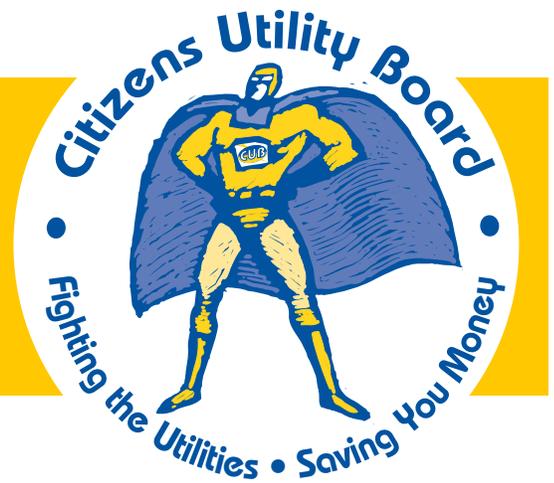


CUB Reporter

Citizens Utility Board Newsletter • FALL 2011



CUB Fights Subsidies to Big Business

Soon, you may have to pay more on your monthly electric bill so big industrial customers can get discounts on their electricity rates and utility companies can make higher profits.

Under the guise of “economic development,” some state legislators, working with Big Business, are pushing AB 145, which would give discounted electric rates to industrial customers and make residential and small businesses customers pay higher rates to make up the difference.

For more than 100 years, the law in Wisconsin has required that all utility customers pay the same rate for similar service, and that the price reflect the cost of providing service.

AB 145 is a poor attempt to lure businesses to a utility's service territory in hopes that jobs will follow. Ironically, the legislation has no requirements for job creation. If this bill passes, the likely outcome would be higher electric bills for residential customers and small businesses. Existing businesses would have to pay higher rates to pay for discounts that would go to competing companies.

This bill would allow utilities to pick winners and losers. The winners would get discounted electricity rates. The losers, namely households and small businesses, would get to pay higher electricity rates. Utilities would get higher profits.

It's not fair to raise rates for residents and small businesses so that big businesses can receive discounts and utilities can make extra profits. Utilities interested in economic development could do us all a favor—by reducing their profits and lowering our electric rates!

CUB opposes AB 145 because it would allow unreasonable and discriminatory electric rates that would force individuals and small businesses to pay higher electric rates. This tax on individuals and small businesses is nothing more than a hand-out to big business and utility shareholders.

AB 145 or similar bills may see more action before the Legislature concludes its business in March 2012. We urge you to call your state representative and senator and tell them not to support AB 145 or other legislation that would force you to pay subsidies to large businesses.

Utilities Seek Higher Electric Rates

Wisconsin's major electric utilities want to increase your electric rates starting January 1, 2012.

Together, the utilities are asking the Public Service Commission to approve rate increases of more than \$100 million.

Alliant Energy, also known as Wisconsin Power & Light, wants to increase rates by \$20.0 million, or 2.0 percent, due to rising prices for fuel to make electricity, and to comply with new air pollution rules.

Madison Gas & Electric wants to raise rates by \$21.5 million, or 5.9 percent, because of higher costs for fuel to make electricity, as well as higher costs to purchase power for resale to its customers.

Wisconsin Public Service Corp. wants to increase rates by \$33.7 million, or 3.5 percent, also for higher prices for fuel, and to comply with new air pollution rules.

Xcel Energy, also known as Northern States Power-Wisconsin, wants to raise electric rates by \$29.2 million, to pay for improvements in various power plants, transmission

lines, and its distribution system, plus higher fuel costs.

We Energies, also known as Wisconsin Electric Power Company, has asked for a zero rate increase, but CUB is worried the utility is trying to shift costs to 2013, when customers could be hit with a very high rate increase.

Since 1997, residential electric rates for these utilities have increased much faster than the rate of inflation of 35 percent:

- Alliant up 88 percent
- MGE up 90 percent
- We Energies up 90 percent
- WPS up 98 percent
- Xcel up 57 percent

With rates rising faster than inflation, electric bills are taking a bigger bite of your monthly budget.

