

Citizens Utility Board: MGE rate settlement delivers big win, savings for customers in 2019

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Electric bills for customers of Madison Gas and Electric Co. are poised to fall under a far-reaching settlement negotiated by MG&E, the Citizens Utility Board and other energy stakeholders.

Under the agreement, which MG&E is filing with the state Public Service Commission, MG&E's electricity costs are poised to drop by about 2%, or more than \$7 million, in 2019 and remain at that lower level in 2020.

"Bringing costs down is critical for customers in Wisconsin, where power rates consistently rank in the top 15 in the country," said Tom Content, executive director of the Citizens Utility Board of Wisconsin. "Entering into settlement discussions, we challenged MG&E to think beyond just holding rates flat - asking the utility to look for opportunities to reverse the trend of seemingly ever-increasing utility rates in Wisconsin. We view this settlement as a down payment toward sustained savings for customers."

MG&E has delivered a quality first step in that direction. There's a lot for customers to like about this deal: Not only will MGE customers see lower rates, they will also see no move to increase the fixed charge on customers' monthly bills over the next

two years. Stopping the trend of increasing customer charges has been a priority for CUB and CUB members,” Content said.

The settlement is the second to be filed by a utility with the PSC this year under the settlements legislation that the Legislature adopted early this year. CUB and Wisconsin Power & Light Co. (Alliant Energy) reached an agreement in May that keeps WP&L’s overall rates and the fixed customer charge unchanged for the next two years.

“Customer charges send the wrong signals to customers interested in saving on their bills by becoming more efficient,” said Content. “We’re glad that we’ve made progress with both MGE and Alliant Energy’s WPL utility on this issue. It’s clearly a win for customers.”

Under the settlement, MGE will also accelerate the depreciation of certain, older, fossil fuel power plants.

“We’re happy that the settlement negotiation process provided an opportunity to explore new ways of managing MG&E’s costs, and ultimately the rates the utility’s customers pay. We hope that getting some of these older, less efficient, power plants off the utility’s books a few years sooner than expected will provide opportunities to continue to lower MG&E’s rates, or allow for investment in lower cost, cleaner power,” said Content. “MG&E has taken a step in the right direction by lowering rates for the next two years, and we hope that trend continues.”

As part of the settlement with MG&E, the utility and CUB will continue to work together to design innovative rate options and alternatives that aim to replace high fixed charges with different and better options for customers in and near Madison. MG&E has also pledged to continue to explore new product offerings that expand customer service options and allow customers greater opportunities to reduce usage during times of high electricity costs.

More information about those alternatives is expected to be available later this year, once the details of the new pilot rate options have been ironed out. The proposed settlement and new rate options must still be approved by the PSC. The PSC will review the settlement proposal in the coming months, after allowing stakeholders that did not sign on to the agreement to weigh in on whether they support or object to it.

Savings linked to corporate tax reform enacted last year by Congress helped make this year's settlements possible. What also helped make the settlements work was the willingness by MG&E and WPL to work with CUB early on and in a process that allowed for plenty of give and take, Content said.

"The settlements that CUB has signed on to this year with Alliant and MG&E were only possible because these utilities were willing to negotiate openly and honestly and then provide all parties whatever information was needed to be assured that a good deal had been struck," Content said. "Whether you judge them by the end product or the process, these deals are clearly a win."