



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2009 Wisconsin Act 403
[2009 Assembly Bill 600]

Electric Public Utility Fuel Costs

Prior law authorizes the Public Service Commission (PSC) to grant a rate increase to an electric public utility for an increase in fuel costs that are of an extraordinary or emergency nature. The PSC may grant this increase only after a hearing that is limited in scope to the question of the increase in fuel costs. For purposes of this law, an “electric public utility” is an electric utility other than any of the following: a municipal electric utility; an electric cooperative; a public utility which purchases, under federal or state approved wholesale rates, more than 50% of its electric power requirements from entities that are not an affiliated interest of the utility; or a public utility with annual total gross operating revenues of \$2.5 million or more on November 29, 1979, whose electric generation equipment has a total capacity of less than 30 megawatts.

2009 Wisconsin Act 403 repeals the PSC’s authority to grant rate increases for increased fuel costs described in the preceding paragraph and replaces it with a new policy for addressing an electric public utility’s fluctuating fuel costs. This new policy includes the following elements:

- The PSC may approve a fuel cost plan for an electric public utility only after the PSC provides an opportunity for a hearing on the plan.
- If an electric public utility has an approved fuel cost plan, the PSC must defer any under-collection or over-collection of fuel costs that are outside of the utility’s symmetrical fuel cost annual tolerance, as established by the PSC, for subsequent rate recovery or refund.
- If an electric public utility’s actual fuel costs are outside of its approved fuel cost annual tolerance, the PSC may commence a proceeding to adjust the utility’s rates outside of a general rate case proceeding. The PSC may make this rate adjustment only after an opportunity for a hearing on the adjustment.

The Act also directs the PSC to promulgate a rule to implement this new policy.

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature’s Web site at: <http://www.legis.state.wi.us/>.

Effective date: 2009 Wisconsin Act 403 takes effect on June 2, 2010.

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