

MG&E Settlement Nets Wins for Residential, Small Business Customers

\$2 Million in Savings, 21% Drop in Controversial Fixed Charge

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MADISON – The Citizens Utility Board announced significant wins for Madison Gas & Electric’s residential and small business customers in a rate settlement filed with the Public Service Commission.

Among the wins:

- ✓ **\$2 MILLION PER YEAR IN SAVINGS:** The size of the overall increase customers would face is \$2 million per year below what MGE first proposed. CUB negotiated to have \$900,000 in adjustments by Public Service Commission auditors accepted by the utility and then achieved an extra \$1.1 million in savings over and above those adjustments.
- ✓ **LOWER MONTHLY FIXED FEES:** In a significant win, MGE’s residential electric facilities charge or fixed customer charge, will drop by \$4 a month, or 21%, by 2023. MGE was at the center of a heated controversy seven years ago when they sought to shift most of their revenues to the fixed charge rather than the energy charge.

MGE customers were frustrated by the massive fixed charge increases sought in 2014. CUB members and others wanted us to keep pushing against higher fixed charges. MG&E’s fixed charge for electricity customers, currently the second highest in the state, will drop from \$19 today to \$17 in January and \$15 in 2023, if the PSC approves the settlement.

“The reduction we negotiated will greatly improve the way rates are structured and will allow customers to control their electricity use to help them save energy and money,” said Tom Content, executive director of CUB.

“CUB’s been holding the line since 2017, keeping fixed charges from surging higher, but with this settlement we were able to get real savings for all customers plus a meaningful 21% drop in the customer charge,” he said.

CUB also reached a settlement this year with Xcel Energy’s Eau Claire utility that will reduce fixed charges for Xcel customers by 12% over the next two years. Xcel Energy’s electric fixed charge would drop from \$17 a month today to \$15 a month in January 2023. By 2023, MG&E, along with Xcel and Alliant Energy, will have the lowest big-utility fixed charges in the state.

CUB's negotiations led to other innovative concepts that MGE is proposing for residential and small businesses hard hit by the economic impact of the ongoing COVID-19 pandemic. These include:

- ✓ A pilot program for low-income customers that will provide free thermostats to a group of low-income customers and enroll them in MG&E's "Bring Your Own Device" demand response program that helps achieve savings for the utility and customers alike.
- ✓ An expansion of the Bring Your Own Device program to enable thousands more Madison area homeowners and renters to save energy and money when asked to reduce usage by the utility on hot summer days.
- ✓ A small business economic recovery program, targeted for Madison small businesses, providing those looking to open or re-open a business with an approximately 22% discount on electricity bills for one year.

"From CUB's perspective, utility rates overall are too high, small customers are paying more than their share of utility costs, small businesses need a hand recovering from COVID, and low-income customers should have access to energy efficiency measures like smart thermostats," said Tom Content, CUB executive director. "That is why CUB believes that the settlement negotiated with MGE, in cooperation with the other settling parties, is a good deal for residential and small business customers."

An increase in overall rates in 2022 was unavoidable largely because bill credits linked to corporate tax rate reductions are set to expire at the end of 2021. But CUB also worked for a "fair splitting of the pie," to ensure small businesses and residential customers weren't unreasonably paying costs that should be borne by large customers.

CUB always has to weigh whether litigating a rate case will be more effective than negotiating across the table from a utility.

"CUB knows that you can present the best arguments and best evidence in litigation, but at the end of the day it's a roll of the dice," said Corey Singletary, CUB's director of regulatory affairs. "The settlement agreement give certainty to utility customers. "There are big wins for residential and small business customers that will bring real dollars and cents benefits over the next two years. This better positions CUB and Wisconsin's residential and small business customers as we fight for safe, reliable, and affordable rates in the years to come."

CUB is the sole customer advocate for all residential and small business customers of Wisconsin's electric, natural gas and water utilities. CUB advocates for affordable, reliable, and safe utility service and fair policies for customers.

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The Citizens Utility Board is a member-supported, nonprofit organization that advocates for efficient and reliable utility service at the lowest rates possible consistent with sound business principles. CUB represents the interests of Wisconsin's residential, farm, and small business customers of electric and natural gas utilities before the Legislature, state and federal regulatory agencies, and the courts.