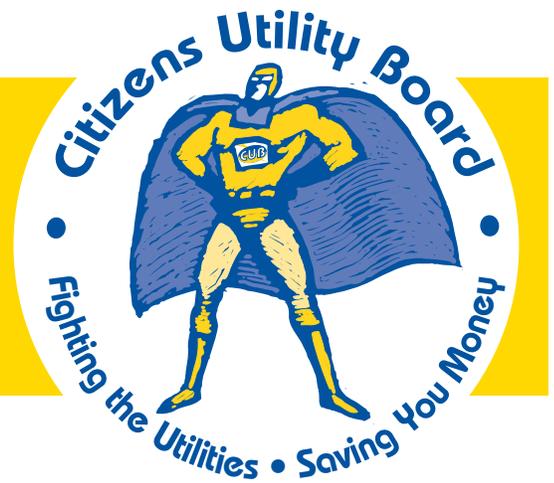


CUB Reporter

Citizens Utility Board Newsletter • SPRING 2009



CUB Saves Ratepayers \$200 Million

During 2008, two utilities sought to increase electric and gas rates for 2009 by \$200 million. On your behalf, CUB intervened and reached agreements with the utilities that kept electric and gas rates essentially unchanged for 2009, avoiding the \$200 million increase.

In addition, CUB fought against the proposal by Wisconsin Power & Light (also known as Alliant Energy) to build a new coal-fired power plant near Cassville. The Public Service Commission agreed with CUB that the plant would be too expensive and too polluting compared to alternatives, and rejected the proposal in November 2008. With the rejection of this power plant proposal, ratepayers of WPL will save hundreds of millions of dollars over the next 25 years.

The hard work by CUB's staff and hired experts, as well as good decisions by the Public Service Commission, made these results possible. These are just several examples of projects that concluded in the 4th quarter of 2008 that saved ratepayers more than \$1000 for every dollar contributed by CUB members. Below are updates on these cases.

PSC Says No to Coal!

For the first time since the 1970's, on November 11, 2008, the Public Service Commission rejected a utility proposal for a large power plant.

The plant in question was the coal-burner proposed by Wisconsin Power & Light a utility subsidiary of Alliant Energy. WPL applied with the PSC for permission to build the plant on April 7, 2007; the plant would have been located next to the existing Nelson Dewey power plant on the shore of the Mississippi River near Cassville.

CUB and Clean Wisconsin worked together to oppose this power plant. We submitted testimony and legal briefs showing that the proposed plant would have increased Wisconsin's emissions of global warming

pollution, and would have forced ratepayers to pay much higher electric rates. Staff of the PSC raised similar concerns in their testimony.

The plant would have cost at least \$1.26 billion. When WPL first applied to build the plant, the estimate was \$777 million; the proposed plant nearly doubled in price in less than two years. The proposed plant would have raised rates by more than \$800 million over 25 years when compared to alternatives, such as purchasing power from other utilities or expanding existing plants that burn natural gas.

"Building coal plants has never made sense from an environmental perspective, and no longer makes sense from an economic perspective," said Charlie Higley, executive director of CUB. "When cleaner alternatives would save ratepayers \$800 million, the perception that dirty coal is cheap is nothing but hot air."

WPL and WPS: No Rate Increase for 2009

For the first time since 1996, electric rates for customers of Wisconsin Power & Light and Wisconsin Public Service did not go up with the start of the New Year. Rates for natural gas even went down a small amount.

On February 22, 2008, WPL filed an application to raise its electric and gas rates starting in January 2009. WPL asked to raise electric rates by \$144 million, or 9% in 2009 and 4% in 2010. Gas charges (excluding the cost of the gas itself) would decline by 1%. WPL stated that the electric rate increases were needed because of rising fuel costs, costs for new transmission projects, costs for a new wind farm, and costs related to the Nelson Dewey power plant (which was later rejected by the PSC).

