



To Our Customers:

Madison Gas and Electric Co. (MGE) filed an application with the Public Service Commission of Wisconsin (PSCW) on April 29, 2009, requesting approval of an increase in electric and natural gas rates for 2010. The requested rate increases are primarily the result of infrastructure improvements undertaken to maintain reliability, comply with environmental regulations and satisfy future demand.

MGE works hard to control costs and operate efficiently. The company was able to minimize its proposed increases by:

- Reducing the fuel cost estimate.
- Freezing officers' salaries for 2009 and providing no allowance for an increase in 2010.
- Reducing the workforce at the Blount Generating Station.
- Spreading the recovery of Elm Road Generation Station carrying costs over six years rather than two.
- Spreading the recovery of 2009 pension expenses over four years.

MGE pledges to continue working to control future costs while providing safe and reliable electric and natural gas service in our area.

The application requested an overall increase of 4.53% in electric rates. The proposed increases in electric rates for the various customer classes are: residential, 4.00%;

*(Continued on reverse.)*

small commercial and industrial, 3.62%; and large commercial and industrial, 5.79%. A typical residential electric customer using 600 kWh per month would see an increase of \$3.44 per month under MGE's proposal.

The application requested an overall increase of 2.23% in natural gas rates. The proposed increases in natural gas rates for the various customer classes are: residential, 3.96%; commercial and industrial, 0.49%; and seasonal off-peak, 0.09%. A typical residential natural gas customer using 720 therms per year would see an average monthly increase of \$2.62 under MGE's proposal.

The proposed rates affect customers differently depending on how and when they use electricity and natural gas. The PSCW reviews and audits MGE's request before setting new rates. The changes approved by the PSCW may vary from those proposed by MGE.

The PSCW has scheduled a hearing on the proposals for Thursday, Oct. 22, 2009, at 9:30 a.m. Public comments may be made at the hearing.

The hearing will be held at:

Amnicon Falls Hearing Room  
Public Service Commission Building  
610 N. Whitney Way, Madison, Wisconsin

If you have questions about the proposals or hearing, please call:

- MGE at 608-252-7222 or 1-800-245-1125
- PSCW at 1-800-358-9246, or on the website: [www.psc.wi.gov](http://www.psc.wi.gov) and select Public Comments