

Date Mailed
September 12, 2001

BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of Superior Water, Light and Power Company for
Approval to Increase Retail Gas and Water Rates and Decrease
Retail Electric Rates

5820-UR-107

FINAL DECISION

This is the final decision in the Class 1 proceeding conducted by the Public Service Commission of Wisconsin (Commission) on the application of the Superior Water, Light and Power Company (SWLP or Applicant) for approval to increase retail gas and water rates and decrease retail electric rates. The application is APPROVED, in part, subject to conditions stated herein.

Introduction

On December 22, 1999, SWLP applied, under Wis. Stat. §§ 196.03(1) and (3), 196.20(1), and 196.37(1), (2), and (3), for authorization to increase retail gas and water rates and decrease retail electric rates.

SWLP is a public utility as defined under Wis. Stat. § 196.01, operating as an electric, gas, and water utility in Wisconsin. Applicant serves principally in the City of Superior. Applicant also provides electric, gas, and water service to the Town of Superior and electric and gas services to the Village of Oliver and the Town of Parkland. Applicant is a wholly-owned subsidiary of Minnesota Power and Light Company.

When SWLP filed its application (which it subsequently modified) it requested rate changes. It asked for an increase of \$320,553 for gas, an increase of \$1,437,801 for water, and a

decrease of \$752,948 for electric rates. The purpose of this proceeding is to address SWLP's filed test year income statements, cost of capital, rate base, revenue requirement, cost-of-service, and rate design needed to authorize final rates for the test year ending June 30, 2001 (test year).

On March 14, April 21, July 31, and October 23, 2000, prehearing conferences were held to determine the issues to be addressed in the docket and establish a schedule for the hearing. At the October 23, 2000, prehearing the Issue List was agreed upon. Since it appeared that no substantial issues were present, Commission staff (staff) did not set a briefing schedule. Part of the reason for the multiple prehearings related to a request by the Applicant for approval for a Gas Construction Certificate of Authority for a project that SWLP undertook with an industrial partner and the time required for the Applicant and the partner to reach agreement on the project. SWLP requested authority to construct, install, and place in service a 10-inch high-pressure gas main to provide a second natural gas feed to the City of Superior, Douglas County, Wisconsin (Docket 5820-CG-104). That application was approved by the Commission order dated October 9, 2000. Also, Applicant requested and received in docket 5820-AW-100 approval for an Affiliated Interest Agreement with American Water Service Corporation.

On January 30, 2001, the Commission held a Class 1 contested case hearing regarding the application at the Public Service Commission Building and by telephone at the SWLP's offices in Superior. Due to inclement weather, Examiner Patzke permitted members of the public to submit comments. SWLP published notice of this opportunity to submit comments in the local newspaper.

Findings of Fact

1. Present electric rates of SWLP are unreasonable because the \$24,853,000 in revenues produced by these rates are excessive.

2. Present gas and water rates of SWLP produce revenues of \$16,831,000 for retail gas sales and \$4,368,000 for retail water sales. These rates are unreasonable because they fail to produce adequate revenues for the test year.
3. For the purpose of this rate proceeding, a reasonable total revenue requirement for the test year is \$46,547,021, as follows:
 - a. Electric revenue requirement \$24,042,281.
 - b. Natural gas revenue requirement \$17,077,274
 - c. Water revenue requirement \$5,427,466.
4. To establish cost of service in the test year it is reasonable to:
 - a. Adopt SWLP's Cost of Service Study (COSS) related to the electric service, as a guide in determining the electric revenue allocation and rate design, adjusted for the approved revenue requirement.
 - b. Adopt all COSS on the record related to the gas service, as adjusted for the approved revenue requirement.
 - c. Adopt staff's COSS related to the water service, as adjusted for the approved revenue requirement.
5. A reasonable utility capital structure for ratemaking purposes for the test year consists of 52.76 percent common equity, 41.99 percent long-term debt, and 5.25 percent short-term debt.
6. Reasonable cost of capital for ratemaking purposes for the test year is as follows:
 - a. Short-term cost of debt of 4.75 percent.
 - b. Long-term embedded cost of debt of 7.22 percent.
 - c. Rate of return on common equity of 12.25 percent.