CUB intervened in the case, and urged the PSC and the utility to reduce rates for residential customers, who have been paying too much when compared to

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From the Executive Director

I'd like to share with you some good news: With your support, CUB was able to save Wisconsin ratepayers over \$200 million in 2008. CUB reached agreements with two utilities that kept their electricity rates unchanged between 2008 and 2009; natural gas rates actually decreased.

We're also proud of the decision by the Public Service Commission to reject Alliant Energy's proposal to build a coal-fired power plant near Cassville. CUB argued that the proposed plant would be too expensive and too polluting and the PSC agreed.

With these successful achievements behind us, we anticipate that 2009 may be a pivotal year with respect to the economy, energy policy, and the environment.

President Barack Obama signed into law the American Recovery and Reinvestment Act (the "stimulus bill") on February 17. The law includes large investments in energy efficiency and renewable energy which will help create jobs, reduce monthly utility bills, and reduce pollution from energy use.

On February 26, President Obama introduced his budget for fiscal year 2010, which starts October 1 2009. The president included a "cap and trade" provision, which would require utilities and others to buy allowances for each ton of global warming pollution produced. Most of the proceeds would be given back to households as tax credits, while 20 percent would go toward investments in energy efficiency and renewable energy.

By the time Summer rolls around, leaders in Congress hope to pass an energy bill that may include a national requirement for generating electricity from renewable resources, such as the wind, sun, and biomass (agricultural and forest resources).



In Wisconsin, policymakers are drafting legislation to implement the recommendations from Governor Jim Doyle's Task Force on Global Warming, on which CUB served. The governor and leaders in the Legislature have indicated that they will introduce legislation later this year to implement the recommendations. The legislation will likely include larger investments in energy efficiency and renewable energy (see related article).

Why the flurry of activity? Though forces have been building for decades, the fate of the U.S. economy is now more intertwined than ever with energy policy, which also has a huge impact on the environment.

CUB has long advocated that large investments in energy efficiency and renewable energy will create jobs, reduce monthly energy bills, and reduce pollution in Wisconsin and throughout the U.S.

The last U.S. president that understood these connections was Jimmy Carter. We're grateful that leaders like President Obama and Governor Doyle are pushing these policies.

We're hopeful that in 2009, our leaders will finally make energy efficiency and renewable energy the main focus of Wisconsin and U.S. energy policy.

CUB Priorities: 2009

An Apology to CUB Members:

Several weeks ago I sent an "action alert" dated March 2009 to CUB members asking you to urge your legislators to ask Gov. Doyle Sen. Mark Miller and Rep. Spencer Black to not include language that would modify the nuclear moratorium in legislation to implement the recommendations from Gov. Doyle's Task Force on Global Warming. Messrs. Doyle Miller and Black are drafting the task force legislation.

After careful consideration we determined that it was wrong for CUB to back away from supporting the task force recommendation to modify the nuclear moratorium. I apologize to you for any confusion. CUB supports the task force recommendations as a package including the recommended changes to the nuclear moratorium.

Please be sure to read "Protecting the Nuclear Moratorium" on this page of this newsletter for a full explanation of the modifications to the nuclear moratorium and why we think these modifications will protect Wisconsin from expensive nuclear power plants in the future.

-Charlie Higley-



Legislation

"Strong Clean Energy Economy"

CUB is urging lawmakers to implement the recommendations of Governor Jim Doyle's Task Force on Global Warming, on which CUB served.

In July 2008, the task force recommended making larger investments in energy efficiency, the best strategy to meet future energy needs, reduce monthly energy bills, and reduce pollution.

Regarding renewable energy, the task force recommended that Wisconsin utilities should generate 25 percent of their electricity from renewable resources by 2025, which would help create jobs in Wisconsin, reduce the flow of energy dollars out-of-state, and reduce pollution.

The task force also made numerous recommendations about ways to reduce pollution from industry, transportation, and other sectors of the economy.

Legislation is being drafted to implement the task force recommendations, which will be introduced later in 2009.

