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CERTIFICATE

STATE OF WISCONSIN)
)
PUBLIC SERVICE COMMISSION) ss. File 1-AC-128
OF WISCONSIN)

TO ALL WHOM THESE PRESENTS SHALL COME GREETINGS:

I, Jacqueline K. Reynolds, Secretary of the Public Service Commission of Wisconsin, and custodian of the official records of said Commission, do hereby certify that the annexed order adopting rules was duly approved and adopted by this Commission on June 6, 1991.

I further certify that said copy has been compared by me with the original on file in this Commission and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of the Commission at Hill Farms State Transportation Building in the City of Madison, WI July 3, 1991.



Jacqueline K. Reynolds

Secretary to the Commission
PUBLIC SERVICE COMMISSION OF WISCONSIN

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BEFORE THE

PUBLIC SERVICE COMMISSION OF WISCONSIN

Revision of Rules Governing the)
Distribution by Electric Utilities)
of Refunds Received From)
Wholesale Suppliers)

1-AC-128

ORDER OF
THE PUBLIC SERVICE COMMISSION
ADOPTING RULES

To amend ss. PSC 110.02(1), 110.02(2) and 110.02(3) and to repeal 110.08 of the Wis. Adm. Code relating to the distribution by electric utilities of refunds received from wholesale suppliers.

ANALYSIS PREPARED BY THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

In the 1970s and early 1980s, electric utilities were receiving substantial refunds from their wholesale suppliers. In 1983, Chapter PSC 110, Wis. Adm. Code, was adopted requiring the electric distribution utilities to distribute such refunds on the basis of actual kilowatt hours used by each customer during the period for which the refund was made. A recent survey by the Commission indicated that approximately 50 percent of the electric distribution utilities were in compliance with the rule. Currently there are still 23 utilities that cannot refund on an actual usage basis.

During the past four years, refunds have been small and utilities have been allowed to distribute them via the PCAC (purchased cost adjustment clause). The authority for approving those distributions was taken from a liberal interpretation of s. PSC 110.08(2). That section states that "A retail electric utility may request a waiver from the requirements of this chapter for a specific refund on the basis that the cost of compliance would exceed the benefit to customers." As long as refunds are small this is a practical alternative. At the same time, the Commission believes that PSC Chapter 110 should be clarified by clearly stating that the refund be passed to customers by means of the PCAC if costs substantially diminish any benefit. In addition, these proposed rules contain certain limitations on the requirements of PSC 110. One suggestion is

that a two-year minimum be placed on the amount of sales history to be retained for the purpose of meeting the requirement of distributing the refund based upon actual use.

The amended rules set forth below were the subject of a rulemaking hearing held February 12, 1990.

RULES AND STATUTORY AUTHORITY

Pursuant to authority vested in the Public Service Commission by ss. 196.02(1) and 227.11(2)(a), Stats., and interpreting those provisions, the Public Service Commission amends ss. PSC 110.02 and 110.08, as follows:

SECTION 1. PSC 110.02(1), 110.02(2) and 110.02(3) are amended to read:

110.02(1) Except as provided in sub. (2), the ~~The~~ retail electric utility shall distribute the refund on the basis of actual kilowatt-hours used by each customer during the period for which the refund is made.

110.02(2) ~~There will be a transition period of one year beginning October 1, 1983. During that year the utility shall establish a system which will make it practical to distribute the refund on an actual kilowatt-hour used basis. If the utility can show that the cost of making the refund on the basis of actual usage will substantially diminish the benefit, it may, after Commission authorization, distribute the refund through an adjustment to the power cost adjustment clause. during the transition period. After September 30, 1984, sub. (1) shall apply to all retail electric utilities: The utility shall be required to keep a file for a minimum of two years of sales history for the purpose of making a refund based on actual usage.~~

Note: The two-year record-keeping requirement of this section does not affect any other record-keeping requirements of other sections or chapters of the code.

110.02(3) If the utility has the billing capability, it shall show as a separate item on the customer's bill the refund dollar amount or, ~~during the transition period,~~ the change in the purchased power adjustment clause level due to the refund. If the utility does not have the billing capability, it shall inform customers of the refund through bill inserts or a newspaper announcement.

SECTION 2. PSC 110.08 is repealed.

FISCAL ESTIMATE AND INITIAL
REGULATORY FLEXIBILITY ANALYSIS

There will be no fiscal impact of these rules on state or local units of government, or on small businesses.

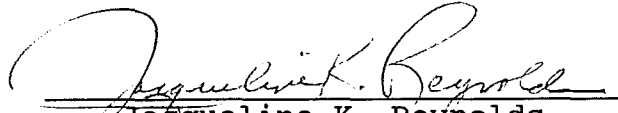
EFFECTIVE DATE

These rules will take effect on the first day of the month following publication in the Wisconsin Administrative Register, as provided in s. 227.22(2) Intro, Stats.

This is a Type 3 action pursuant to s. PSC 2.90(3), Wis. Adm. Code. In addition, no unusual circumstances have come to the attention of the Commission which would warrant further environmental review. It consequently requires neither an environmental impact statement under s. 1.11, Stats., nor an environmental assessment.

Dated at Madison, Wisconsin, June 6, 1991

By the Commission.


Jacqueline K. Reynolds
Secretary to the Commission

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