As we have done for over 30 years, CUB is fighting these rate increases. This newsletter includes updates on our work to save you money.

**CUB
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From the Executive Director

The year 2011 has been a disappointing year for energy policy.

The biggest setback is the reduction in funding for Focus on Energy, Wisconsin's statewide energy efficiency program.

In December 2010, the Legislature's Joint Finance Committee, still under the control of Democrats, increased the budgets for Focus on Energy for the years 2011 through 2014, so that Focus could provide energy efficiency services to the increasing number of residents and businesses that want these services.

Unfortunately, in May 2011, the Joint Finance Committee, now controlled by Republicans, rolled back the funding for Focus on Energy to 2010 levels. Despite our request to veto this roll back, Governor Scott Walker included the roll backs in the state's two year budget, which he signed in late June.

Fewer investments in energy efficiency improvements in our homes and businesses means Wisconsin residents will pay higher energy bills—as much as \$800 million higher—than if the larger budgets for Focus had stayed in place. We'll also forego the creation of thousands of jobs in Wisconsin's energy efficiency sector.

The other disappointing development is "economic development rates," which are being promoted by utilities, large businesses, some legislators, and the commissioners of the Public Service Commission.

Economic development rates are discounts on electricity rates given to large industrial customers, with the hope they will expand their businesses, or keep their operations from moving to other states. Trouble is, the discounts given to large industrial customers are almost always paid for by residential and small commercial customers. In other words, your rates go



up so that rates for big businesses go down.

Forcing some ratepayers to pay higher rates while discounts go to others has been illegal in Wisconsin for over 100 years, yet this hasn't stopped the utilities from offering these rates, the PSC approving them, and legislators introducing bills, like AB 145, to make them legal.

CUB is working to stop these rates and legislation, because they are simply unfair: customers receiving similar electric service should pay the same rates, and you shouldn't be forced into paying higher rates to subsidize big business.

The final bit of bad news (so far) is that all of Wisconsin's major electric utilities are seeking rate increases of more than \$130 million for 2012. You can read about these cases in this newsletter. Rest assured, CUB is fighting these rate increases every step of the way.

We're also fighting legislation, like AB 145, that would force you to subsidize big business. And we're also working to strengthen Focus on Energy, our only defense against rising electricity rates and fossil fuel prices.

No doubt we'll have our hands full working on your behalf in 2011. Thanks for your support.

Program Updates

Citizens Utility Board

(CUB) is a member-supported, nonprofit organization whose purpose is to:

- Provide public interest legal services to ensure effective and democratic representation of residential utility customers before regulatory agencies and the courts;
- Advocate for reliable, affordable, and sound utility service; and
- Educate consumers on utility service through the preparation, compilation, analysis, and dissemination of information and resource materials relating to utility regulation and public energy and telecommunications policy.

Citizens Utility Board

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Court Cases

Bent Tree Wind Farm

On August 28, 2009, CUB and the Wisconsin Industrial Energy Group filed a lawsuit against the Public Service Commission for ignoring state law in approving a 200-megawatt wind power project to be built in Minnesota, owned by Wisconsin Power & Light, and paid for by WPL's Wisconsin customers.

CUB and WIEG contend that the PSC should have reviewed the project for a "certificate of public convenience and necessity," or CPCN, which requires a more thorough review than projects reviewed for a "certificate of authority," or CA.

In filing the lawsuit, WIEG and CUB contend that the PSC ignored Wisconsin law, which states that a utility cannot build a power plant of 100 megawatts or more unless the utility has received a CPCN.

This case is of statewide importance because significantly less review by the PSC is required in granting a CA, and customer groups like CUB and WIEG may have no opportunity to provide testimony and legal opinions regarding a proposed project's appropriateness for providing Wisconsin consumers with electricity at reasonable prices.

Though the Dane County circuit court rejected our lawsuit on September 22, 2010, CUB and WIEG have asked for the case to be reviewed by the Wisconsin Court of Appeals, where the case now sits.

