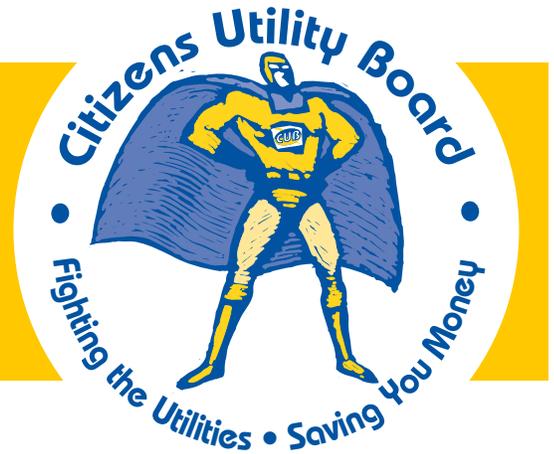


CUB Reporter

Citizens Utility Board Newsletter • FALL 2012



CUB Fights Big Electric Rate Increases

Since 1997 your electric rates have skyrocketed.

- Alliant/WP&L up 91%
- MGE up 101%
- We Energies up 101%
- WPS up 104%
- Xcel Energy up 73%

Most of Wisconsin's major electric utilities want to increase your electric rates again starting January 1, 2013. Together, the utilities are asking the Public Service Commission to increase electric rates by over \$240 million:

- Madison Gas & Electric wants to raise rates \$22.8 million, or 5.8 percent;
- We Energies wants to raise rates in 2013 by \$99 million, or 3.6 percent, and raise 2014 rates by another \$100 million, or 3.6 percent;
- Wisconsin Public Service Corp. wants to raise rates by \$85 million, or 9.2 percent; and
- Xcel Energy wants to raise rates by \$39.1 million, or 6.7 percent.

CUB has intervened in these regulatory cases—the PSC has to approve any increase in rates before they take effect—and we will look for ways to reduce the size of these rate increases. You can find more detail about these cases in this newsletter.

We need your help to “dial down” these rate increases. You can submit comments to the PSC about your utility's rate hike requests.

You can easily ‘file a comment’ on the rate case that affects your household using the “Public Comments” feature on the PSC website. Here are the steps:

1. Go to the PSC website: <http://psc.wi.gov/> and click on “Public Comments.”
2. Scroll down until you find your utilities' request for a rate increase. The ‘docket’ name and comment deadlines are:
 - “Madison Gas and Electric (MG&E) – Electric and Natural Gas Rate Increase Request,” comment deadline: September 17, 2012.
 - “WE Energies (WEPCO and WGC) Electric and Natural Gas Rate Increase Request,” comment deadline: October 1, 2012.
 - “Wisconsin Public Service Corp Electric and Natural Gas Rate Increase Request,” comment deadline: December 1, 2012.
 - “Xcel Energy (NSPW) Electric and Natural Gas Rate Increase Request,” comment deadline: November 6, 2012.
3. Then click on “File a Comment” and enter your concerns.

Your comments will become part of the formal record for the case, and will be reviewed by the three commissioners that decide whether rates increase and by how much.

Please take advantage of this easy way to make your voice heard on these critical requests to increase your electric rates.

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From the Executive Director

The big news for 2012 is that four of Wisconsin's five major electric utilities are seeking huge increases in electric rates for 2013.

As mentioned on the front page of the newsletter, the utilities are asking the Public Service Commission to increase electric rates by over \$240 million, even though rates have risen nearly 100 percent for these utilities since 1997, more than twice the rate of inflation.

CUB has intervened in these "rate cases" at the PSC, and we'll try to reduce the size of these rate increases as much as possible.

As the story on the front page of this newsletter explains, we're asking you to help "dial down" these electric rate increases by submitting comments to the PSC, using its on-line, "Public Comments" feature on the PSC website. Please make your voice heard against these rate increases by submitting comments, which will become part of the formal record for these cases.