7. To design SWLP's rate structure for the test year it is reasonable to:
 - a. Adopt the electric rate design in Attachment B.
 - b. Adopt the gas rate design in Attachment C.
 - c. Adopt the water rate design in Attachment D.
 - d. Accept the changes to SWLP's tariff rules that appear on pages 22 through 28 of Exhibit 23.
 - e. Approve an embedded allowance for street lighting of \$8.00.
 - f. Approve an increase in the after-hours reconnection charge of \$68.00.
 - g. Reject SWLP's proposed \$100.00 penalty for re-disconnecting and re-locking a service.
 - h. Require SWLP to submit a gas transportation balancing tariff within sixty (60) days which would make it whole for the incremental gas cost of a transporter returning to system sales.
8. SWLP has complied with all demand-side order points in docket 5820-UR-106.
9. The appropriate amount of funding to be transferred to public benefits was determined in the Commission's January 4, 2001, order in docket 05-BU-100.

Conclusions of Law

1. SWLP is a public utility as defined in Wis. Stat. § 196.01(5)(a) and is operating as an electric, natural gas, and water public utility.
2. The Commission has jurisdiction under Wis. Stats. §§ 196.02, 196.03, 196.06, 196.20, 196.37, and 196.395, to issue this decision, subject to the conditions specified herein.

Opinion

Revenue Requirement

Presently authorized rates for electric utility operations will produce operating revenues of \$24,853,000, which results in an annual revenue excess of \$810,719. Presently authorized rates for gas utility operations will produce operating revenues of \$16,831,000, which results in an annual revenue deficiency of \$246,274. Presently authorized rates for water utility operations will produce operating revenues of \$4,368,000, which results in an annual revenue deficiency of \$1,059,466. Present electric rates of SWLP are unreasonable because the revenues produced by these rates are excessive. Present gas and water rates of SWLP are unreasonable because they produce revenues that are inadequate.

Based on the above determinations, the Commission believes that a decrease of electric utility revenues of \$810,719, an increase in gas utility revenues of \$246,274, and an increase of water utility revenues of \$1,059,466 are necessary to determine reasonable and just rates. These revenue benchmarks are:

	<u>Electric</u>	<u>Gas</u>	<u>Water</u>
Pro Forma Return on Average Net Investment Rate Base at Present Rates	13.10%	9.04%	8.46%
Required Return on Average Net Investment Rate Base	9.60%	10.67%	14.11%
Earnings Deficiency as a Percent of Average Net Investment Rate Base	-3.50%	1.63%	5.65%
Average Net Investment Rate Base (000's)	\$13,861	\$9,045	\$11,235
Earnings Deficiency (000's)	\$ (485)	\$ 147	\$ 634
Revenue Deficiency to Provide for Earnings Deficiency Plus Federal and State Income Taxes (000's)	\$ (811)	\$ 246	\$ 1,059

Estimates of test year electric, gas, and water utility net investment rate base

The Commission believes that the estimated electric, gas, and water average net investment rate bases for the test year, necessary for the purpose of determining the revenue requirements in this proceeding, are as follows:

	<u>Electric</u> (000's)	<u>Gas</u> (000's)	<u>Water</u> (000's)
Plant in Service	\$29,981	\$16,945	\$19,751
Less: Accumulated Depreciation	<u>13,044</u>	<u>7,757</u>	<u>6,094</u>
Net Plant in Service	\$16,937	\$ 9,188	\$13,657
Add:			
Materials and Supplies Inventory	\$ 534	\$ 124	\$ 73
Plant Acquisition Adjustment	90	19	69
Regulatory Assets	95	19	48
Gas in Storage		558	
Deduct:			
Contributions in Aid of Construction	336	96	144
Customer Advances	585	86	850
Accumulated Deferred Taxes	2,267	557	1,309
Regulatory Liabilities	<u>607</u>	<u>124</u>	<u>309</u>
Average Net Investment Rate Base	<u>\$13,861</u>	<u>\$9,045</u>	<u>\$11,235</u>

The estimates reflect adjustments for cancelled and delayed projects; for the inclusion of a new gas supply main; to include gas in storage which was omitted by SWLP; to exclude deferred investment tax credit, which was erroneously included in the net investment rate bases

of the electric, gas, and water utilities by the company; for updated allocations of common plant; and for the use of SWLP's recently authorized certified depreciation rates.