Legislative Work

Telecom Deregulation

On May 24, 2011, Governor Scott Walker signed into law legislation that largely deregulates telephone service in Wisconsin. The legislation, codified as 2011 Wisconsin Act 22, was pushed through the Legislature by AT&T and other telephone companies looking to remove laws and regulations that protect consumers from high prices and poor telephone service.

Under provisions of Act 22, telephone companies can now charge consumers any price they wish for landline telephone service, even in areas of the state where there are no alternatives to landline service, such as many rural areas of Wisconsin.

Starting in May 2013, telephone compa-

nies won't have to offer landline service, potentially stranding thousands of residents without alternatives such as cell phones or Internet phones.

If you have a complaint about landline telephone service, the Public Service Commission of Wisconsin, which had regulated telephone service for decades, is prohibited by the legislation to help consumers resolve their complaints. However, you can still call the commission at 1-800-225-7729 and let them know the problem you are having, and they can direct you to people at your telecommunications provider who may be able to help.

CUB had worked with an ad hoc coalition of telecom companies, unions, and small business associations to stop this and similar legislation in previous years, but this time around, AT&T was able to convince enough legislators to support the deregulation legislation.

Currently, about 2.2 million landlines are in use in Wisconsin, with many elderly citizens preferring landline service. Further, many rural areas have landline phones, but don't have cell phone coverage or Internet phones. CUB is worried these customers have been abandoned by lawmakers too eager to help AT&T make higher profits by removing consumer protection laws that require fair prices and reliable landline telephone service.

Reduction in Funding for Focus on Energy

In a disappointing move, Governor Scott Walker and the Legislature's Joint Finance Committee slashed the funding for *Focus on Energy*—a program that saves Wisconsin residents and businesses billions of dollars on energy bills, creates thousands of new jobs, and protects our environment.

Since it was created in 2001, *Focus on Energy* has:

- Lowered energy costs for Wisconsin residents and businesses by \$2.50 for every dollar invested in the program;
- Saved nearly \$2 billion on energy bills for more than 2 million Wisconsin residents and businesses;
- Created more than 2,400 jobs; and
- Reduced emissions of carbon dioxide (5 billion pounds); sulfur dioxide (8 million pounds); nitrogen oxides (7 million

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Friends of CUB Donors (\$100 and up) from March 1, 2011 to August 31, 2011

<p>Norman Akin Suzanne and William Ammerman Diana Anderson Warren Bauer Herman Baumann Jr Todd I. Berens Helen Bewick Floyd and Barbara Blackmore Susanne Blix Jeffrey Bloohm Melinda and Jack Brooks Lenore and Nicholas Burckel Joan Burns Margaret and Michael Cannestra Sandra Christensen Bill Christofferson Michael Chubeck Ione Clark Organic Valley Cropp Cooperative Inc Cecilia Coyle Lee Cullen Philip Daub Robert De Mars John Dixon Gretchen Doege Michael and Jean Donovan Warren and Ruth Downs Richard and Janice Doxtator John Duffin Frederick and Juanita Ehrke Franklin Evans</p>	<p>Robert Factor Herman Felstehausen James Fiala Mary and James Fico James and Barbara Fisher Charles Flodquist Roberta Forman Chuck Gates and Candy Schrank Robert Geiser Chris Geisler Chet Gerlach Rosemary Giesfeldt Barbara and Bradley Glass Dorothy Gosting Roger and Marilyn Gottschalk Jack Handley Gertrude Hessel Eileen Hesseling and James Pietrusz Peter Hewson Geoff Hurtado John and Irene Igers Paulette Johnson James and Joan Johnston Lolita Kachel Amy Kirkland Earl and Rosemarie Klossner Ed and Margaret Knop Robert Kowal Bruce Krawisz Russel Kumrow Mr. Francis Lewandowski</p>	<p>Joseph Libnoch Arthur and Susan Lloyd Margot Lori Barbara Lund Alan Manson and Colleen Peters Edward Marion James Martell James Mauthe David McIntosh Chris and Mary Meixner John and Linda Melski Donald and Mary Metz Sven Midelfort James Moore Dean Muller Sally Mundt and Carolyn Schloemer William Napiecinski John Neuschwander Katharine Odell Karen Oechler Sisters Of St Francis of the Holy Cross Justice and Peace Coordinator David and Susan Ogden Marty Ordinans Thomas and Elaine Pagedas Sandra Peterson Mariam Reading Richard and Donna Reinardy Wendy Rodman Elizabeth Roffers Roland and Beth Rothman</p>	<p>Charles Roubal Nigella and James Ryan Glenn and Marge Schiebel Dolly Schoenberg Ed and Marilyn Schten Eric and Jane Schulenburg Jan and Fred Schulz Charles and Anne Scott Susan Scott Mary Lou and Howard Short James and Rose Sime Gordon and Mary Skare Brook Chase Soltvedt Hedwig Spaight Randal Sprecher Kurt and Susan Sroka L A Stromovsky Rodney and Karen Stevenson Fred and Patricia Storm Bonita Strauss Joanne Styles Larry and Esther Travis Beverly Underwood Janet and Michael Van Vleck Jennifer and Tim Vellinga Charles and Gloria Waity Russell Wallace Margaret Welke Donald Wichert Barbara and Donald Williams Beatrice Wright William and Kathleen Wulf Evan Zeppos</p>
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2011 CUB Sustainers

