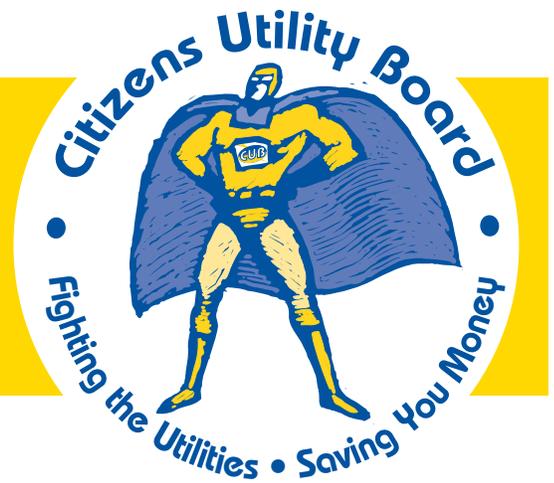


CUB Reporter

Citizens Utility Board Newsletter • FALL 2007



CUB Fights Global Warming

The debate is over: thousands of scientists participating in the Intergovernmental Panel of Climate Change recently reported that the Earth's climate and oceans are warming due to man-made pollutants.

We must reduce these pollutants by 60 to 80 percent of 1990 levels by 2050 to stabilize the Earth's climate to stave off the worse effects of global warming.

Many believe our choice is a strong economy or fighting global warming. The fact is, fighting global warming will create jobs and help protect our environment for our children and theirs to come.

CUB is helping lead the fight against the causes of global warming. Governor Jim Doyle has appointed CUB to his Task Force on Global Warming. By the end of 2007, the Task Force is to provide the governor with recommendations on ways to lower Wisconsin's production of greenhouse gases while creating jobs for the Wisconsin economy.

Burning coal for electricity is the leading cause of global warming pollution in Wisconsin, the United States, and the world. Wisconsin gets 75% of its electricity from coal fired power plants. If nothing is done, these pollutants will make Wisconsin hotter and dryer over the next 25 years – threatening our health, economy, and our environment.

Unfortunately, Wisconsin's emissions of global warming pollution are increasing. Our state's major utilities are building more polluting coal plants using out-dated technology: We Energies is building two plants near Milwaukee and Wisconsin Public Service Co. is building one plant in Wausau. Alliant Energy, the holding company that owns Wisconsin Power & Light, has proposed building a new coal plant near Cassville on the Mississippi River.

At a time when we should be reducing global warming pollutants, these utilities are going the other way – and they want us to pay for it in our monthly utility bills.

CUB believes that the risks caused by power plant pollution, including global warming, are too grave to ignore. Coal plant pollution, spewed into our air, contains toxic carcinogenic pollutants including sulfur oxides, which cause acid rain; nitrogen oxides, which cause smog; and mercury, which damages the nervous systems of children.

CUB Board of Directors Election Results

Thank you to all the CUB members who cast their ballots for the recent CUB Board of Directors election.

We are pleased to announce that all three Board members were reelected. Please join us in welcoming Steve Brachman, Rodney Stevenson, and Don Wichert to their new 3-year terms on the CUB Board.

Each summer, several seats on the CUB Board are open for election. If you know of 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@wisclub.org or mail to:

Charlie Higley, Executive Director
Citizens Utility Board
16 N. Carroll St., Suite 530
Madison, WI 53703

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CUB
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From the Executive Director

Global warming has quickly become a very prominent topic in the energy industry. Wisconsin's electric utilities are the leading source of greenhouse gas emissions in Wisconsin, responsible for 35 percent. Our electric utilities are followed by transportation (24%), and by industry (13%).

These industries emit carbon dioxide, methane, nitrous oxide, and other gases that accumulate in the atmosphere and help trap heat given off from the sun-drenched Earth. The concentration of these gases is increasing, which is causing an increase in global temperatures.

Unless we reduce the emission of these greenhouse gases, global temperatures will continue rising, causing all sorts of problems including rising sea levels, more intense storms, droughts, flooding, and other calamities from a changing climate.