SWLP's executive incentive compensation awards

The Commission found it appropriate to exclude the \$84,200 for executive incentive compensation awards. This compensation program was tied to SWLP's financial performance rather than service quality cost savings benchmarks.

Electric, gas, and water utility depreciation expense and depreciation reserve

The Commission adjusted SWLP's requested electric, gas, and water utility depreciation expense and depreciation reserve to reflect SWLP's recently authorized certified depreciation rates.

Estimates of electric, gas, and water utility revenues and expenses

The Commission adjusted electric, gas, and water operations and maintenance expenses. They are: 1) Amortized the estimated test year, escrowed conservation under spending balance over four years; 2) excluded payroll incentives in excess of the increases foregone by employees at the inception of the program; 3) decreased regulatory expense to reflect the amortization of rate case expense over four years and strategic energy assessment expense over two years; 4) reduced advertising expense to exclude goodwill advertising; 5) adjusted the allocation of joint expenses between the electric, gas, and water utilities to reflect the most recent allocation factors; 6) amortized well and pump cleaning expense over the four year period between cleanings; and 7) adjusted income tax expense to reflect other adjustments, to synchronize the interest expense, and to reflect the correct state income tax rate.

Accordingly, the Commission believes that the estimated electric, gas, and water utility operating income statements at present rates for the test year, necessary to determine the revenue requirements in this proceeding are as follows:

	<u>Electric</u> (000's)	<u>Gas</u> (000's)	<u>Water</u> (000's)
<u>Operating Revenues:</u>			
Sales of Electricity	\$23,822	\$	\$
Sales of Gas		16,734	
Sales of Water			4,319
Other Operating Revenues	<u>1,031</u>	<u>97</u>	<u>49</u>
Total Operating Revenues	\$24,853	\$16,831	\$ 4,368
<u>Operating and Maintenance Expenses:</u>			
Purchased Power	\$17,501		
Other Production	15		
Liquified Petroleum Gas Expense			
Purchased Gas		12,110	
Other Purchased Gas Expense		73	
Source of Supply			128
Pumping			226
Water Treatment			504
Transmission	43		
Distribution	847	897	718
Customer Accounts	374	272	199
Customer Service	389	560	15

	<u>Electric</u> (000's)	<u>Gas</u> (000's)	<u>Water</u> (000's)
<u>Operating and Maintenance Expenses</u> (continued):			
Sales		12	
Administrative and General	<u>1,394</u>	<u>979</u>	<u>538</u>
Total Operating and Maintenance Expense	20,563	14,903	2,328
Depreciation	1,018	597	485
Taxes Other Than Income Taxes	646	227	263
Federal Income Taxes	640	140	117
State Income Taxes	153	33	26
Deferred Income Taxes	50	122	205
Investment Tax Credits	<u>(33)</u>	<u>(9)</u>	<u>(7)</u>
Total Operating Expense	\$23,037	\$16,013	\$3,417
Net Operating Income	\$ 1,816	\$ 818	\$ 951

Capital structure and Cost of Capital

The utility capital structure for ratemaking for the test year consists of 52.76 percent common equity, 41.99 percent long-term debt, and 5.25 percent short-term debt.

After consideration of market conditions in general and the business and financial risks faced by this utility, the Commission determines a 12.25 percent return on utility common equity to be appropriate in this proceeding. In light of recent interest rate projections, the Commission also determines it is appropriate to set a long-term embedded debt cost of 7.22 percent and a short-term debt cost of 4.75 percent in this proceeding.

