

SERVICE DATE
Sep 25, 2018

PSC REF#: 350654

CONSENT

18-1068

Public Service Commission of Wisconsin
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PUBLIC SERVICE COMMISSION OF WISCONSIN

Investigation of American Transmission Company LLC Refund from
Federal Energy Regulatory Commission Docket FA16-1

5-EF-102

ORDER

This is the Order in the Commission's investigation into the disbursement of current refunds ordered by the Federal Energy Regulatory Commission (FERC) in Docket FA16-1 by Wisconsin's electric public utilities. The current refunds are the result of FERC's action in Docket FA16-1, ordering American Transmission Company LLC (ATC) to refund monies associated with accounting violations found in the course of FERC's audit. The audit covered the time period 2004 through 2016.¹

Background

On August 8, 2018 the Commission issued a Notice of Investigation and Request for Comments into the disbursement of current refunds ordered by FERC. (PSC REF#: 348347.) The Commission received comments from the Citizen's Utility Board of Wisconsin (CUB), Industrial Customers Group, Great Lakes Utilities, and Municipal Wholesale Power Group (MWPG). (PSC REF#: 348863, PSC REF#: 348861, PSC REF#: 348854, PSC REF#: 348862.) Administrative Law Judge Michael E. Newmark issued an order granting intervention to the commenting parties, plus ATC, Wisconsin Industrial Energy Group, and WPPI Energy. (PSC REF#: 349424.)

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¹ Audit Report in FERC docket FA16-1 located at
https://elibrary.ferc.gov/idmws/file_list.asp?document_id=14643169.

Opinion

On November 24, 2015, the Division of Audits and Accounting at FERC issued notice to ATC that it would conduct an audit of ATC. The audit was completed in 2018, and a letter with the audit findings was issued on February 14, 2018. The audit findings included FERC direction to ATC to refund certain amounts related to accounting violations found during the audit. ATC notified FERC on June 29, 2018, that it had complied with the audit findings and issued the required refunds.²

Wisconsin Admin. Code ch. PSC 110 governs how wholesale electric refunds are to be disbursed to the retail customers of Wisconsin's electric public utilities. In general, Wis. Admin. Code § PSC 110.02 requires that:

[a] retail electric utility which has received a refund from its wholesale supplier as a result of a reduction in rates set by a federal regulatory authority shall distribute the refund to its retail customers, including former customers, if they can be located, in the following manner:

(1) on the basis of actual kilowatt-hours used by each customer during the period for which the refund is made.

However, Wis. Admin. Code § PSC 110.02(2) allows that "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 (PCAC)." Pursuant to Wis. Stat. § 15.02(4), the Commission has delegated the authority to issue all uncontested electric rate orders, which includes the Commission authorization needed to use the PCAC as discussed in Wis. Admin. Code

² Audit Refund Report in FERC docket FA16-1 located at https://elibrary.ferc.gov/idmws/file_list.asp?document_id=14683703.

Docket 5-EF-102

§ PSC 110.02(2), for municipal and non-major electric utilities in the ATC footprint to the Administrator of the Division of Energy Regulation.

The response letter from ATC to FERC contains an appendix with the amount refunded to each ATC customer as directed by FERC. The total amount refunded by ATC was \$35,169,816, with \$33,515,825 going to Wisconsin electric utilities. The majority of refunds in Wisconsin went to the major investor-owned utilities (IOU) in the ATC footprint. CUB filed comments requesting that the Commission direct utilities to issue a one-time bill credit to retail customers on an energy usage basis. MWPG's comments asserted that it would be administratively burdensome to issue the refunds on the basis of actual customer usage and requested the Commission grant authorization for each Wisconsin retail utility to issue refunds via the PCAC.

For the four major IOUs in the ATC footprint, the Commission has authorized escrow accounting for transmission expenditures.³ Thus, any refunds and true-ups received by the major IOUs should be escrowed, and the Commission will evaluate the disbursement of these refunds in future rate cases. The remaining utilities in the ATC footprint use a PCAC to reflect wholesale purchased power costs. Any refunds related to this FERC docket that a utility receives from its wholesale supplier will be reflected as either a lump sum credit or adjustment to the wholesale rates, depending on the supplier.

³ Madison Gas and Electric Company has a transmission escrow authorized by the Commission in docket 3270-UR-121. (PSC REF#: 295447.) Wisconsin Electric Power Company has a transmission escrow authorized by the Commission in docket 5-UR-107. (PSC REF#: 226564.) Wisconsin Power and Light Company has a transmission escrow authorized by the Commission in docket 6680-UR-120. (PSC REF#: 295820.) Wisconsin Public Service Corporation has a transmission escrow authorized by the Commission in docket 6690-UR-124. (PSC REF#: 279522.)

The Commission agrees that distributing the refunds from FERC Docket FA16-1 on the basis of actual usage would substantially diminish the benefit to customers. Transmission-related expenses are included along with other purchased power costs in the bills from wholesale providers. As a result, it would be difficult for a utility to go back in time to identify specific components of the wholesale charges that were collected from each customer using the PCAC. Furthermore, given that the refund covers service going back to 2004, it may be impractical to identify all former customers that may be entitled to a refund.

The Commission finds it reasonable to authorize all municipal electric utilities and non-major IOUs to disburse any refunds and true-ups received from their wholesale supplier associated with FERC Docket FA16-1 via the PCAC. Each utility may disburse these refunds in monthly installments through the PCAC, but the entire refund amount received must be returned to customers within 12 months of receiving payment. Where practical, the utility shall identify the disbursement as a line 1b Commission Authorized Adjustment on the PCAC filing form. In addition, as required by Wis. Admin. Code §§ PSC 110.02(3) and 110.04, each utility shall identify the refund credit amount, or the change in purchased power adjustment clause, on each customer's bill, and each utility shall notify the Commission of the date(s) of distribution.

Order

1. All municipal and non-major electric utilities may disburse refunds received from their wholesale supplier related to FERC Docket FA16-1 via the monthly PCAC, subject to the conditions described in this Order.

2. This Order takes effect one day after the date of service.

Docket 5-EF-102

3. Jurisdiction is retained.

Dated at Madison, Wisconsin, September 25, 2018

For the Commission:

A handwritten signature in black ink that reads "Martin R. Day". The signature is written in a cursive style with a large, stylized 'M' and 'D'.

Martin R. Day
Administrator
Division of Energy Regulation

MRD:jr:RSS:jlt:DL: 01650017

See attached Notice of Rights

⁴ See *Currier v. Wisconsin Dep't of Revenue*, 2006 WI App 12, 288 Wis. 2d 693, 709 N.W.2d 520.

APPENDIX A

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Docket 5-EF-102

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