Although we can point our fingers at utility power plants, semi-trailer trucks, and factories as the *sources* of global warming pollution, we need to point our fingers at ourselves as the *causes* of global warming. Our consumption of food, consumer goods, and energy sources like electricity and natural gas are the very causes of global warming pollution.



At CUB, we believe that everyone must do their part to reduce global warming pollution, or we will all suffer the dire consequences of living on a planet with a climate that is changing for the worse.

However, even if each of us takes steps to reduce the amount of pollution caused by our consumption, prices will rise for items that use or are made of fossil fuels like oil, coal, and natural gas. Prices will rise because the fossil fuel industries and electric utilities must take steps to reduce global warming pollution.

Although steps taken by utilities to reduce global warming pollution will cause your electric and natural gas rates to go up, you can reduce your exposure to rising fossil fuel prices by making your home and business as energy efficient as possible. Not only will investments in energy efficiency save you money, they will also reduce your "carbon footprint," or the amount of global warming pollution created by your consumption of goods and services.

Be sure to visit www.focusonenergy.com, the website of the Focus on Energy program, which will show you ways to make your home or business more energy efficient.

CUB
Your Utility
Watchdog!

CUB Fights for You

Every year CUB saves Wisconsin ratepayers millions of dollars (more than \$179 million since 2005 alone!) – most of these savings come from our work in rate cases before the Public Service Commission (PSC). CUB also works for you in the state legislature to pass good legislation and against bad public policy. We also take the fight to the courts when the regulators and politicians fail to protect ratepayers' interests.

Below are some updates on ongoing and recently completed rate cases, legislation and court cases that CUB is working on for you.

PSC Cases

Madison Gas & Electric, Rate Case for 2008 Rates, Docket 3270-UR-115

On May 7, 2007, MGE applied to the PSC for permission to increase 2008 electricity rates by \$19.6 million, or nearly 6 percent. MGE also wants to increase 2008 natural gas rates by \$9.1 million, or 3.7 percent.

In its application, MGE states that the electric rate increase is due to rising costs for transmitting electricity, construction costs of the new power plants in Oak Creek, construction costs for a new wind farm in Iowa, and payments to support the Focus on Energy program, which provides energy efficiency services to households and businesses throughout Wisconsin.

CUB is intervening in MGE's rate case, urging the utility to develop innovative rate designs for its customers so that they can use electricity more efficiently. CUB

will also ask the PSC to make sure that residential customers are only asked to pay their fair share of utility costs, and to prevent attempts by commercial customers to receive subsidized rates.

CUB will submit expert testimony to the PSC in September and legal briefs later in the fall. The PSC will likely decide this case by the end of 2007.

We Energies, Proposed Sale of the Point Beach Nuclear Power Plant, Docket 6630-EI-113

CUB is opposing the proposed sale by We Energies of the Point Beach Nuclear Power Plant to FPL Energy, a utility holding company headquartered in Florida. We Energies announced the sale on December 20, 2006.

The Public Service Commission will decide if the sale of Point Beach, a 1,033 megawatt nuclear plant located in Two Rivers, is in the public interest. The PSC will likely make a decision this fall. CUB has submitted testimony and legal briefs explaining why the sale should be opposed (please see our website www.wiscub.org for copies of our testimony and legal briefs).

CUB is concerned that the sale could lead to higher costs for ratepayers, and that the State of Wisconsin will lose jurisdiction over what is arguably the state's most polluting industrial operation; Point Beach produces thousands of pounds of high-level radioactive wastes every year, for which there are no safe means of disposal.

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Support CUB through Workplace Giving

You can contribute to CUB through the Community Shares of Wisconsin workplace giving campaign. Community Shares of Wisconsin is your local connection with 52 grassroots, nonprofit organizations that build social and economic equity and a healthy environment.

Community Shares of Wisconsin raises funds for its member agencies – including CUB – through workplace giving campaigns at over 100 private sector employers in the Greater Madison area. Public sector employees also can contribute to CUB through their Combined Campaign.

Please consider giving to CUB through Community Shares of Wisconsin at your employer's workplace giving campaign. By designating your gift to CUB, we will receive 100% of your contribution (No part of your gift is retained for administrative purposes!).