Accordingly, the utility capital structure, capitalization ratios, annual cost rates and the composite cost of capital rate, found reasonable for purposes of this proceeding, are as follows:

	<u>Amount</u>	<u>Percent</u>	<u>Annual Cost</u>	<u>Weighted Cost</u>
Utility Common Equity	\$20,914,000	52.76	12.25	6.46
Long-Term Debt	16,646,000	41.99	7.22	3.03
Short-Term Debt	<u>2,080,000</u>	<u>5.25</u>	4.75	<u>0.25</u>
Total Utility Capital	\$39,640,000	100.00		9.74

This return will result in times interest coverage of 2.97 after taxes and 4.29 before taxes and a 14.07 percent economic or ratepayer cost of capital with the use of a 35 percent federal and a 7.9 percent state tax rate.

Rate of Return on Rate Base

It is necessary to translate the 9.74 percent composite cost of capital into a rate of return that can be applied to the average net investment rate base and used to compute the overall return requirement in dollars.

SWLP, in its filing, requested a current return on 100 percent of forecasted test year construction work in progress (CWIP) for water construction. SWLP subsequently revised its filing requirement estimates because of its plan to include a new gas supply main and revisions to the water utility construction budget for the test year. Given the nature of SWLP's construction and the forecasted amount of construction activity, it is appropriate to allow a current return on 100 percent of CWIP for the test year. To allow a test year current return on the average CWIP balance, an adjustment must be added to the return on net investment rate base. Accordingly, the Commission believes that the rates of return on the average electric, gas, and water net investment rate bases, which are necessary to determine just and reasonable rates in this proceeding, are as follows:

	<u>Electric</u>	<u>Gas</u>	<u>Water</u>
Cost of Capital	9.74%	9.74%	9.74%
Average Percent of Utility Net Investment Rate Base Plus CWIP and Conservation Investments to Capital Applicable Primarily to Utility Operations Plus Deferred Investment Tax Credit	101.45%	101.45%	101.45%
Percent Return Requirement Applicable to Net Investment Rate Base	9.60%	9.60%	9.60%
Adjustment to Provide a Current Return on CWIP	-	1.07%	4.51%
Adjusted Percent Return Requirement on Net Investment Rate Base	9.60%	10.67%	14.11%

Electric Cost-Of-Service Study (COSS) and Revenue Allocation

In past rate cases, the Commission has chosen a range of COSS as reasonable for ratemaking purposes. The Commission recognizes that any one COSS study does not precisely reflect cost causality, but rather the result of each COSS depends heavily on the accuracy of data used and the many judgments and assumptions of the analyst performing the study. In this case, however, there is just one electric COSS to consider.

The Commission adopts SWLP’s electric COSS for use as a guide in determining the electric revenue allocation and the electric rate design. However, there are also other factors to consider, such as general rate structure and competitive rate issues.

The Commission allocated revenues with adjustments to reflect the final authorized revenue requirement. This electric revenue allocation will result in decreases to all customer classes; however, individual customers may see a small increase. The overall electric revenue decrease from base rates of 3.4 percent will result in the average decreases shown in Appendix B, for each customer class.

Natural Gas (COSS)

The natural gas COSS presented by SWLP and staff support different percent rate increases to the various service classes of each industry. The differences are the result of different cost allocation principles. The analysts have adopted different cost principles for the allocation of costs associated with natural gas plant costs and operation and maintenance expenses. Reasonable people can have different yet credible positions when creating a COSS; these differences establish this “range” of reasonableness.

SWLP and staff both present sound reasons to consider the various cost principles used in allocating natural gas costs. It is appropriate for the Commission to rely on all of the natural gas COSS presented in this docket as a guide to setting rates. This has been the Commission’s policy in the past, and it continues to be the appropriate policy.

Water COSS

There are two water COSS submitted in this case. No COSS is perfect. Each COSS differs slightly in the way it allocates the cost of the different portions of SWLP’s water plant and expenses.

