

## Primary Reasons For The Natural Gas Increase Request

The needs for the natural gas increase request primarily include reduced natural gas sales, recovery of 2009 gas decoupling revenues, and the increased funding of energy efficiency programs through Wisconsin's Focus on Energy, as described in the electric section of this brochure.

## Understanding The Rate Increase Request

We know that it doesn't seem to intuitively make sense to raise rates to offset lower customer use. However, we need to understand that the regulated utility business is unlike any other business. WPS has very high fixed costs — including maintaining and repairing over 22,000 miles of electric lines; 10,000 miles of natural gas pipes; substations, plants, etc. — to ensure the safe and reliable energy that customers absolutely depend upon. We simply can't cut back on the activities that make sure the lights come on when the switch is turned and furnace operates when the thermostat calls for heat. We must always be prepared to meet our customers' demand so brownouts and blackouts do not occur. Other businesses do not have this obligation, so they can cut back on fixed costs if demand for their product falls. WPS cannot.

It's important to understand that reducing your individual energy use still makes sense for a lot of reasons, such as helping the environment, reducing the need to build expensive infrastructure in the future, and reducing your energy bill — by using less, customers can offset the rate increase, positively impacting their individual energy bills.

## Lower Operating Costs Help To Hold Down Increase

We know rate increases in a tough economy are difficult for our customers. You can be certain that we are doing what we can to keep costs as low as possible. In fact, WPS was able to reduce the rate increase request due to the following cost-saving measures:

- **Workforce Reductions:** The rate increase reflects a 2010 workforce reduction of 158 WPS employees and 62 Integrys

Business Support (IBS) employees, which helps to reduce customer rates. IBS provides services to WPS

- **Decreased Depreciation Expense:** Based on a recently completed study, WPS has determined that its facilities and equipment are lasting longer than previously anticipated. Therefore, WPS is able to spread the costs of these items over longer periods of time, which tends to reduce customer rates.

## What You Can Do To Manage Costs

Just as we are committed to managing our costs, we are also committed to helping our customers manage their energy use and costs. When you visit the **My Account** and **Saving Energy** sections at [wisconsinpublicservice.com](http://wisconsinpublicservice.com), you'll find a wealth of tools and information to help you learn about your energy use and how to better manage it. You can also visit [focusonenergy.com](http://focusonenergy.com) for information on energy-saving programs and rebates offered through Focus on Energy.

## For More Information

If you have any questions about the proposed rate changes, please contact WPS. Residential customers can call 24-Hour Customer Service at **800-450-7260**. Business and farm customers can call our Business Solutions Center at **877-444-0888**. For more information about WPS, visit our website at [wisconsinpublicservice.com](http://wisconsinpublicservice.com).

Please note that the Commission oversees the rates we charge to our customers and must approve any rate increase. As part of the approval process, the Commission may hold hearings to determine if this request is reasonable and advisable. The public would be welcome to attend and participate in these hearings.

The dates of the hearings in this case will be established by the Commission. Customers can contact the Commission at **800-358-9246** or at [psc.wi.gov](http://psc.wi.gov) to learn when the hearings are scheduled to occur.

WPSWRI0610

# IMPORTANT

## Information About Your Rates



WPS Requests New Electric And  
Natural Gas Rates for 2011



On April 1, 2010, Wisconsin Public Service applied to the Public Service Commission of Wisconsin (the Commission) to increase retail electric rates by about 6.9% and natural gas rates by 1.2% in 2011.

If approved, we estimate that an average residential electric customer using 595 kilowatt-hours of electricity each month would see an increase of about \$5.08 per month. An average natural gas customer using 756 therms of natural gas annually would see an increase of approximately \$0.92 per month.

The Commission oversees the rates we charge and must approve any rate increases. The actual increases may change as we work with the Commission and conditions change.

Please refer to the electric and natural gas cost comparison charts inside to see more specifically how the proposed changes may affect your bill.