Other big news in 2012 was the conclusion of the 2011-2012 legislative session, and thankfully, bills with bad energy policies failed to become law.

Specifically, legislation that would allow utilities to offer "economic development rates" to industrial customers failed to become law. This legislation would have allowed utilities to provide subsidies to large industrial customers, with the subsidies paid for by residential customers and small businesses. Had this legislation passed, your rates would have gone up to pay for subsidies given to big businesses.

CUB opposed this legislation because it is simply unfair, and against the law, to force groups of ratepayers to pay higher rates to provide subsidies to other ratepayers.

In May 2012, the PSC approved a 55-mile long, 345,000 volt transmission line that will run from Alma to La Crosse. The line, which will cost about \$210 million, is one piece of a new transmission line that will be built across the Mississippi River, up to the Twin Cities, then west to South Dakota.

American Transmission Company is



proposing to build new transmission lines from Green Bay up toward Marquette, in Michigan's Upper Peninsula, which would be paid for by Wisconsin customers, even though the economic benefits would largely go to the Michigan economy.

In 2013, ATC likely will apply for permission to build a large transmission line between La Crosse and Madison, known as the Badger-Coulee project. Transmission lines will be front page news for several years.

But perhaps the biggest news for 2012 is historically low prices for natural gas, due primarily to the production of gas from "fracking" wells. This drilling technique is rapidly spreading throughout the U.S. and has dramatically increased recoverable supplies of natural gas. Some analysts believe natural gas prices will stay at about half the price of natural gas from a few years ago, encouraging utilities to use more natural gas and less coal as fuel for making electricity.

Cheaper prices for natural gas, plus new clean air regulations from Washington, are causing utilities to consider retiring some of their old-coal fired power plants, a positive development from CUB's perspective. We'll have more news about coal plant retirements in future CUB newsletters.

As you can see, utility issues never

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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 called the Bent Tree Wind Farm, which is located in Minnesota.

The wind farm is now operating, and is owned by Alliant Energy, and is being paid for by Alliant'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. The PSC issued a CA for the project on June 30, 2009.

In filing the lawsuit, WIEG and CUB argued 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, the Wisconsin Court of Appeals "certified" our case to the Wisconsin Supreme Court on November 23, 2011, and the Supreme Court accepted our

case on December 14, 2011. CUB general counsel Kira Loehr spoke on behalf of CUB and WIEG in oral arguments before the court on April 17, 2012.

Unfortunately, on July 11, 2012, the Wisconsin Supreme Court issued a 5-2 decision against CUB and WIEG. The court applied "due weight deference" to the PSC's decision to use the CA statute rather than the CPCN statute for projects to be built by Wisconsin regulated utilities in other states. Justice Ann Walsh Bradley issued a dissent, joined by Chief Justice Shirley Abrahamson, and expressed concern that ratepayers could be on the hook for expensive out-of-state projects that might receive little scrutiny by the Public Service Commission or members of the public.

Legislative Work

The Legislature ended its 2011-2012 session in late March. Most bills dealing with energy policy failed to become law, which is just as well, as many of the bills would have had negative impacts on Wisconsin ratepayers.

Most importantly, AB 145 & SB 102, which would have allowed utilities to offer "economic development rates" to industrial customers, failed to get enough support to make it out of Assembly and Senate committees.

This legislation would have allowed utilities to provide subsidies to large industrial customers, with the subsidies paid for by residential customers and small businesses. In other words, your rates would have gone up to pay for subsidies given to big businesses.

