



To Our Customers:

In June 2020, Madison Gas and Electric (MGE) filed a notice with the Public Service Commission of Wisconsin (PSCW) informing the PSCW of its intent to negotiate and enter into a settlement agreement with parties for 2021 electric and natural gas rates. MGE anticipates filing the settlement agreement in August 2020.

Electric: MGE anticipates that the request in the settlement agreement will not increase the Company's revenue requirement and not result in a material increase or decrease for customers. MGE's electric costs for 2021 include costs associated with two new solar projects: Badger Hollow I and Two Creeks.

Natural gas: MGE anticipates that the request in the settlement agreement will increase overall natural gas rates by about 4.1% in 2021. Among other items, the requested increase covers infrastructure costs and technology improvements to maintain a safe, dependable system. The typical MGE residential gas customer using 720 therms per year would see an annual increase of about \$27, or \$2.26 per month if broken down monthly.

(continued)

Settlement process: Section 196.026 of the Wisconsin Statutes allows MGE to work with intervening parties to file a settlement agreement to resolve a rate case. In this instance, MGE anticipates that the settlement agreement between MGE and intervening parties will seek to resolve all issues in MGE's rate case.

The PSCW will review the proposed settlement agreement. The PSCW also will solicit public comments on the settlement agreement at a time and in a format to be determined, including scheduling a hearing on the proposed increase in natural gas rates at a later date and scheduling a hearing on MGE's proposed 2021 fuel cost plan (which MGE expects to be part of the settlement agreement) at a later date.

If you have questions about MGE's rate case or the PSCW docket (3270-UR-123), please call:

- MGE at 608-252-7222 or 1-800-245-1125.
- PSCW at 608-266-5481, or visit the PSCW's website at www.psc.wi.gov.