

Chapter PSC 116

COST OF FUEL

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PSC 116.01 Purpose. The purpose of this chapter is to implement s. 196.20 (4) (d), Stats., by setting forth a method for consideration of fuel costs in setting rates.

History: Cr. Register, October, 1984, No. 346, eff. 11-1-84.

PSC 116.02 Applicability. This chapter applies to all electric public utilities as defined in s. 196.20 (4) (a) 2, Stats.

Note: These are Lake Superior District Power Co., Madison Gas and Electric Co., Northern States Power Co., Wisconsin Electric Power Co., Wisconsin Power and Light Co., and Wisconsin Public Service Corp.

History: Cr. Register, October, 1984, No. 346, eff. 11-1-84; correction made under s. 13.93 (2m) (b) 7, Stats., Register, September, 1989, No. 405.

PSC 116.03 Definitions. In this chapter:

(1) An "emergency" increase in the cost of fuel means an increase which is extraordinary and which is caused suddenly by forces beyond the utility's control or reasonable foresight.

(2) "Excess revenues" means revenues which provide the utility with a greater return on common equity than was authorized by the commission in the utility's last rate case.

(3) An "extraordinary" increase in the cost of fuel means an increase which exceeds the range set around the utility's monthly estimates approved by the commission which will significantly alter the cost of fuel from the base cost authorized in the utility's latest rate case.

(4) "Fuel" means coal, gas, nuclear fuel, oil, any other type of material used to generate electricity, and electricity purchased or sold wholesale.

History: Cr. Register, October, 1984, No. 346, eff. 11-1-84.

PSC 116.04 Fuel costs. (1) The fuel costs of an electric public utility shall be considered like any other utility expense in a rate proceeding, subject to the following:

(a) In each rate proceeding the commission shall consider the costs of fuel in setting base rates and shall set ranges within which monthly fuel costs may vary from monthly estimates either on a monthly or a cumulative basis or both, and within which annual fuel costs may vary from annual estimates in terms of cost per kilowatt hour without being considered emergency or extraordinary.

(b) The monthly and annual fuel cost ranges for each utility shall be based on the following factors and any other factors deemed relevant:

1. The extent to which fuel costs are controllable by the utility.

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2. The ratio of fuel costs to total utility costs, and the probable effect of changes in fuel costs on authorized earnings.

3. The types, quantities and delivered costs of fuel expected to be used by the utility.

4. The number, type, efficiency and amount of use of the utility's generating units.

5. The possibility of sales or purchases of excess fuel or economy energy to or from other utilities or cooperatives.

History: Cr. Register, October, 1984, No. 346, eff. 11-1-84.

PSC 116.05 Monthly reports. The commission may order an electric public utility to file monthly reports under this chapter concerning its costs and usage of fuel.

History: Cr. Register, October, 1984, No. 346, eff. 11-1-84.

PSC 116.06 Emergency and extraordinary increases. (1) If a utility's monthly fuel costs exceed the ranges set in its rate proceeding, and the annual fuel costs will be affected so as to exceed the annual range, the utility may seek an emergency or extraordinary rate increase in a proceeding limited in scope to the question of the increase in fuel costs.

(2) After a hearing confined solely to fuel costs, an emergency or extraordinary rate increase based on an increase in an electric utility's monthly costs of fuel may be granted only if the commission finds that the fuel cost increase will affect the utility's average yearly fuel costs so as to fall outside the established annual range.

(3) If an increase in rates is based on a hearing confined solely to fuel costs, the commission shall condition the increase on a refund of any excess revenues collected by the utility.

History: Cr. Register, October, 1984, No. 346, eff. 11-1-84.

PSC 116.07 Decreases. (1) If a utility's monthly fuel costs fall below the monthly ranges set in its rate proceeding, any interested person may seek a rate decrease in a proceeding limited in scope to the question of the decrease in fuel costs.

(2) A rate decrease based upon a decrease in an electric utility's monthly cost of fuel shall be granted only if the commission finds that the fuel cost decrease will affect the utility's average yearly fuel costs so as to fall outside the established annual range.

History: Cr. Register, October, 1984, No. 346, eff. 11-1-84.

PSC 116.08 Initiation of hearings. (1) The commission may order an emergency or extraordinary rate increase proceeding on its own motion or that of another interested person or may expand the scope of any rate proceeding held under this section to consider other issues in addition to fuel.

(2) The commission may order a rate decrease proceeding on its own motion.

History: Cr. Register, October, 1984, No. 346, eff. 11-1-84.