<p>Susan Blumer Mary Frances Bullamore Amy and Dave Calkins Arthur and Pauline Hall Jean Hamann Geoff Hurtado</p>	<p>Amy Kirkland Ed and Margaret Knop Kay Marshall Lucille Repka Tim Scallon Anne Schmidt</p>	<p>Glenn and Mary Schnadt Bonita Strauss James Van Deurzen and Roseanne Cheeseman Margaret and Daryl Wood</p>
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New CUB Members from March 1, 2011 to August 31, 2011

<p>Norman Akin June Albert Wendy Allen Henry and Barbara Althoen Debra Anderson Francis Anderson Robert Anderson Susan Andrea Jean Arnold Mary Atkinson Rosemary Avery Albert Baranowski Laurel Barklow David Barlow David Barrett Warren Bauer Herman Baumann Jr</p>	<p>Eugene Becker Nancy Becker Glen Begrow Jr. Alice Behling Edward Behm John Bennett John Berman Helen Bewick Wayne and Judith Bichanich Susan and Alan Bickley Dennis and Jean Blackmore Patty Blakesley Virginia Block Robin Bohl Colette Bohlmann Mark Bollendorf Jane Boyle</p>	<p>Susan Brandenburg Hans Breitenmoser Paul Breitsprecher David Brockert Henry Brown Mary Conle Bunge and William Bunge Vince Calder Stewart Calkins Margaret and Michael Cannestra Carolyn Carlson James Carney Jeffrey Cech Kathleen and Joseph Ceman Ursula and William Charaf Dr. Michael Childers Steven Clardy</p>	<p>Loren Close Mrs. Merle Cohen Fred Colman Allen Cornell Edward Corrigan Mary Cramer Rita Crooks David Cunningham Joseph Cushing Daniel and Marjorie Daggett Vickie Davidson Richard Davies Robert and Susan De Frank Marc Debrock Elsie DeLaune Henry Dentz Jr Donna Destree</p>
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New CUB Members

