

Chapter PSC 5

ASSESSMENT OF COSTS

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PSC 5.01 Applicable statute. By section 196.85, Wis. Stats., the public service commission is empowered to charge against the public utilities, power districts, and railroads of the state, the expenses reasonably attributable to the performance of certain of the commission's public duties.

PSC 5.02 Expenses of regulation. The expenses of regulation by the commission which are to be assessed are divided into 2 classes:

(1) **DIRECT ASSESSMENTS.** Those expenses which are incurred during the course of a specific investigation, appraisal, or the rendering of requested services are assessed directly against the public utility, power district, or railroad involved.

(2) **REMAINDER ASSESSMENTS.** (a) *Utilities.* The remainder of the commission's expenses attributable to the performance of its duties relating to utilities under chapters 184, 196, and 198, Wis. Stats., are assessed after the end of the fiscal year against all utilities upon a gross-earnings basis.

(b) *Railroads.* The remainder of the commission's expenses attributable to the performance of its duties relating to railroads, as defined in section 195.02, Wis. Stats., under chapters 184, 190, 191, 192, 193, 195, and 196, are assessed at the end of the fiscal year against all railroads upon a gross-earnings basis. [See also section PSC 5.15.]

PSC 5.03 Occasion for direct assessment of expenses. (1) Occasion for assessing costs of regulation directly arises under 2 separate sets of conditions:

(a) An investigation instituted by the commission in the course of performance of its duties in a proceeding:

1. Upon its own motion.
2. On complaint, as provided by chapters 195, 196, Wis. Stats., and other sections of the statutes.
3. Upon an application made to it.

(b) Rendering of any engineering or accounting services upon request of any public utility, power district, or railroad.

(2) Whenever, therefore, the commission "shall deem it necessary in order to carry out the duties imposed upon it by law to investigate the books, accounts, practices and activities of, or make appraisals," the public utility, power district, or railroad so investigated or appraised "shall pay the expenses reasonably attributable" to such investigation or appraisal. This is likewise applicable when engineering or accounting services are rendered upon request.

PSC 5.04 Companies affected. Section 196.85, Wis. Stats., is applicable to all public utilities, power districts, and railroads. The terms have the meaning given them by the statutes. Hence, "public utility" includes persons, municipalities, and corporations furnishing light, water, power, heat, telephone, or toll bridge services. "Power districts" are defined in section 198.01, Wis. Stats. "Railroad" includes steam, street, and inter-urban railways, and express and telegraph companies, and common carriers of property by water.

PSC 5.05 Applicable statutes. (1) By section 196.855, Wis. Stats., the commission is empowered to charge the expenses incurred in making any appraisal or investigation of utility property under the provisions of chapter 197, Wis. Stats., against a municipality making application for such an appraisal or investigation.

(2) Section 184.10(2), Wis. Stats., provides that upon the commission's finding of necessity for an investigation of the books, accounts, and practices or an appraisal of the property of any public service corporation which has filed an application for authority to issue any securities to which the provisions of chapter 184, Wis. Stats., are applicable, the expenses which are reasonably attributable to such an investigation or appraisal are to be assessed against the public service corporation.

PSC 5.06 Direct charges, when not made. No direct charges are made for expenses attributable to the performance of the commission's regulatory duties other than for salary (including fringe benefits) and travel, and then only those expenses directly and strictly attributable to the investigations known as cost cases are charged. Overhead expenses, whether or not specifically identifiable with an investigation, are not directly charged, but are considered in the remainder assessment.

History: 1-2-56; am. Register, August, 1978, No. 272, eff. 9-1-78.

PSC 5.07 Direct charges; salaries. (1) **STANDARD FOR MAXIMUM DAILY CHARGE.** The maximum daily charge against any one investigation is 8 hours per day except that overtime worked in excess of the standard day at the request of the department head, and with his approval for later use as credit for compensatory time off, be included in direct charges to utilities.

(2) **BASIS OF CHARGES.** Charges are made on an hourly basis, computed to the nearest half-hour. The hourly rate for each employee is obtained by dividing the individual's annual salary rate, including fringe benefits, by the appropriate number of standard working hours for the year.

(3) **CHARGEABLE TIME.** (a) The time of all persons engaged directly on an investigation, whether in the offices or on the property of the public utility, power district, or railroad, in the offices of the commission, or elsewhere, including traveling time, will be charged. There will be included, in addition to time spent on the investigation or in rendering the

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service, the time devoted to preparing summaries and exhibits and writing and typing reports; also, the time spent in testifying and in required attendance at hearings in other than the capacity of actual examiner.

(b) If it is necessary to visit the offices of another state government department, any other government department or organization, state or federal, or any private organization to obtain information for the investigation, the time thus spent will be charged against the public utility, power district, or railroad being investigated. If an examination is made of affiliated interests, this likewise will be charged against the operating public utility or railroad, the investigation of which necessitates the examination of the affiliate.

(c) Time of department heads is charged only when engaged directly on an investigation, and not when spent in a supervisory capacity.