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New CUB Members

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Virginia and Alexander Fluette	Penny Janz	Ray Meysman	Sue Simpson
Donald Folts	Jessie Jenkins	Tim Minahan	Cheryl Sletten
Dessa and James Foote	Laurie Johnson	Laurence Mindel	Krista Spieler and Thomas Smith
Gloria Geiger	David Jones	Richard Murray	John Srok
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George Howlett Jr	John McCarthy	Donald Schroeder	Jack Wunder
William Hunkfuss	Mr Joseph McCarthy	Mrs Doris Schroeder	Susan Yuhase
Mr Clarence Hyatt	Mark McFadden	Orville Schroeder	Gerald Zehner
Bruce Inkmann	Natalie and Jerry McIntire	Mary Schuknecht	Ms Kay Zierath
Ciel Ishatova	R L McNeely	Walter D Schultze	Thomas Zingg
Marjorie F Jackson	Virginia Merriman	Robert Sigman	Carolyn Zirbes
Linda Janke	Paul Meyer	Lawrence Simons	

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CUB opposed this legislation because it is simply unfair, and against the law, to force groups of ratepayers to pay higher rates to provide subsidies to other ratepayers.

Supporters of these subsidized rates like to call them “economic development rates,” to fool people in believing they will help retain businesses and spur new jobs, even though most of these rates have no requirements for creating new jobs or for increased business sales. Worse yet, these rates may increase utility profits, since the utilities would do everything they can to have

residential customers and small businesses pay for the subsidies through higher electric rates.

We’re worried similar bills will come back in the future. CUB will continue opposing these subsidized rates at the PSC, the Legislature, and if necessary, the courts.

Regulatory Cases

Alliant Energy, Application to Purchase Riverside Energy Center, 6680-EB-105

On November 30, 2011, Alliant Energy filed an application with the Public Service Commission to

purchase Riverside Energy Center, a 600 MW natural gas-fired, combined-cycle power plant located in Beloit, for approximately \$392 million.

CUB intervened in the proceeding and analyzed whether the proposed purchase was in the public interest. In general, CUB supported the purchase of the power plant, provided the PSC would review future maintenance costs for reasonableness.

The PSC approved the purchase on April 5, 2012. The PSC agreed with CUB and will review future maintenance costs

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Utility Names

Over the years, utilities operating in Wisconsin have changed the names by which they do business. Nevertheless, they still use their older, formal names at the Public Service Commission.

Here's a quick guide for the larger utilities. If you want to review a utility's information at the Public Service Commission, be sure to use the formal name.

<u>Does Business As</u>	<u>Formal Name</u>
Alliant Energy	Wisconsin Power & Light
AT&T	Wisconsin Bell
Madison Gas & Electric	Madison Gas & Electric
We Energies	Wisconsin Electric Power Company
We Energies	Wisconsin Gas
Wisconsin Public Service Corporation	Wisconsin Public Service Corporation
Xcel Energy	Northern States Power



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for reasonableness in future rate cases.

Alliant Energy, Rates for 2013 & 2014, 6680-UR-118

On May 3, 2012, Alliant Energy filed an application with the PSC to freeze “base electric rates” for 2013 and 2014, and reduce gas delivery rates in 2013 and freeze those rates in 2014.

CUB and the Wisconsin Industrial Energy Group negotiated a settlement of this case with Alliant in the months before Alliant made its filing. Although settlements of rate cases are rare in Wisconsin, PSC staff believed that Alliant could freeze its electricity and gas rates for two years without going through the full scrutiny of a rate case.

After reviewing specific information regarding Alliant's rates, CUB and WIEG were able to agree with Alliant's proposed rate freeze for 2013 and 2014, though electric rates may change in these years due to changing prices for fuels used to make electricity. The PSC approved Alliant's rate freeze proposal on June 15, 2012.

American Transmission Company, “Northern Plan” for Two 345 kV Transmission Lines for the Upper Peninsula of

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From the Executive Director

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slow down, and we'll be keeping busy looking out for your interests for the rest of the year, and years to come.

Lastly, we've updated the CUB website, which allows you to contact your elected officials regarding utility issues, and it shows you the latest news regarding energy issues in Wisconsin and elsewhere.

CUB also has new email

Michigan, 137-CE-166

In November 2011, American Transmission Company announced that it was studying whether two 345,000 volt transmission lines should be built to serve Marquette, Michigan and surrounding areas in the Upper Peninsula. The proposed lines would run from Green Bay to Marquette, and from Wausau to Marquette, with the latter line slicing through the Chequamegon-Nicolet National Forest.