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Jack Dewitt	Carol Johnson	Joseph and LaVera Pech	Paul Sotirin
Susanne Diener	Gayle Johnson	Duane Pfister	June Spencer
Gretchen Dieterich and Mark Sturnick	George Johnson	Thomas Pilak	Barbara Splinter
Karen Dinah	Jeannine Johnson	Robert and Joan Plant	Michael Stancato
Arnie Dittmann	Terry Johnson	Charlyn Pozza	Janet Stebbins
Gertrude Dressel	Alexander Katovich	Patricia Rankin	Isabelle Stelmahoske
Kay Dricken	Joane Kavajecz	Harry Read	Carolyn and John Stephens
Marianne and Gerald Dropp	Marge Kieckhefer	Agnes Reinhard	Kevin Stoer
Monica Dubay	Mary Klehr and Allen Cross	Marcia Reiter	Teresa Stradinger
Linda Edwards-Savage	Sylvester Knapton	Michael Reitzner	Jerry Sulla
Mary Ehmcke	Thomas Knopse	Richard Repinski	Maureen Sullivan
Michael Ehr	Susan and Daniel Koenigsberger	Colleen Reynolds	Robert Sullivan
Don Ellingson	Leroy Koepf	Elaine Rice	Karen and Charles Tennesen
Mark Erickson	Dennis Koprowski	Cynthia Rieck	Richard Thompson
Jodi Farritor	Gary Krenz	Barbara Roberts	Myrna Toney
Kathy Fish	Ronald and Christine Ritter	Sylvia Robison	Susan Trudell
Dan and Mary Fisher	Wade Kuettel	Helen Rohan	Nancy Turyk
Charles Frank	George and Sonja Kung	Jaye Rosandick	Kendra Tutsch
Suzette Franklin	Margaret R Kush	Jerry Rubin and Pat Frost	Patricia Twohig
Suzie Franklin	Susan LaFave	David Rudolph	Mary Van Beek
Janet Froelich	Billie Lambert	Theodore Scher	George Velguth
Grace Frudden	Geralyn Leannah	Lynn Schmidt	Charles Vetzner
Jeff Furst	Brad Lehnigk	Roger and Elaine Schmidt	James A and Betty Vogel
Mary Galbraith	Gordon Lillge	Pamela and Kenneth Schoville	Bonnie Wagner
Chris Geisler	Karen Lindberg	William and Ellen Schuster	Mary Walker
Steve Genthe	Keith Lindquist	Clifford Schwebke	Mike Walker
Ronald Ginsbach	Shelley London	Peter Seely	Pat Walsh
Jack and Doris Godden	Vilja Lorenzonn	Anja Sell	Linda Walter
Patricia and Sean Gorzalski	June Luett	Barbara Shadis	Margaret Welke
David Grace	Lois Lurie	Jo Ann and James Shea	Florence and Paul Wellner
John Grade	Irena and Stephen Macek	Laurie Sheets	Leonard and Paula Werner
Jerrold Gross and Adrienne Borisy Gross	Annette Mahler	Fred Shreeves	Shirley Weslow
Harold Gudex	Regina Maibusch	Daniel Siehr	Howard Wiersgalla
David Haas	Gene Mason	Sisters of Saint Dominic	Belden and Norma Wills
Irmgard Hagen	Robert and Linda Mayo	Barbara and Jeffrey Skiles	Susan Winecki
Daniel Hallett	Gerry McDonald	Chris and Raymond Skrentny Jr	Marvin and Barbara Wolfson
Mary Hamilton	Ruth McDonald	Barbara Skypala	Beatrice Wright
Dorothy Hancock	Jacob McGee	Nancy and Jon Sloan	John Wyman
Sheila Hansen	Marilyn McGoldrick	Robert Smith	Judy Young
Betty Hanson	Shirley Meinzer	Rose Sobkowicz	Virginia Zale
Katrina Harper	Joan Metz	Jerry Sonneleitner	Fred and Millie Zarembka
Marilyn Hartig	Terry Mikrut		Gary Zika
Julia Haseleu	Lawrence Milewski		
Lee Haspl	Elaine and Carol Miller		
Jerry Haugh	Thomas Miller		
Georgia Heffel	Ed Milner		
Rachel Heldt	Edith Minshall		
Eugene Hersil	Mary Moch		
William and Carole Hess	John Mohr Jr		
Francis Hintzke	Clyde Mortensen		
John Hoar	Karin Mortier		
Roger Hodgson	Joe and Joy Motto		
Harold Hohenfeldt	Sharon Murphy		
Bruce Holland	John Murray		
Richard Holthaus	David Norrbom		
James Holzer	Kelly Norris		
John Horrigan	Sisters Of St Francis of the Holy Cross Justice and Peace Coordinator		
Patrick Hourigan	Chuck and Pat Olsen		
Don Howlett and Lisa Stone	Norman and Darlene Olson		
Ollivia Ishikawa	Richard Olson		
Marianne Jackson	Marjon Ornstein		
Keith Jahnke	Cynthia Owens		
Jane Jarrett	Gail Owens		
David Jedwabny	Frances Ozanne		
David Jenks			