(4) **NONCHARGEABLE TIME.** No direct charges are made for the time of:

(a) Commissioners.

(b) Department heads unless engaged directly on an investigation in other than a supervisory capacity.

(c) Examiners, neither in preparation for nor in conducting a hearing, nor in preparation of the order.

(d) Reporters, stenographers, and clerks in preparation of transcripts, docketing, or filing.

(5) **CHARGE FOR TRAVELING TIME.** If on a trip actual time reported on cases equals or exceeds the standard 8 hours per day and traveling time is likewise reported for that day, such traveling time is disregarded in making charges. However, should actual time reported on cases be less than the standard per day and traveling time also be reported, the difference between the time on cases and the standard is regarded as traveling time against those cases, provided that such difference does not exceed the hours of travel reported. The total of traveling time computed by such method for an entire trip is then prorated over those cases or job numbers reported on that trip on the basis of the aggregate actual time reported for each and limited for each investigation by the standard day, except where overtime hours as provided above have been included in the chargeable time.

(6) **CONSULTANTS AND SPECIAL EMPLOYES.** When the commission finds it necessary to engage the services of experts, not as members of its regular staff, but for consulting advice or for particular projects arising out of investigations, the cost to the commission of such special services shall be chargeable to the public utility, power district, or railroad under investigation.

History: 1-2-56; am. (2), Register, December, 1958, No. 36, eff. 1-1-59; am. (1) and (2), Register, August, 1978, No. 272, eff. 9-1-78.

PSC 5.08 Direct charges; traveling expense. (1) CHARGEABLE TRAVELING EXPENSE. All traveling expenses incurred in an investigation or in rendering services will be charged subject to the following regulations.

(2) **TRAVELING EXPENSES FOR REQUIRED PRESENCE IN MADISON WHEN HEADQUARTERS HAVE BEEN ESTABLISHED ELSEWHERE.** (a) If a member of the commission's staff has headquarters established in a city other than

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Madison, and his presence is required in Madison on an investigation, the expenses for such trip will be charged against the company the investigation of which necessitates this time in Madison.

(b) Headquarters other than Madison are established with a view of reducing the costs of an investigation of long duration, or headquarters may be established in a centralized locality which is in closer proximity to a number of investigations than Madison, likewise with the view of reducing costs.

(3) **PRORATION OF TRAVELING EXPENSES.** Traveling expenses for an entire trip are prorated among the cases, and job numbers reported on that trip on the basis of the aggregate actual hours (without the proration of traveling time) reported for each, and limited for each investigation by the standard day except where overtime hours as provided above [section PSC 5.07(5)] have been included in the chargeable time. The underlying principle is that the expenses follow time spent.

(4) **NONCHARGEABLE TRAVELING EXPENSES.** No direct charges are made for the traveling expenses of:

- (a) Commissioners.
- (b) Department heads when their time is nonchargeable.
- (c) Examiners.
- (d) Reporters.

PSC 5.09 Direct charges; supporting records. The supporting records for charges made are:

(1) **TIME RECORDS.** Daily time cards or monthly time summaries recording the day's activities according to docket numbers and departmental job numbers are required of commission staff members. The time cards are posted to monthly time distribution sheets from which the monthly charges are made.

(2) **TRAVEL-EXPENSE RECORDS.** Records of the monthly travel-expense accounts of members of the commission's staff are kept and charges made therefrom.

PSC 5.10 Direct charges; procedure for billing and collection of expenses. (1) **NOTICE OF FINDING OF NECESSITY FOR INVESTIGATION, AND OF INTENTION TO ASSESS COSTS.** (a) It is the practice of the commission to make an express finding of necessity for an investigation of the "books, accounts, practices and activities," or an appraisal of the property of any public utility, power district, or railroad, and of the intention to assess costs incurred thereby.

(b) Notice of such finding and notice of the existence of the resulting statutory duty to pay "the expenses reasonably attributable" to the contemplated investigation or appraisal are served upon the affected utility, power district, or railroad by the secretary of the commission.

(2) **BILLING.** (a) The statute provides that the commission shall ascertain the expenses reasonably attributable to the specific investigation "and shall send a bill therefor, by mail, to the public utility, power district or sewerage district, either at the conclusion of the investigation, appraisal or services, or during its progress, which bill shall constitute notice of the assessment and demand of payment thereof."

(b) It is the usual practice of the commission to render monthly statements. Itemization is made on the bill to indicate the names of the commission's employes engaged on the work, the hours expended, their hourly rates, and the amount of the charges. In a joint investigation or where the charges in one investigation are to be divided between 2 or more public utilities, power districts, or railroads, such charges shall be assessed, unless otherwise ordered, in proportion to their respective gross operating revenues for the preceding calendar year from the kind of service involved.