If built, ATC's proposal would cost around \$1 billion, and two PSC commissioners have expressed concerns about Wisconsin ratepayers paying \$1 billion to serve Michigan's U.P. CUB shares these concerns.

ATC's announcement followed several developments in the UP, particularly the announcement by We Energies that it may shut down its Presque Isle Power Plant instead of adding expensive pollution controls. The Presque Isle plant consists of five coal-fired units that together produce 431 megawatts of electricity.

In the spring of 2012, We Energies announced it was working with Wolverine Power Cooperative (Cadillac, MI) on options for

capabilities to keep members abreast of CUB activities and action alerts. Plus, we're using social media networks like Facebook and Twitter to keep you in the loop on utility issues.

Thanks to all of you who have provided support to CUB in the past year. We couldn't do it without your support.

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Presque Isle, including repowering with natural gas. We Energies said these discussions will likely conclude by the end of 2012. Presque Isle provides power primarily for the mines in the U.P., so its fate will influence the need for new transmission lines.

During the spring of 2012, CUB, the Environmental Law & Policy Center, and other groups provided several rounds of comments to the Midwest Independent Transmission System Operator (MISO), stating our concerns about the cost and environmental impact of ATC's proposal. In June 2012, analysts at MISO recommended a smaller set of transmission lines costing less than \$300 million. Though the cost of these lines is far less than ATC's original proposal of \$1 billion, CUB continues to point out that Wisconsin customers will likely pay most of these costs, though the benefits will go to the Michigan economy.

CUB will continue to follow this case at MISO and the PSC.

Dairyland Power Cooperative et al, Alma-La Crosse 345 kV

Transmission Line, 05-CE-136

On December 21, 2010, Dairyland Power Cooperative, Xcel Energy, and WPPI Energy applied for permission from the PSC to build a 345,000 volt transmission line between Alma and La Crosse. The line would cross the Mississippi River at Alma and connect to another transmission line near Kellogg, MN, and this line would run toward Hampton, MN. Minnesota regulators have approved construction of the lines in Minnesota.

CUB intervened in this case, and hired La Capra Associates as an expert witness. La Capra reviewed whether the transmission line was needed, the implications of lower voltage solutions, and whether the cost of the project was reasonable. Based on La Capra's analysis, CUB recommended that a 161,000 volt line be built between Alma and La Crosse rather than the utilities' proposed 345,000 volt line. CUB's alternative would be less costly and would more closely match the La Crosse area's need for a new transmission line.

The PSC issued a final decision approving the utilities' proposed transmission line on May 30, 2012. Though they considered CUB's alternative, the three commissioners decided that the proposed 345,000 volt line "was not unreasonably in excess of probable future requirements," one of the findings that the commissioners are required to make to approve a project.

Construction of the 55-mile-long transmission line between Alma and La Crosse will begin in late 2013, and is projected to cost \$210 million.

Madison Gas & Electric, Rates for 2013, 3270-UR-118

On March 23, 2012, Madison Gas & Electric applied with the PSC to raise electric rates by \$23 million, or 5.8 percent, starting January 1, 2013. MGE also requested to increase the rates for natural gas delivery by \$4.3 million, or 2.6 percent.

Regarding electric rates, MGE said the main drivers for the increase are the two new coal-fired power plants at Oak Creek, south of Milwaukee, in which MGE has a small ownership share along with We Energies and WPPI Energy. Other drivers include new pollution controls being installed at the Columbia power plant near Portage and additional costs for transmitting power from power plants to substations.

CUB has intervened in this case and will investigate MGE's attempt to dramatically increase a residential customer's "customer

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**CUB – fighting the utilities,
fighting for you!**

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charge,” the part of the electric bill that more or less stays the same each month, and doesn’t change based on usage (the other part of the electric bill is the “energy charge,” which changes based on usage). When customer charges make up more of a bill, they dampen the cost savings customers can realize by saving energy. CUB is opposed to higher customer charges because they can reduce a customer’s incentive to save energy.