SWLP reallocated the gross plant, depreciation reserve, and depreciation expense related to Account 332, Water Treatment Equipment. The primary nature of these adjustments was to reduce the allocation of Account 332, Water Treatment Equipment, to the Industrial Customer Class and this would result in decreasing the revenue required from the industrial class.

Staff used its standard water COSS as the basis to allocate water revenues to the major rate classes similar to previous rate cases. This standard - - the Base-Extra Capacity Method - - is recognized by the American Water Works Association. The difference between SWLP’s COSS and staff’s COSS is slightly less than an 8 percent reduction to the Industrial Class as

proposed by SWLP's COSS. The Commission finds SWLP's COSS inappropriate because it unreasonably allocates Account 332 amongst rate classes. The staff COSS builds on the staff's revenue requirement. Staff's COSS is more appropriate than SWLP's COSS because it is based on the approved revenue requirement and represents a just and reasonable allocation of costs. It is also the standard water COSS used as the basis to allocate water revenues amongst the major rate classes in previous SWLP rate cases.

Electric Rate Design and Tariff Changes

Electric Rate Design

SWLP and staff submitted electric rate designs in this proceeding. Both rate designs used SWLP's COSS as a guide to develop the rates for each customer class. In order to provide an appropriate price signal to customers, attain rate continuity, and achieve the goals of customer understanding and acceptance of rates, the Commission has considered SWLP's COSS as well as customer bill impacts in the rate design authorized in this order.

The Commission adopts staff's general electric rate design structure with some adjustments to meet the final authorized revenue requirement. The electric rates found in Appendix B are reasonable and appropriately reflect the Commission's decisions in this docket. The customer charges, and energy charges for the "energy only" rate classes (i.e., classes without demand charges) and the demand and energy charges for the "demand/energy" rate classes are adjusted to reflect costs and to recover the revenue responsibility allocated to these classes. Rates for other classes are changed to recover the appropriate revenue. All these changes are made while considering customer bill impacts.

Retail Power Cost Adjustment Clause (PCAC)

The Commission has adjusted the retail PCAC by changing the base energy cost from \$.0311/kWh to \$.0320/kWh. The new base energy cost of \$.0320/kWh is based on the test year estimated cost of power and total kilowatt-hours sold to retail customers. The Commission authorizes the applicant to continue to apply a PCAC to all its retail bills.

Service and Extension Rule Tariffs

SWLP submitted language changes to many of its tariff rules. These are contained in Exhibit 23. Many of these changes update and clarify the existing tariff provisions. The Commission finds it reasonable to approve the general changes to SWLP's service rules that are contained on pages 22 through 28 of Exhibit 23, as they were uncontested. The Commission determines it reasonable for SWLP to work with Commission staff to file authorized tariff rule changes within 30 days of the mailing of this order.

Street Lighting Embedded Allowance

The standard methodology for calculating the embedded allowances should include costs from Accounts 364 through 367. This applies to street lighting as well as the other customer classes. The appropriate level for the street lighting embedded allowance is \$8.00 per lamp.

After-hours Reconnection Charge

SWLP requested an increase in rates to recover its costs associated with after-hours reconnections and assess those costs to the cost-causer. The annual impact of this change is approximately \$1,000.

The charge for after-hours reconnections should not include any costs associated with the dispatcher and clerical staff, since these costs are already recovered in base rates. Changing this charge from the current \$42.00 to \$100.00 as requested will have a significant impact on the

affected customers. The Commission therefore approves instead a charge of \$68.00 for the after-hours reconnection. This charge will have less impact on the customers and is a more appropriate amount overall.

Penalty charge for re-disconnecting and re-locking a service

SWLP requested the Commission approve a \$100 penalty charge to deter customers from reconnecting their service after it has been disconnected to prevent injury to someone tampering with their disconnected electric service. The potential for injuries is real, but the proposed penalty is unlikely to effectively deter such irrational behavior.