By supporting CUB through Community Shares of Wisconsin, you join with other committed individuals who share your vision of a better world. To learn more about Community Shares of Wisconsin's workplace giving program, or start a Community Shares campaign at your workplace, please visit www.communityshares.com or call (608) 256-1066.

Thank you for your support of CUB!

CUB Fights for You

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Citizens Utility Board

(CUB) is a state-wide membership organization incorporated under state and federal laws regulating non-profit groups.

The purpose of the organization is to:

1. ensure effective and democratic representation of residential, farm and small business utility customers before regulatory agencies;
2. ensure effective and democratic representation of residential, farm and small business utility customers before the legislature and other public bodies; and
3. provide education on utility service costs and on the benefits and methods of energy conservation for consumers.

Citizens Utility Board

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FPL Energy could run the plant to maximize profits instead of safety. The PSC would have no authority over whether investments should be made to keep the plant operating safely, or whether the plant should be shut down should problems arise regarding its operation. FPL Energy could even sell the plant to another entity, all without oversight by the PSC and the Wisconsin public.

If the PSC approves the sale of Point Beach, the PSC will have taken another step toward electricity deregulation, which will mean higher electricity rates, more pollution, more profits for energy companies, and less control over energy policy by the people of Wisconsin.

The PSC will make a decision on this case in the fall of 2007.

We Energies, Rate Case for 2008 Rates, Docket 05-UR-103

On May 7, 2007, We Energies applied to the PSC to raise its electric rates by \$712 million or 28 percent in 2008, the largest single-year increase in the utility's history. The utility has also requested to raise its natural gas rates by about 4 percent for 2008.

In its request, We Energies is asking for permission to collect higher rates to cover costs from increases in the price for fossil fuels used to produce electricity, for higher costs to transmit power on high-voltage transmission lines, and to pay for higher costs caused by the regional electricity marketplace operated by the Midwest Independent Transmission System Operator (MISO).

We Energies also wants to reduce the electric rate increase if it is allowed to sell the Point Beach Nuclear Power Plant to FPL Energy,

which CUB opposes because the sale would result in higher energy costs for We Energies' customers in the long run (see related section).

Even if the PSC approves the sale of the nuclear plant, We Energies' electric rates would increase by 15.6 percent by 2009.

CUB is intervening in this case at the PSC. We will be challenging many aspects of We Energies' request to increase rates, and we will be urging the PSC to require We Energies to offer innovative rate designs so that its customers can use electricity more efficiently.

CUB will be filing the testimony of our expert witnesses in October and our legal briefs in November. The PSC is expected to make a decision on the utility's request by the end of 2007.

We Energies, Addition of Pollution Controls to the Oak Creek Power Plant, Docket 6630-CE-299

On June 21, 2007, We Energies applied for permission from the PSC to install pollution control devices on the Oak Creek Power Plant. The utility estimates that the pollution control devices will cost \$820 million, which is about the same cost as a new power plant.

CUB and the environmental group Clean Wisconsin are planning on intervening in this case together, to explore whether We Energies looked at reasonable alternatives to installing pollution control equipment on an old power plant. These alternatives include retiring the Oak Creek Power Plant and, instead, making investments in energy efficiency or renewable energy.

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CUB Fights for You

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CUB and Clean Wisconsin will also examine the assumptions used by We Energies to estimate the costs of the pollution control equipment, and whether the equipment will allow We Energies to comply with clean air requirements.

The PSC will likely make a decision on this case in the first half of 2008.

Xcel Energy/Northern States Power-Wisconsin, Rate Case for 2008 Rates, Docket 4220-UR-115

On June 1, 2007, Xcel Energy (also known as Northern States Power) applied to the PSC for permission to raise 2008 electric rates by \$67 million, or 14.3 percent. Xcel also wants to increase 2008 natural gas rates by \$5.3 million, or 3.3 percent.

According to Xcel, the utility is asking for the rate increase because of higher prices for fossil fuels used to generate electricity, higher costs for transmitting electricity, and investments in its existing nuclear plants and new wind power plants.

CUB is intervening in this case at the PSC, and will urge Xcel/NSP to develop new rates for utility customers so that they can take steps to reduce their electric bills. CUB will also ask the PSC to make sure costs are being fairly split between residential, commercial, and industrial customers.