CUB will also investigate the cost overruns of \$182 million for the two new coal-fired power plants at Oak Creek, which cost over \$2.3 billion to build, in which MGE is a minority owner. We will also contest attempts to force customers to pay unreasonable rates for fuel used to make electricity, and other associated costs.

The PSC will decide this case by the end of 2012.

Public Service Commission, Customer Service Conservation Spending, 5-BU-102

On December 23, 2011, the PSC opened an investigation regarding “customer service conservation spending” by the utilities. Since 2001, Wisconsin’s major investor-owned utilities have been spending \$26 million annually on customer service conservation activities, which include a broad range of activities from answering customers’ questions about energy use to providing specialized engineering services to help customers save energy.

Back in 2000 and 2001, the

PSC provided very little guidance for how the utilities were to spend these funds. Since customer service conservation spending is funded by ratepayers, the current Commission opened this investigation to determine whether this spending is in the best interests of utility customers.

CUB hired Dan York of the American Council for an Energy Efficient Economy as an expert witness. On behalf of CUB, York submitted two rounds of comments, encouraging the PSC to require the utilities to create “voluntary” programs to house some of their activities, so that they can be evaluated for cost-effectiveness, just like energy efficiency programs offered by Focus on Energy. CUB also recommended that the utilities clearly summarize and justify other customer service activities in their rate cases.

The PSC issued a decision in this case on July 13, 2012. The PSC decided that utilities no longer must spend \$26 million on customer service conservation activities. Instead, utilities can propose conservation activities in their rate cases, and the PSC will review them for appropriateness, the process recommended by CUB. PSC staff are also to review utility conservation activities to ensure their effectiveness, and utilities should make the form of their proposals more uniform, also as recommended by CUB.

Public Service Commission, Gas Service Standards, 1-AC-210

The PSC is revising the section of its administrative code that defines the standards by which utilities provide natural gas to retail customers, including issues of safety, service calls, customer service, disconnections, and reconnections. CUB intervened to make sure customer needs are protected in this revision. On June 30, 2008, CUB submitted comments written by Barbara Alexander on proposed changes to the gas service rules codified in PSC 134.

Though long inactive, the case was recently revived: the PSC held a technical conference in February 2012, which CUB attended. CUB’s expert witness, Barbara Alexander, prepared a set of comments that were filed on April 27, 2012, providing numerous suggestions for the how the rules for natural gas service could be improved. The PSC will likely decide this case by the end of 2012.

Public Service Commission, Milwaukee Street Car, 5-DR-109

On October 5, 2011, Brett Healy requested a “declaratory ruling” by the Public Service Commission whether the ratepayers of We Energies should have to pay for moving utility structures to accommodate the construction of the proposed Milwaukee street car system. Healy is the president of the MacIver Institute, a right-leaning Madison-based think-tank.

Utility ratepayers often have

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paid for relocating utility infrastructure, although in some cases, local taxpayers have paid some of the costs.

Cost estimates for the construction of the Milwaukee street car are around \$65 million, whereas various parties to the street car case have estimated the cost of moving utility infrastructure would be \$55 million. In comparison, utility ratepayers had to pay about \$2 million to move utility services for the rebuilding of the Marquette Interchange, and about \$3 million for the Mitchell Interchange.

This issue has become very political, with Healy protesting the street car project, and the City of Milwaukee and others objecting to the attempt to saddle local government with the costs of relocating utility infrastructure. CUB has intervened to make sure the interests of ratepayers are protected.

This case will likely be decided by the end of 2012.

Public Service Commission, Payment in Lieu of Taxes Investigation, 5-GF-215

On February 10, 2012, the PSC

opened an investigation into the payments municipalities receive from municipally-owned utilities in lieu of property taxes. CUB is participating in this docket to make sure rates for customers of municipal utilities are reasonable. This case will likely conclude by the end of 2012.