(3) **LIMIT TO DIRECT CHARGES.** (a) Provision is made in the statute to limit direct charges pursuant to sections 196.85 and 184.10(2), Wis. Stats.: "The total amount, in any one calendar year, for which any public utility, power district or railroad shall become liable, by reason of costs incurred by the commission within such calendar year including charges under subsection (2) of section 184.10, Wis. Stats., shall not exceed four-fifths of one percent of its gross operating revenues derived from intrastate operations in the last preceding calendar year."

(b) This provision does not apply to charges against municipalities under section 196.855, Wis. Stats.

(4) **BILLS APPLICABLE TO A CALENDAR YEAR.** During any one calendar year, the costs which are considered charges during such year are the accrued costs for which the utility is liable, and not those amounts actually billed during such year. The statute provides, "Nothing herein contained shall prevent the commission from rendering bills in one calendar year for costs incurred within a previous year."

(5) **PERIOD FOR PAYMENT.** The statute provides, "Upon bill so rendered such public utility, power district or railroad shall, within 15 days after the mailing thereof pay to the commission the amount of the special expense for which it is billed."

(6) **COLLECTION PROCEDURE.** Section 196.85(3) to (9), inclusive, Wis. Stats., describes the procedure for the collection of delinquent bills, and the method of making protest if there are objections to the bill as rendered.

History: 1-2-56; am. (2) (a), Register, August, 1978, No. 272, eff. 9-1-78.

PSC 5.11 Remainder assessments, utility. The utility remainder assessment imposes upon the public utilities and power districts the expenses, other than the direct charges, resulting from their regulation by the state.

(1) **EXPENDITURES TO BE INCLUDED.** The statute provides, "The commission shall annually, within 90 days after the close of each fiscal year, ascertain the total of its expenditures during such year which are reasonably attributable to the performance of its duties relating to public utilities and power districts under chapters 184, 196, and 198, and shall deduct therefrom all amounts chargeable to public utilities and power districts under subsection (1) of this section [196.85] and of subsection (2) of section 184.10."

(2) **PRORATION OF ASSESSMENT.** The remainder is "assessed by the commission to the several public utilities and power districts in proportion to their respective gross operating revenues during the last calendar year, derived from intrastate operations."

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(3) **LIMIT TO ASSESSMENT.** The statute provides that "the total amount which may be assessed to the public utilities and power districts, under authority of this subsection, shall not exceed one fifth of one per cent of the total gross operating revenues of such public utilities, and power districts during such calendar year, derived from intrastate operations," having reference to the last calendar year.

PSC 5.12 Remainder assessments, railroad. The railroad remainder assessment imposes upon the railroads the expenses other than direct charges, resulting from their regulation by the state.

(1) **EXPENDITURES TO BE INCLUDED.** The statute provides that the commission shall "ascertain the total of its expenditures . . . which are reasonably attributable to the performance of its duties relating to railroads, as defined in section 195.02, under chapters 184, 190, 191, 192, 193, 195, and 196, and shall deduct therefrom all amounts chargeable to railroads under section 196.85(1) and section 184.10(2)."

(2) **PRORATION OF ASSESSMENT.** The remainder is "assessed by the commission to the several railroads in proportion to their respective gross operating revenues during the last calendar year, derived from intrastate operations." [See also section PSC 5.15.]

(3) **LIMIT TO ASSESSMENT.** The statute provides that "the total amount which may be assessed to the railroads under authority of this subsection, shall not exceed one percent of the total gross operating revenues of such railroads, during such calendar year, derived from intrastate operations," having reference to the last calendar year. (See also section PSC 5.15.)

History: 1-2-56; am. (3), Register, September, 1967, No. 141, eff. 10-1-67.

PSC 5.13 Remainder assessments, billing and collection. The provisions for billing, collection, and protest set forth for the direct charges under sections 196.85 and 184.10(2), Wis. Stats., apply similarly to the remainder assessments.

PSC 5.14 Remainder assessments, accounting records. The accounting system of the commission is designed to cover all of its functions and activities and to account for all receipts and expenditures of the commission and its staff. The accounts of the commission will be open to inspection as provided by statute.

PSC 5.15 Railroads, gross revenue. (1) **EXCEPTIONS.** Each . . . railroad . . . shall file with the commission on or before July 15, 1937, a verified statement of its gross operating revenues, exclusive of those derived from the transportation of mail and express and from dining and buffet service, derived from intrastate operations in the state of Wisconsin for the calendar year 1936, showing the amounts for each operating revenue account as prescribed by the current classification of accounts for steam railway companies of the interstate commerce commission.

(2) Each . . . railroad . . . shall file with the commission on or before April 1, 1938, and each subsequent year until further notice, a corresponding statement for the preceding year.

PSC 5.16 Filed statement, railroads. (1) Each of the railroads . . . [as defined in section 195.02, Wis. Stats.] operating in Wisconsin . . . shall file with the commission on or before September 1, 1949, a verified

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statement of its gross operating revenues derived from intrastate operations in the state of Wisconsin for the calendar year 1948, showing the amounts for each operating revenue account.

(2) Each such railroad shall file with the commission on or before April 1, 1950, and in each subsequent year until further notice, a corresponding sworn statement for the preceding calendar year.