CUB will submit testimony from its experts to the PSC in October, and will file legal briefs later in the fall. The PSC is expected to make a decision on this case by the end of 2007.

Legislation

Throughout 2007, CUB has been fighting against an attempt to repeal Wisconsin's nuclear power plant law, Wis. Stat. 196.493. This law requires that, before any new nuclear power plant is built in Wisconsin, three criteria must be met:

A federally-licensed nuclear waste dump will be available to dispose of all of the nuclear waste from the reactors in Wisconsin;

A reliable and adequate supply of nuclear fuel is available; and

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CUB Fights for You

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The cost of building, operating, and decommissioning the nuclear plant and disposing of the nuclear waste is economically advantageous to ratepayers.

Some politicians say that repealing this law will “remove criteria specific to nuclear power so that it can be on the same playing field [as other technologies].” These politicians have it backwards—we need this law to protect us from the outrageous costs and risks of nuclear power.

No other energy production technology produces plutonium, one of the most lethal substances known and a primary ingredient in nuclear weapons. Spent nuclear fuel is deadly dangerous for hundreds of thousands of years, and its existence increases the risk of nuclear war and terrorism. Building more nuclear power plants in Wisconsin would increase the very real risk of the Wolf River area being selected by the federal government as a disposal site for the nation’s high level radioactive waste.

Nuclear power is expensive: Nuclear power plants *always* cost more than promised; nuclear power relies on insurance against catastrophe subsidized by taxpayers; since 1943, nuclear power has received more than 95% of the federal research & development money spent on nuclear, solar, and wind power; and the cost of nuclear fuel mining, processing, and disposal is heavily subsidized by taxpayers.

CUB is working hard to make sure that the state law protecting us from the folly of nuclear power remains on the books.

Court Cases

Butcher v. Ameritech

In our Spring 2007 newsletter, we reported on a lawsuit against AT&T (previously known as Ameritech) for illegally charging customers for sales taxes. CUB joined this lawsuit on the side of the consumer, and encouraged the Wisconsin Supreme Court to take up the case and overturn poor decisions made by lower courts.

Unfortunately, the Wisconsin Supreme Court decided in April not to take up the case. This means that AT&T and other retailers can continue charging customers illegal sales taxes, and unless a customer protests these charges before paying his or her bill, then the customer has no ability to receive a refund. It’s a disgrace that our court system has failed to protect consumers from obviously illegal activities by retailers.

We Energies

In another case reported in our Spring 2007 newsletter, CUB has sued the Public Service Commission for allowing We Energies to keep \$52 million in excess profits. Unfortunately, our lawsuit was dismissed by the Wisconsin Court of Appeals in July. By rejecting our lawsuit, the Court of Appeals left standing a ruling by a lower court allowing We Energies to keep the \$52 million that otherwise would have been returned to ratepayers.

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



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CUB Fights Global Warming

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Reducing these pollutants means reducing our dependence on electricity from coal-fired power plants. Unfortunately, because coal plays such a large role in our current energy needs, we won't stop using coal anytime soon. But we can demand that coal be made less polluting by updating old coal plants with new pollution controls.

Some promote nuclear energy as a solution – but this is dangerous and expensive thinking. Nuclear energy remains the most expensive way to produce electricity. And no one, not the nuclear energy industry nor the government, has a solution for the disposal of spent nuclear fuel, which remains deadly for hundreds of thousands of years.

CUB believes that Wisconsin can reduce global warming pollution and strengthen Wisconsin's economy by making our homes and businesses more energy efficient, which will reduce the amount of energy needed in the first place.

By developing Wisconsin's renewable energy resources such as wind, solar, and bio-energy, we can create local jobs and reduce the flow of money out-of-state to pay for fossil fuels like coal, oil, and natural gas.

Investments in energy efficiency and renewable energy will protect ratepayers from higher electricity rates caused by global warming pollution.

As a member of Governor Doyle's Task Force on Global Warming, CUB will be fighting for policies that encourage greater investments in energy efficiency and renewable energy and away from polluting technologies, such as coal-fired power plants.