Public Service Commission, Strategic Energy Assessment for 2012-2018, 5-ES-106

On June 30, 2011, the PSC started the next strategic energy assessment (SEA) for the years 2012 through 2018. The SEA compiles information about the status of Wisconsin's electric power industry, and summarizes the plans of utilities to meet electricity needs through 2018.

The PSC issued a draft SEA on June 14, 2012. CUB will submit comments on the document later in the 3rd quarter of 2012.

(Water) Waukesha Water Utility, Water Rates for 2012, 6240-WR-107

On December 15, 2011, Waukesha Water Utility applied with the Public Service Commission to increase water rates by \$2.3 million, or 27

percent, primarily to pay for its proposal to divert water from Lake Michigan to serve local needs.

Waukesha has yet to receive approval for the diversion from the Wisconsin Department of Natural Resources or the Great Lakes Compact, nor has Waukesha applied for permission to construct the project with the PSC.

CUB intervened in the case to make sure that only appropriate costs for water service are included in rates.

The PSC division administrator for water utilities issued a final decision in this case on July 10, 2012. The PSC disagreed with CUB and will allow Waukesha to increase rates by \$2.3 million, or 27 percent, to cover the costs of its investigation of alternative sources of water, even though the PSC has no way to assess whether the utility's pursuit of alternatives is reasonable.

We Energies, Rates for 2013 & 2014, 5-UR-106

On March 23, 2012, We Energies filed a request with the Public Service Commission to

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*As you are making your estate plans
please keep CUB
in mind.*

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raise electric rates by \$99 million, or 3.6 percent, starting January 1, 2013, and another increase of \$100 million, or 3.6 percent, starting January 1, 2014.

We Energies also requested to decrease rates for natural gas delivery by \$17.1 million, or about 2.5 percent, starting January 1, 2013. We Energies is not requesting any other adjustments for rates for natural gas delivery for 2014.

We Energies has asked to increase steam rates by \$2.3 million, or about 6.5 percent, for 2013, with a similar increase in steam rates for 2014.

Regarding electric rates, We Energies said the main drivers are the two new coal-fired power plants at Oak Creek, new pollution controls being installed on the older Oak Creek units, the new Glacier Hills wind farm, and the new biomass-fired power plant being built in Rothschild, near Wausau.

CUB has intervened in this case and will investigate the cost overruns of \$182 million for the two new coal-fired power plants at Oak Creek, which cost over \$2.3 billion to build. In addition, the new Unit 1 at Oak Creek hasn't been running well, and CUB will investigate whether ratepayers are being inappropriately charged for a poor-performing plant.

CUB will also raise questions about the Valley Power Plant, a two-unit coal-fired power plant that produces electricity and steam for downtown Milwaukee customers. Not only does the

Valley plant pollute near-by neighborhoods with toxic emissions, the plant is very expensive to run, and the rates paid by steam customers are heavily subsidized by electric customers.

CUB will also explore other issues, such as the costs charged to customers for fuel to make electricity, the allocation of utility costs between residential and industrial customers, and the design of residential rates.

The PSC will likely decide this case by the end of 2012.

Wisconsin Public Service Corp., Energy Efficiency Pilots

In December 2008, the PSC approved an agreement between CUB and WPS that allows WPS to use revenue-per-customer decoupling for residential and commercial electric and gas customers. Along with decoupling, WPS agreed to double its payments to Wisconsin's statewide energy efficiency program called Focus on Energy. The ratepayers of WPS will provide Focus with an

additional \$40 million between 2009 and 2012.

WPS also agreed to work with CUB and Focus on Energy to implement three community-based pilots to test enhanced energy efficiency programs and innovative rate options. The first pilot started in Brillion in October 2009, the second pilot started in Allouez in October 2010, and the third pilot started in Plover in June 2011.

