) On May 9, 2025, the Administrative Law Judge (ALJ) granted the request to intervene. ([PSC REF#: 545642](#).) Parties were provided with an opportunity to be heard through the submission of written comments on the Commission Memorandum issued on June 23, 2025. ([PSC REF#: 550830](#).) On July 07, 2025, comments on the memorandum were provided by the applicant. ([PSC REF#: 550830](#).) The Commission considered these comments as part of the record in this investigation.

The Commission considered this matter at its open meeting of July 17, 2025.

Findings of Fact

1. The applicant reported an over-collection of 2024 monitored fuel costs by \$4,594,676 excluding interest. After consideration of the 2.0 percent fuel cost tolerance band, the \$4,594,676 was reduced to \$3,042,914, excluding interest.

2. The applicant did not have excess revenues as defined in Wis. Admin. Code §§ PSC 116.06(3) and 116.07(4).

3. It is reasonable to require the applicant to refund the 2024 over-collected monitored fuel costs with interest.

4. It is reasonable to require the applicant to use a class-level rate allocation method to credit customers with a class-specific per kilowatt-hour (kWh) credit rate based on 2024 actual class-level kWh sales applied to Wisconsin retail electric customers bills in October 2025 as shown in Appendix A.

5. It is reasonable to apply the applicant's authorized short-term debt rate of 4.40 percent, as authorized by the Commission in docket 3270-UR-125, to the over-collected monitored fuel costs.

6. It is reasonable that the applicant be required to charge the appropriate deferred account, if the actual refund is less than authorized in this Final Decision.

7. It is reasonable that the applicant not be allowed to recover any over-refunded amounts resulting from the refund authorized in this Final Decision.

8. It is reasonable for the applicant to file final form tariff sheets consistent with this Final Decision and the rates in Appendix A.

Conclusions of Law

1. The Commission has jurisdiction and authority to issue this Final Decision under Wis. Stat. §§ 196.02(1) and 196.20(4) and Wis. Admin. Code ch. PSC 116.
2. The Commission has authority under Wis. Stat. §§ 196.02, 196.06, 196.37, and 196.395 to authorize deferred accounting treatment in accordance with this Final Decision.
3. Wisconsin Admin. Code §§ PSC 116.06 and 116.07 require that, in the absence of a surcharge, the fuel rules only authorize a comparison of actual monitored fuel costs to the Commission-authorized fuel cost plan.

Opinion

The applicant proposed to return the 2024 over-collection of \$3,042,914 plus interest at its authorized 2024 cost of short-term debt rate of 4.40 percent,¹ The applicant initially did not propose a specific refund allocation method; however, in response to Commission staff data request PSCW-JMH-1.3 ([PSC REF#: 545323](#)), the applicant proposed a “service point” method. The total refund, including interest would be \$3,156,347, if made in October 2025, as the applicant proposed.

Audit Procedures and Findings

Subsequent to the applicant filing its 2024 fuel reconciliation application, Commission staff performed an audit of the applicant’s reported 2024 monitored fuel costs. Commission staff’s audit of the applicant’s reported 2024 monitored fuel costs did not identify any material errors, imprudently incurred costs, or misstatements of the applicant’s 2024 monitored fuel costs.

¹ [PSC REF#: 487247](#) page 43.

The Commission reviewed the applicant's reported 2024 monitored fuel costs, Commission staff's audit of the 2024 monitored fuel costs, and the applicant's comments, and did not identify any incorrectly reported or imprudently incurred monitored fuel costs under Wis. Admin. Code § PSC 116.07(4)(c). The Commission accepts the applicant's reported 2024 monitored fuel costs as filed.

Refund Time Period

The applicant is required to return the over-collection of fuel costs that exceed the 2.0 percent fuel cost tolerance band with interest. Historically, the Commission has not adopted a standard approach for the time period used to refund over collections related to fuel reconciliations and reviews each request on a case-by-case basis. Depending on the case specific circumstances in each docket, the Commission has authorized refunds over various time periods including a single month, or over two or more consecutive months. Authorizing a refund over one month is the quickest means to refund the relevant amount, while authorizing a refund over more than one month could result in maintaining rate stability over a longer period of time.

In addition to the applicant's proposal, Commission staff requested additional information to determine the impact of refunding the deferred account balance in: September 2025, September 2025 through December 2025, and October 2025 through December 2025. ([PSC REF#: 545323](#), [PSC REF#: 550369](#).)

The Commission accepts the applicant's proposal to return the deferred account balance to customers in October 2025. The Commission accepts the applicant's reported \$3,042,914 refund owed customer for the 2024 over-collection plus interest at the applicant's authorized short-term debt rate compounded through September 2025, for a total refund of \$3,156,347.

Refund Allocation Method

Similar to refund periods, the Commission has not adopted a standard approach for the allocation methodology used to refund over-collections related to fuel reconciliations and reviews each request on a case-by-case basis. The Commission has historically selected either a flat-rate per kilowatt-hour (kWh) or a class-level allocation methodology. The flat-rate method allocates the credit balance to customers on a single, uniform per kWh credit rate and is a simple and straightforward allocation methodology. The class-level method takes into consideration each class's actual contribution to the refund balance, resulting in a class specific per kWh credit, thereby crediting back to each class its contributed share of the refund balance. In some instances, the class-level method was found by the Commission to be a more equitable method of allocation among different classes of customer (residential versus commercial versus industrial customers), as each class can have different usage patterns of electricity consumption. In its application, the applicant did not propose a specific refund allocation method. However in response to Commission staff data request PSCW-JMH-1.3 ([PSC REF#: 545323](#)), the applicant proposed an active service point method that would provide refunds only to currently active service points that were also active during 2024.

