



To Our Customers:

In May 2021, Madison Gas and Electric (MGE) filed an application with the Public Service Commission of Wisconsin (PSCW) to increase electric and natural gas rates in 2022 and 2023.

Electric: MGE is proposing a 5.9% electric rate increase in 2022 but seeking to credit 2020 fuel costs in 2022, reducing the overall increase to 5.1%. (Customers receive a fuel credit when actual fuel costs are lower than originally forecasted for a given year.) Construction costs associated with the Badger Hollow Solar Farm, technology improvements and the end of a one-time deferred tax credit to customers as a result of the 2017 Tax Cuts and Jobs Act are factors in the request for an increase. The typical MGE residential electric customer using 500 kilowatt-hours a month would see a bill increase of about \$4.91 a month.

Natural gas: MGE is proposing a 3% increase in natural gas rates for 2022 and a 1.65% increase in 2023. The primary reason for the increase is technology improvements and infrastructure costs to maintain a safe and dependable system. The typical MGE residential gas customer using 715 therms per year would see an annual increase in 2022 of about \$17.75 and an increase in 2023 of nearly \$8.30 for the year.

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MGE works to keep costs down. Under this proposal, the average annual impact on MGE's electric rates from 2016 through 2022 will equal a 1.1% decrease. The average annual impact on MGE's natural gas rates from 2016 through 2022 will be a 1.5% increase. In comparison, the projection for the Consumer Price Index, which measures the costs of goods and services, for the same period is an average increase of 1.9% per year.

The PSCW will solicit public comments on MGE's request at a time and in a format to be determined, including scheduling a hearing on the proposed increases in electric and natural gas rates at a later date.

If you have questions about MGE's rate case or the PSCW docket (3270-UR-124), 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.