Wisconsin Public Service Corp., Rates for 2013, 6690-UR-121

On March 30, 2012, Wisconsin Public Service Corp. filed a request with the Public Service Commission to raise electric rates by \$85 million, or 9.2 percent, starting January 1, 2013. WPS also requested to raise rates for natural gas delivery by \$13 million, or 3.7 percent.

WPS said the main drivers for the electric rate increase are declining future sales of electricity, which means that

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

Program Updates

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rates have to increase in order to recover enough money from the sale of fewer units of electricity to pay for the costs of providing electricity. WPS also mentioned higher costs for fuel to make electricity, higher costs for the transmission of electricity from power plants to substations, increased costs for maintaining power plants, and inflation.

Regarding increased natural gas rates, WPS said the main drivers are declining future sales of natural gas, inflation, maintenance of natural gas pipelines, and costs to clean up old sites where manufactured gas was once made.

CUB has intervened in this case, and will investigate WPS's forecasts for future sales of electricity and gas. CUB will also explore other issues, such as the costs charged to customers for fuel to make electricity, the allocation of utility costs between residential and industrial customers, and the design of residential rates. CUB will also evaluate WPS's proposal to decouple electricity and gas sales from revenues to make sure customers get a good deal.

The PSC will likely decide this case by the end of 2012.

Wisconsin Public Service Corp., Installation of Pollution Control Equipment at Weston Unit 3, 6690-CE-197

On May 7, 2012, WPS filed an application with the PSC for a certificate of authority to

install a multi-pollutant control technology known as ReACT at Weston Unit 3, a 321 megawatt coal-fired unit located near Wausau. The ReACT pollution control system would cost about \$288 million. The technology would primarily reduce sulfur dioxide emissions with some reduction in nitrogen oxide emissions as well.

CUB has intervened in the case and will be examining the need for pollution control equipment at this facility and, if there is a need, whether ReACT is the appropriate control technology.

The PSC will likely decide this case in the first half of 2013.

Xcel Energy, Rates for 2013, 4220-UR-118

On June 1, 2012, Xcel Energy filed an application with the PSC to raise electric rates by \$39.1 million, or 6.7 percent, starting January 1, 2013. The utility is also seeking to increase rates for delivering natural gas by \$5.3 million, or 4.9 percent.

Xcel said the main drivers for the large increase in electric and gas rates are new transmission lines, major work on its two nuclear plants in Minnesota, restoration of a contaminated site in Ashland, other maintenance projects, and general inflation.

Regarding nuclear work, Xcel wants to increase the amount of power that can be produced by its Monticello

nuclear plant, and needs to replace the steam generators at the Prairie Island nuclear plant. These projects will cost \$600 million.

Xcel also needs to clean up a site in Ashland where manufactured gas was made between 1885 and 1947. The site, which is on the shore of Lake Superior, is on the U.S. Environmental Protection Agency's "national priorities list," which is part of the Superfund program to clean up contaminated areas. The site was also used for many other industrial and municipal purposes, and clean-up costs are estimated to be at least \$100 million.

On August 9, Xcel announced a settlement with the U.S. Department of Justice and other agencies regarding the Ashland project, and will pay about \$40 million to clean the land-portion of the site. CUB will investigate Xcel's proposal to charge ratepayers for this clean up.

CUB will also try to reduce the size of the increase in electric and gas rates by questioning the costs charged to customers for incentive plans for Xcel employees, the allocation of utility costs between residential and industrial customers, and the design of residential rates.

The PSC will likely decide this case by the end of 2012.



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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 Karyl Rice of Madison was elected to the Board of Directors. Karyl (her first name is a Germanic version of Carol), is the owner of Project Solutions, and she has more than 20 years of experience in real estate development.

We are also happy that Russell Wallace of Madison was re-elected to another 3-year term on the CUB Board. Russell has served on the CUB Board since 2009, and is an engineer with IMC Dataworks.

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 at higley@wiscub.org, or 608-251-3322 x. 14.