Under the service point level allocation method, the applicant adds up actual 2024 sales by rate schedule, selecting only sales through service points with currently active service agreements. The associated refund would be applied based on the actual period of over collection of all of 2024, whereas the flat-rate and class-level allocation methods discussed above would apply to forecasted sales in 2025, and the refund amounts are calculated from these forecasted sales. In contrast, the refund amount for the service point allocation method would be

applied to the historic 2024 sales (kWh) for each active service point. As such, customers who had active service points in 2024 would only see a dollar amount credit on their bills for the service period of October 2025, but not reflective of their October 2025 kWh usage. The applicant asserted that the service point method would provide a more equitable means of distributing the refund. Given that, the applicant updated its proposal to refund the total amount, plus interest at the applicant's most recently authorized rate of short-term debt of 4.40 percent,² using an active service point per kWh credit.

In addition to the applicant's proposal, Commission staff requested information to present alternative allocation methods for Commission consideration based on forecasted 2025 Wisconsin retail sales for the months listed including: September 2025, September 2025 through December 2025, and October 2025 through December 2025. ([PSC REF#: 545323](#), [PSC REF#: 550369](#).)

After review of the record, the Commission finds it reasonable to require the applicant to use the class-level allocation method utilizing a class-specific per kWh credit rates based on 2024 actual class-level kWh sales applied to Wisconsin retail electric customer bills in October 2025. Therefore, the Commission directs the applicant to refund the authorized amount to customers based on the class credit rates applied to forecasted Wisconsin retail sales for October 2025 as shown in Appendix A.

If in the refund month actual Wisconsin retail sales are less than the forecasted amount, the difference will be charged to the appropriate deferred account per Wis. Admin. Code § PSC 116.07(6). If in the refund month actual Wisconsin retail sales exceed the forecast amount, no additional recovery will be allowed.

² [PSC REF#: 487247](#) page 43.

Order

1. The applicant shall refund the 2024 over-collected monitored fuel costs with interest at the applicant's authorized cost of short-term debt rate, totaling \$3,156,347, using a class-level allocation method to credit Wisconsin retail electric customer bills in October 2025 as shown in Appendix A.
2. If the actual refund is less than authorized in this Final Decision, the applicant shall be required to charge the appropriate deferred account.
3. The applicant shall not be allowed to recover any over-refunded amounts resulting from the refund authorized in this Final Decision.
4. The applicant shall file final form tariff sheets consistent with this Final Decision and the rates in Appendix A.
5. This Final Decision takes effect one day after date of service.
6. Jurisdiction is retained.

Dated at Madison, Wisconsin, the 18th day of August, 2025.

By the Commission:

A handwritten signature in black ink, appearing to read 'Cru Stubleby', with a stylized, flowing script.

Cru Stubleby
Secretary to the Commission

CS:LSC:arw:dsa DL:02083207

Attachment

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.³ 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

³ See *Currier v. Wisconsin Dep't of Revenue*, 2006 WI App 12, 288 Wis. 2d 693, 709 N.W.2d 520.

APPENDIX A
Madison Gas and Electric Company
Electric Fuel Reconciliation Summary

Class Categories	2024 Actual Sales (kWh)	Fuel Plan Allocation	Refund Amount (\$)	2025 Forecast (kWh)	Authorized Credit (\$/kWh)
Residential	801,646,652	27.11%	-855,811	55,514,016	-0.01542
Small C&I	203,883,324	6.90%	-217,659	16,413,578	-0.01326
Large C&I	1,539,209,714	52.06%	-1,643,208	123,487,858	-0.01331
Contract	399,712,424	13.52%	-426,719	33,579,363	-0.01271
Miscellaneous	3,888,611	0.13%	-4,151	355,474	-0.01168
Street lighting	8,242,206	0.28%	-8,799	673,055	-0.01307
Class Totals	2,956,582,931	100.00%	-3,156,347	230,023,344	

Electric Bill Factor Codes with Present and Authorized Rates
Summary for the Period October 1 - October 31, 2025

Fuel Cost Credit for October (FCCO)		Bill Factor Code	Present Rates	Authorized Rates	Units	Rate Change
FCCO	FCC for October Residential AMI	FCCORESA	\$0.00000	(\$0.01542)	per kWh	Y
FCCO	FCC for October Residential Non-AMI	FCCORESNA	\$0.00000	(\$0.01542)	per kWh	Y
FCCO	FCC for October Small Com/Ind AMI	FCCOSCIA	\$0.00000	(\$0.01326)	per kWh	Y
FCCO	FCC for October Small Com/Ind Non-AMI	FCCOSCIN	\$0.00000	(\$0.01326)	per kWh	Y
FCCO	FCC for October Large Com/Ind	FCCOLCI	\$0.00000	(\$0.01331)	per kWh	Y
FCCO	FCC for October Contract (CP-1/SP-3)	FCCOCONT	\$0.00000	(\$0.01271)	per kWh	Y
FCCO	FCC for October Street Light	FCCOGLS	\$0.00000	(\$0.01307)	per kWh	Y
FCCO	FCC for October Miscellaneous	FCCOMISC	\$0.00000	(\$0.01168)	per kWh	Y