***CUB saves \$1,000
for every
\$1 contributed***

Program Updates

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pounds); and mercury (32 pounds - one of the most toxic pollutants).

Because of its tremendous success and strong demand for services, in late 2010 the budget for *Focus on Energy* was increased. Unfortunately, in early May 2011, the Joint Finance Committee reversed the increases and froze funding at previous lower levels. Unfortunately, Governor Walker included these cuts to Focus on Energy in his state budget for 2011-2013, which was signed into law at the end of June.

Since every dollar invested in *Focus on Energy* saves at least \$2.50 on energy bills, these cuts will increase energy bills for residents and businesses by at least \$800 million over the next four years.

CUB urges you to contact Governor Walker and ask him to restore the funding to Focus on Energy. Unless residents and businesses are provided with the tools offered by Focus on Energy to reduce energy use, we'll pay higher energy bills in the future, be exposed to additional pollution, and fail to create thousands of jobs in the energy efficiency sector.

Regulatory Work

Alliant Energy, Economic Development Rates for Mercury Marine, 6680-GF-130

On September 10, 2010, Alliant Energy applied for permission from the Public Service Commission to offer an economic development rate to Mercury Marine, an industrial company with a plant in Fond du Lac that makes engines for boats and other watercraft.

Earlier in 2010, CUB fought Alliant's request to offer economic development rates in another proceeding, 6680-GF-126, in which the PSC approved economic development rates for Wisconsin industrial companies that are having financial difficulties, existing industrial companies that want to expand their operations and use additional electricity, and industrial companies interested in establishing operations in Wisconsin. The PSC approved these economic development rates on June 4, 2010.

CUB opposes economic develop-

ment rates because they usually force residential and small commercial customers to pay higher rates to subsidize the discounts given to industrial companies. Forcing ratepayers to pay for subsidies that go to other ratepayers is a form of "rate discrimination," which has been prohibited by Wisconsin law for over 100 years. It's simply not fair to force ratepayers to pay higher rates while others receive lower rates with subsidized discounts.

CUB submitted comments in the Mercury Marine proceeding on August 15, 2011, noting our concerns against rates that allow utilities to pick winners and losers.

This PSC will likely decide this case by the end of 2011.

Alliant Energy, Fuel Rules for 2012 Rates, 6680-FR-104

On May 18, 2011, Alliant Energy filed an application with the Public Service Commission to increase electric rates by \$13.4 million, or 1.3 percent, due to projected increases in the cost of fuel for making electricity.

Alliant updated its rate increase request to \$20.0 million, or 2.0 percent, on August 17, 2011, citing additional fuel costs due to air pollution rules recently promulgated by the U.S. Environmental Protection Agency.

If changed by the PSC, the new rates would take effect on January 1, 2012.

CUB has intervened in this case, and has hired Resource Insight as an expert witness. At CUB's direction, Resource Insight will review revenue allocation and rate design, the reasonableness of the proposed fuel cost plan, and analyze whether Alliant's expected costs are appropriate for complying with the Cross-State Air Pollution Rule.

This case will likely conclude by the end of 2011.

Madison Gas & Electric, Re-opening of Rate Case for 2011 Rates, 3270-UR-117

On May 4, 2011, MGE filed a request with the PSC to raise electric rates by \$21.5 million, or 5.9 percent and gas rates by \$0.8 million, or 0.6 percent. If approved, the new rates would

take effect on January 1, 2012.