The problem of a customer tampering with disconnected services is not unique to SWLP. Other utilities address this type of situation through legal means, because this also involves theft of utility service. The estimated revenue from this new charge is small, and the costs are already included in base rates. The Commission therefore rejects this request.

Specific Service Rule Tariff Language pertaining to diversion of service

SWLP requests that a customer who diverts service should bear the full cost to the utility of dealing with this matter. However, SWLP did not estimate the expenses associated with diversion of service. Accordingly, a specific rate for a customer who diverts service cannot be made part of the tariff. SWLP can take legal action to collect the costs of such activity from the customer. The estimated revenue from this new charge is small, and the costs are already included in base rates. The Commission therefore rejects this request.

Natural Gas Rate Design and Tariff Changes

Gas rate design (GRD)

The gas rates found in Appendix C appropriately reflect the Commission's decisions in this docket. The GRD is uniformly consistent with the range of staff COSS. The GRD also

continues the historical staff practice of relying to a greater extent on the results of the COSS A, a customer-oriented study.

The GRD incorporates all of SWLP's customer charge proposals except one. The GRD gas acquisition charge is slightly higher than the applicants. The GRD also maintains consistency with SWLP's expressed rate design goal of mitigating rate shock by proposing no change to the small commercial rates. Generally, the GRD maintains the existing break-even points between classes although the break-even point for the large commercial class is lowered.

Gas transportation balancing tariff

Gas transportation-only customers make a business decision when they sign up for transportation service so that they can obtain a better price in the marketplace than the system sales weighted average cost of gas (WACOG). If the transporters misestimate the price of gas going forward and the market price is higher than the WACOG, they may wish to return to system sales. If transporters return to system sales, their additional unanticipated volumes can force SWLP to go into the marketplace at a disadvantageous time, thus raising the WACOG for all its customers. SWLP plans to begin taking gas from a different transporter, Great Lakes Pipeline (GLP). Unlike SWLP's current transporter, GLP does not provide balancing service. SWLP will have to provide balancing service on its own. It is appropriate for SWLP to submit a gas transportation balancing tariff within 60 days which would make SWLP whole for the incremental gas costs of a transporting customer returning to system sales.

Water Rate Design

There are two water rate designs submitted in this case. No rate design is perfect. The Commission adopts the water rate design that appears in Appendix D. These rates are appropriate because they build on the authorized revenue requirement and are consistent with

SWLP's expressed concerns about rate impacts, especially for the large industrial class. The approved rate design mitigates the impact to the large industrial class while still moving in the direction of the COSS.

Demand-Side Issues

Natural gas sales promotion expenses

Applicant's natural gas sales promotion expenses are below-the-line and not included in revenue requirement. The Commission finds below-the-line accounting appropriate for natural gas sales promotion expenses.

Compliance with all of the demand-side order points in docket 5820-UR-106

Staff reviewed SWLP's filings for compliance with the demand-side order points in Docket 5820-UR-106. This review did not reveal any concerns. SWLP has complied with these order points.

Past achievement of electric and natural gas energy savings

SWLP offered Exhibit 32 to document its level of electric and natural gas energy savings. Analysis of Exhibit No. 32 shows that although SWLP achieved its total company natural gas and electric goals in 1998 and 1999, it did not meet all of its sector targets in these years. The sector in which the underachievement of electric targets varied by year. Regarding electric goal achievement, underachievement in a sector for a year was generally preceded or followed by a year in which achievement was above target. On the natural gas side, SWLP has consistently not met its residential natural gas targets, achieving between 50 and 60 percent of target in 1998 and 1999.

Although SWLP has not met its residential natural gas targets, SWLP's market preparation efforts over the last two years to develop the wholesale market, SWLP's primary means of providing energy efficiency services to the residential sector, have been commendable.

Conservation goals for the test year

The Commission's January 4, 2001, order in Docket 05-BU-100 establishes the amount and schedule for transfer of monies for public benefits by each utility to the Commission for deposit in the Public Benefits Fund. The order also requires utilities, including SWLP, to work with staff to develop appropriate energy savings goals for public benefits dollars retained during the transition period.