### Primary Reasons For The Electric Increase Request

- **Reduced Sales:** Due to the struggling economy and increased energy efficiency efforts by customers, residential electric use in 2011 is expected to be down approximately 10% since 2007.
- **Decoupling and Focus on Energy:** Under a pilot decoupling program beginning in 2009, WPS is allowed to recover, within limits, lost revenues from reduced sales, which are primarily associated with customer conservation measures and the weather. In return for decoupling, WPS increased its support of energy conservation efforts. The company now seeks to recover its revenue shortfall from 2009 and the increased funding for energy efficiency programs that are administered through Focus on Energy.

## WPS's Proposed 2011 Electric Rates — Compared with Typical 2010 Bills

Customer Class			Monthly Kilowatt Hours (kWh)	2010 Monthly Bill	Proposed 2011 Monthly Bill	Monthly Difference		Annual Dollar Impact
						Dollars	Percent	
Residential	Rg-1	Urban	595	\$77.00	\$82.08	\$5.08	6.6%	\$61
Residential	Rg-2	Rural	595	\$78.71	\$83.38	\$4.67	5.9%	\$56
Residential	Rg-3	Optional Time of Use	1,100	\$93.03	\$100.58	\$7.55	8.1%	\$91
Commercial	CG-1	<12,500 kWh	1,900	\$232.50	\$251.14	\$18.64	8.0%	\$224
Commercial	CG-5	>12,500 kWh	15,000	\$1,556.25	\$1,634.04	\$77.79	5.0%	\$933
Commercial	CG-3	Optional Time of Use	1,984	\$213.29	\$232.93	\$19.64	9.2%	\$236
Commercial	CG-2	<12,500 kWh	1,400	\$174.85	\$188.21	\$13.36	7.6%	\$160
Commercial	Cg-4	Optional Time of Use	2,182	\$234.30	\$255.91	\$21.61	9.2%	\$259
Commercial	Cg-20	> 100 kW	81,400	\$5,544	\$6,065	\$521	9.4%	\$6,248
Industrial	CP	> 1,000 kW	2,000,000	\$113,280	\$117,526	\$4,247	3.7%	\$50,961

## WPS's Proposed 2011 Natural Gas Rates — Compared with Typical 2010 Bills

WPS Customer Class	Annual Therms	2010 Annual Bill	Proposed 2011 Annual Bill	Annual Difference	
				Dollars	Percent
Rg-3	756	\$891	\$902	\$11	1.2%
Cg-FST	756	\$891	\$902	\$11	1.2%
Cg-FS	5,500	\$5,353	\$5,396	\$43	0.8%
Cg-FM	41,000	\$36,408	\$36,611	\$203	0.6%
Cg-FL	388,400	\$318,780	\$319,405	\$625	0.2%
Cg-IM	81,500	\$59,275	\$59,293	\$18	0.0%
Cg-IL	804,800	\$549,939	\$551,512	\$1,573	0.3%
Cg-ISL	3,500,000	\$2,336,461	\$2,344,109	\$7,648	0.3%
Cg-IEGL	1,128,800	\$891,504	\$892,721	\$1,217	0.1%
Cg-SOS-M	229,400	\$162,957	\$163,110	\$153	0.1%
Cg-TSA	15,700	\$2,915	\$2,946	\$31	1.1%
Cg-TS	20,000	\$3,828	\$3,836	\$8	0.2%
Cg-TMA	49,100	\$5,954	\$5,978	\$24	0.4%
Cg-TM	109,400	\$11,060	\$11,100	\$40	0.4%
Cg-TLA	347,400	\$23,741	\$24,417	\$676	2.8%
Cg-TL	644,900	\$38,947	\$40,183	\$1,236	3.2%
Cg-TSL	5,124,600	\$218,762	\$227,791	\$9,029	4.1%
CDGT	3,500,000	\$168,474	\$181,417	\$12,943	7.7%