

<b>SERVICE DATE</b> <b>Aug 12, 2025</b>
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**PUBLIC SERVICE COMMISSION OF WISCONSIN**

Application of Wisconsin Electric Power Company for Reconciliation of  
Actual Fuel Costs to the Authorized 2024 Fuel Cost Plan

6630-FR-2024

**FINAL DECISION**

This is the Final Decision in the application of Wisconsin Electric Power 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.

**Background**

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-

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or 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#: 538412](#).) The applicant reported an over-collection of its monitored fuel costs by \$86,211,880 for 2024, which was reduced to an over-collection of \$66,649,290 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 \$66,649,290 to its customers in September 2025, with interest at its authorized 2025 cost of short-term debt rate of 4.88 percent. ([PSC REF#: 527450](#), page 108.) 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#: 541378](#)<http://apps.psc.wi.gov/pages/viewdoc.htm?docid=%20436284>.) No hearing was required or held. On April 16, 2025, Sierra Club and Vote Solar jointly requested to intervene. ([PSC REF#: 542224](#).) On April 24, 2025, Wisconsin Industrial Energy Group (WIEG) requested to intervene. ([PSC REF#: 543304](#).) On May 12, 2025, the Administrative Law Judge granted the requests for intervention. ([PSC REF#: 545722](#).) Parties were provided with an opportunity to be heard through the submission of written comments on the Commission memorandum issued on June 16, 2025. ([PSC REF#: 549782](#).) On June 30, 2025, comments on the memorandum were provided by Sierra Club and Vote Solar jointly ([PSC REF#: 552100](#) confidential; [PSC REF#: 552101](#) public) and the applicant. ([PSC REF#: 552136](#).) 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 \$86,211,880, excluding interest. After consideration of the 2.0 percent fuel cost tolerance band, the \$86,211,880 was reduced to \$66,649,290, excluding interest.

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

3. It is reasonable to apply the applicant's authorized cost of short-term debt rate of 4.88 percent, as authorized by the Commission in docket 5-UR-111, to the over-collected monitored fuel costs.

4. It is reasonable to require the applicant to use a class-level 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 customer bills in September 2025 as shown in Appendix A.

5. 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.

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

7. 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), 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 \$66,649,290, plus interest at the applicant's authorized 2025 cost of short-term debt rate of 4.88 percent, in September 2025. The applicant did not propose a specific refund allocation method. The total refund, including interest, would be \$68,988,437 if made in September 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.

In its comments on the Commission memorandum, Sierra Club and Vote Solar recommended the Commission direct Commission staff to obtain additional information and conduct additional analysis to cap hourly annual fuel costs for 2024 at the Locational Marginal Price (LMP) for each generation source for each hour. Sierra Club and Vote Solar interpreted this to be the correct manner of calculating fuel costs under Wis. Admin. Code § PSC 116.02. The Commission is not persuaded by Sierra Club and Vote Solar's comments and finds the

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methodology used by the applicant and Commission staff to calculate the applicant's fuel costs to be reasonable.

The Commission reviewed the applicant's reported 2024 monitored fuel costs, Commission staff's audit of the 2024 monitored fuel costs, and intervenor comments regarding the 2024 monitored fuel costs 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 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 October 2025, September 2025 through December 2025, and October 2025 through December 2025. The applicant also included information for a September through October 2025 refund period. ([PSC REF#: 545177](#).)

The Commission accepts the applicant's proposal to return the deferred account balance to customers in September 2025. The Commission accepts the applicant's reported \$66,649,290 refund owed customers 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 \$68,988,437.

### **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 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.

The applicant did not propose a specific refund allocation method. Commission staff requested information to present alternative allocation methods for Commission consideration based on forecasted 2025 Wisconsin retail sales for refund periods including September 2025, October 2025, September 2025 through December 2025, and October 2025 through December

2025. The applicant also included information for a September 2025 through October 2025 refund period. ([PSC REF#: 545177.](#))

After review of the record, the Commission finds it reasonable to require the applicant to use the class-level allocation method utilizing class-specific per kWh credit rates based on 2024 actual class-level kWh sales applied to Wisconsin retail electric customer bills in September 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 September 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.

### **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 \$68,988,437, using a class-level allocation method to credit Wisconsin retail electric customer bills in September 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.

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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 12<sup>th</sup> day of August, 2025.

By the Commission:

A handwritten signature in black ink, appearing to read "Cru Stublely", with a long horizontal flourish extending to the right.

Cru Stublely  
Secretary to the Commission

CS:AJF:dsa DL:02087072

Attachments

See attached Notice of Rights



PUBLIC SERVICE COMMISSION OF WISCONSIN  
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**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.<sup>1</sup> 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

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<sup>1</sup> See *Currier v. Wisconsin Dep't of Revenue*, 2006 WI App 12, 288 Wis. 2d 693, 709 N.W.2d 520.

Wisconsin Electric Power Company  
Electric Fuel Reconciliation Summary

	2024 Actual Sales (kWh)	Fuel Plan Allocation	Refund Amount (\$)	September 2025 Forecast (kWh)	Authorized Credit (\$/kWh)
Residential & Farm Service	7,861,068,496	35.77%	24,680,278	608,763,769	0.04054
Secondary Commercial & Industrial	8,630,165,960	39.27%	27,094,904	748,437,453	0.03620
Primary Commercial & Industrial	5,381,383,758	24.49%	16,895,165	466,436,739	0.03622
Street Lighting	101,317,052	0.46%	318,091	9,311,361	0.03416
<b>Totals</b>	<b>21,973,935,266</b>	<b>100.00%</b>	<b>68,988,437</b>	<b>1,832,949,321</b>	

Class Categories	Associated Tariffs
Residential & Farm Service	Rg1, Rg2, Fg1
Small Commercial & Industrial	Cg1, Cg2, Cg3, Cg3C, Cg3S, Cg6, TssM, TssU, Mg1, TE1, TE2
Large Commercial & Industrial	Cp1, Cp3, Cp3S, Cp4, CpFN
Street Lighting	Ms1, Ms2, Ms3, Ms4, Al1, Gl1, St1, St2, LED