In light of the 05-BU-100 order, it would be difficult for SWLP to maintain energy savings goals for calendar 2001 at the same level as in the past, because some of the dollars to achieve those goals are being transferred to public benefits. It is appropriate for SWLP to continue working with staff, in accordance with the 05-BU-100 order, to establish appropriate electric and natural gas energy savings goals for 2001.

Money transferred to public benefits

The appropriate amount of funding to be transferred to public benefits was determined in Commission's January 4, 2001, order in docket 05-BU-100.

Gas and electric conservation budget levels for the test year

The conservation budget is used to provide energy efficiency services to SWLP customers. The amount approved by the Commission for this budget is incorporated into the revenue requirement to be recovered in rates. SWLP proposed a conservation budget of \$291,838 for electric and \$517,272 for natural gas. This conservation budget will result in approximately the same level of conservation effort as in the past. It is appropriate for the test

year revenue requirement to include natural gas and electric conservation budgets of \$291,838 for electric and \$517,272 for natural gas. The level of expensed conservation costs recoverable in the test year is \$259,538 for electric utility operations and \$467,172 for gas utility operations. This level for electric utility operations consists of the conservation budget of \$291,838, less an escrow adjustment of \$32,300, which represents the amortization of the projected underspending balance at June 30, 2000, over a four year period. This level for gas utility operations consists of the conservation budget of \$517,272 less an escrow adjustment of \$50,100, which represents the amortization of the projected underspending balance at June 30, 2000, over a four year period.

Order

1. SWLP shall substitute for its existing rates and rules for electric, gas, and water services, the rate and rule changes contained in Appendices B, C, and D attached hereto and made a part hereof.
2. SWLP shall submit within 60 days after the effective date of this decision, a transportation balancing tariff design so that SWLP would recover from the cost causer all its incremental costs created by a gas transportation customer who elected to switch to system sales gas service.
3. SWLP shall file authorized electric rule changes within 30 days after the effective date of the decision.
4. SWLP shall continue working with staff to establish appropriate energy savings goals for 2001 in accordance with the Commission's order in docket 05-BU-100.
5. SWLP shall transfer funds related to public benefits in accordance with the Commission's order in docket 05-BU-100.

6. Before the rates authorized in this order become effective, SWLP shall inform the Commission in writing of the date on which SWLP plans to implement its authorized rates and revised tariffs, shall file the rate schedules and such revised tariffs with the Commission, and shall post the authorized rates in its offices and pay stations pursuant to Wis. Stat. §§ 196.19 and 196.21.

7. SWLP shall provide a billing message to notify each customer with an explanation of the authorized rates in accordance with Wis. Admin. Code §§ PSC 134.05(1) and (4), PSC 113.0406(1), and PSC 185.33(1)

8. The effective date of this decision shall be the date of mailing.

9. Jurisdiction is retained.

Dated at Madison, Wisconsin, _____

By the Commission:

Lynda L. Dorr
Secretary to the Commission

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See attached Notice of Appeal Rights

Notice of Appeal Rights

Notice is hereby given that a person aggrieved by the foregoing decision has the right to file a petition for judicial review as provided in Wis. Stat. § 227.53. The petition must be filed within 30 days after the date of mailing of this decision. That date is shown on the first page. If there is no date on the first page, the date of mailing is shown immediately above the signature line. The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

Notice is further given that, if the foregoing decision is an order following a proceeding which is a contested case as defined in Wis. Stat. § 227.01(3), a person aggrieved by the order has the further right to file one petition for rehearing as provided in Wis. Stat. § 227.49. The petition must be filed within 20 days of the date of mailing of this decision.

If this decision is an order after rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not an option.

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.

Revised 9/28/98

APPENDIX A

This proceeding is not a contested case under Wis. Stat. ch. 227, therefore there are no parties to be listed or certified under Wis. Stat. § 227.47. However, an investigation was conducted and the persons listed below participated.

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(Not a party but must be served)
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