MGE said that the main drivers for the electric rate increase are projections of higher costs for fuel to make electricity, and higher costs to purchase electricity for re-sale to its customers.

CUB has intervened in the case, and has hired La Capra Associates as an expert witness to determine whether MGE's projection of fuel and purchased power costs are appropriate. The case will likely conclude by the end of 2011.

Public Service Commission, Excess Capacity Investigation, 5-EI-150

The PSC is investigating the current situation in which there are too many power plants operating in Wisconsin, leading to a situation known as "excess generating capacity."

CUB and the environmental organization Clean Wisconsin believe that several old coal-fired power plants could possibly be mothballed or retired, reducing operation and maintenance costs to ratepayers, and reducing pollution.

CUB and Clean Wisconsin submitted comments on August 9, 2010, suggesting that the PSC conduct extensive computer modeling to determine whether any coal plants should be mothballed or retired.

Commission staff are currently preparing materials for the case, which will be sent out for comment to the organizations participating in the proceeding.

The case will likely conclude by the end of 2012.

We Energies, Biomass Power Plant, 6630-CE-305

On March 15, 2010, We Energies asked the PSC for permission to build and own a 50-megawatt cogeneration power plant that would burn wood and produce steam as well as electricity. Domtar Corporation, a paper company located near Wausau, would use the steam produced by the plant for paper-making.

We Energies proposed this project in part to comply with Wisconsin's "renewable portfolio standard," or RPS,

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Program Updates

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which requires electric utilities to sell at least 10 percent renewable electricity by 2015.

CUB intervened in the case and hired La Capra Associates as an expert witness. CUB submitted testimony in opposition to the plant, because of its very high costs of over \$5,000 per kilowatt. In addition, CUB pointed out that Domtar would get a sweet-heart deal on the steam purchased from We Energies, with We Energies' ratepayers paying hundreds of millions of dollars in higher rates that should be paid by Domtar.

The PSC approved the power plant on May 5, 2011, but the PSC agreed with CUB and said that Domtar must pay more for the steam in order to reduce costs to ratepayers of We Energies. The PSC also required the shareholders of We Energies to contribute more to the plant. CUB's intervention saved ratepayers of We Energies at least \$30 million in future electricity rates.

We Energies, Re-opener of Rate Case for 2010 Rates, 5-UR-104

On September 3, 2010, We Energies asked to "re-open" the rate case that established rates for 2010. We Energies wanted to raise rates by \$38.4 million, or 1.4%, to account for higher projections for the cost of fuel to make electricity.

CUB intervened in the case, and hired La Capra Associates as an expert witness to determine whether various issues related to fuel costs could save money for ratepayers. CUB's experts determined that "equivalent forced outage rates" for various power plants should be set at specific levels, which would save ratepayers \$1.6 million. CUB's experts also determined that "revenue sufficiency guaranteed make-whole payments" for the Presque Isle power plant should be based on recent payments, which would save ratepayers \$8.4 million.

The PSC issued its order on April 28, 2011, and reduced We Energies' rate increase to \$25.4 million. The PSC agreed with CUB regarding outage rates and make-whole payments, which saved ratepayers \$10 million.

We Energies, Rates for 2012, 5-UR-105

On May 26, 2011, We Energies filed a request with the PSC, seeking no rate increase for 2012 if the Commission would allow various delays in charging ratepayers for some of the costs of providing electric service.

CUB intervened in the case, and argued that it would be better if the PSC conducted a "full rate case," in which all the projected revenues and costs of providing electricity service are reviewed, so that rates are set as accurately as possible. CUB was concerned that the request by We Energies for a zero rate increase would keep rates higher than they should be. The Wisconsin Industrial Energy Group also intervened and raised similar concerns as CUB.

On August 11, 2011, the PSC accepted We Energies offer of a zero rate increase for 2012, but ordered a hearing that took place on August 24 to determine if the We Energies request should be modified, as determined by a "mini-audit" conducted by PSC staff. At the hearing, CUB and WIEG argued that rates could be lower in future years if modifications are made to We Energies request. The PSC will likely decide this case by November 1, 2011.

We Energies, Two-Part Real Time Pricing Rate, 6630-GF-134

On October 28, 2010, We Energies asked the Public Service Commission for permission to offer a "real-time pricing" rate to its industrial customers.

A real-time pricing rate would allow an industrial customer to pay marginal costs for electricity, but not the fixed costs, resulting in a 40 percent discount on electricity rates. This means that an industrial company paying the real time rate would receive a 40 percent discount compared to another industrial company that is paying the full rate for electricity. Worse yet, no residential or small commercial customer is eligible for the discount. CUB opposes these types of rates because they provide discounts to certain customers while other customers pay higher rates, which is illegal under state law.

Despite CUB's opposition to the real-

time pricing rate, the Commission approved it on August 11, 2011. Commissioner Eric Callisto voted against the rates, but Chairman Phil Montgomery and Commissioner Ellen Nowak supported them. In his dissent, Callisto noted that the approved real-time pricing rate for We Energies "is an open door to discounted electricity for a poorly defined and potentially limitless class of large energy users, selected at the sole discretion of the utility."

Wisconsin Public Service Corp., Re-opener of Rate Case for 2012 Rates, 6690-UR-120

On May 2, 2011, WPS filed an application with the PSC to increase electric rates by \$33.7 million, or 3.5 percent, and natural gas rates by \$1.1 million, or 0.3 percent. WPS modified its request on August 19, 2011 to an increase in electric rates of \$64.9 million or 6.8%, and a zero increase in natural gas rates. WPS will likely modify its request for electric rates later in 2011. If changed by the PSC, the electric rates would take effect on January 1, 2012.

WPS said that complying with the Cross-State Air Pollution Rule, which was recently promulgated by the U.S. Environmental Protection Agency, would cause some of the increase in electric rates. WPS also pointed to rising costs for fuel for making electricity.

CUB has intervened in the case, and has hired La Capra Associates as its expert witness. La Capra will review fuel costs, payments related to the "revenue stabilization mechanism," and other items of the proposed rate increase.

This case will likely conclude by the end of 2011.

Xcel Energy, Rates for 2012, 4220-UR-117

On June 1, 2011, Xcel Energy filed an application with the PSC to raise electric rates by \$29.2 million, or 5.1 percent, and natural gas rates by \$8.0 million, or 6.6 percent.

Xcel said that the proposed increase in electric rates is due to improvements

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Board of Directors Election Results

A special thank you to all CUB members who cast ballots for the recent election of directors to the CUB Board.

We are pleased to announce that Gretchen Schuldt Doege of Milwaukee was elected to the Board of Directors. Gretchen is a fiscal policy analyst for the Milwaukee Public Schools.

We are also happy that Andy Olsen of Madison was re-elected to another 3-year term on the CUB Board. Andy has served on the CUB Board since 2008, and is senior policy advocate for the Environmental Law and Policy Center.

Each summer, several seats on the CUB Board are open for election. If you know an individual who would make a good candidate for the Board, and who supports CUB's mission that ratepayers deserve a strong voice to ensure safe, reliable utility service at reasonable rates, please contact CUB Executive Director Charlie Higley at higley@wiscub.org, or mail to:

Charlie Higley
Citizens Utility Board
16 N. Carroll St., Suite 640
Madison, WI 53703

Program Updates

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in various power plants, transmission lines, and its distribution system. Xcel also expects higher costs for fuel for making electricity in 2012. If rates are changed by the PSC, the new rates would take effect on January 1, 2012.

CUB has intervened in the case, and has hired La Capra Associates and Resource Insight as expert witnesses. Our experts will review the request by Xcel to see if the proposed rate increase can be lowered. They will also recommend ways to allocate costs between residential and industrial customers so that all pay their fair share.

The PSC will likely decide this case by the end of 2011.