Protecting the Nuclear Moratorium

Though CUB supports the recommendations of Gov. Doyle's Task Force on Global Warming as a package, one recommendation would modify Wisconsin's nuclear power plant law, the so-called "nuclear moratorium."

Since 1983, the nuclear power plant law (Wis. Stats. 196.493) has protected Wisconsin consumers and the environment from the costs and risks of new nuclear power plants and the nuclear waste they create. Due to nuclear power's ever-increasing costs, and that no solution has been devised for deadly-toxic radioactive waste, CUB has fought long and hard to keep this law on the books.

Realizing that many task force members supported the outright repeal

of the nuclear moratorium, CUB begrudgingly supported a compromise: the law's requirement that "a federally licensed facility ... will be available ... for disposal of the waste" would be replaced by a requirement that "the PSC must find that the nuclear waste plan for the plant is economic, reasonable, stringent, and in the public interest, given the safety and other risks presented by such waste."

In addition, the task force recommended that any new nuclear plant "must be built to meet Wisconsin electricity needs at a cost that is reasonable and advantageous to customers in comparison with available alternatives...."

Also, the nuclear plant could only be owned by a Wisconsin utility or an affiliate, which would provide for jurisdiction over its operation by the Public Service Commission.

Finally, these changes to the nuclear moratorium could occur only upon (1) enactment of a "25% by 2025" requirement for renewable electricity and (2) enactment of much larger investments in energy efficiency programs.

To some degree, these changes would actually strengthen some aspects of the nuclear moratorium. However, our biggest concern is "opening" a law on the books, as in opening Pandora's box: the nuclear power plant law could be changed in undesired ways.

When the task force recommendations are considered as a package, CUB supports the changes to the nuclear power plant law as described above.

The real test will occur when legislation is introduced later this year to implement the recommendations of Gov. Doyle's task force. Should the legislation differ from the task force recommendations, CUB will oppose the legislation, and will work to protect the existing nuclear moratorium.

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Kathleen Ernst	Edgar Laube	Dennis and Sharon Ryan	

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New CUB Members

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Charles Cornelius	Martha Hove	Philip O'Connor	Steve Slattery
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Jay Hochmuth	Jacalyn Nelson	The Scott Family	David Young
John and Jeannette	Gretalo Northrop	Dorothy Seeley	Hannah Young
Hood	Margaret O'Connor	Jerome and Kathleen-	Joseph Yurek
		Shoemaker	

Board of Directors Officers

Longtime board member Steve Brachman has accepted the nomination as CUB Board president. Steve is the co-director and waste reduction and management specialist for the UW-Extension Solid & Hazardous Waste Education Center. Rodney Stevenson will continue his role as vice-president. Don Wichert will serve as the new treasurer and Andy Olsen as the new secretary.

Special thanks go to outgoing Board president, Tim Lovett. Tim has served as president since 2005 and will continue to serve on the Board of Directors providing legal, organizational, and administrative leadership.

CUB Priorities: 2009

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2009 PSC Cases

CUB will be working on the following important cases in 2009 (the cases are arranged alphabetically). The numbers in parentheses are the “docket” numbers that identify the case at the Public Service Commission. You can view all the documents submitted in each case by entering the docket number on the PSC’s website, <http://psc.wi.gov/>

American Transmission Company, Rockdale-West Middleton Transmission Line Project (137-CE-147)

ATC has proposed building a 345,000 volt transmission line from Cambridge to West Middleton. CUB is reviewing the reasonableness of the cost projections for the project. A decision by the PSC is expected in the 2nd quarter of 2009.

“Decoupling” (05-UI-114)

CUB is participating in this investigation to determine whether ratepayers would benefit if utilities “decoupled” their profits from sales of electricity and natural gas.

Design of Rates (05-UI-116)

CUB will suggest different options for the design of electric and gas rates. Customers that choose these rates could save energy and reduce their monthly energy bills.

“Fuel Rules” for Electric Rates (1-AC-224)

The utilities and the Public Service Commission have drafted proposed administrative rules that would make it easier for utilities to raise electric rates. CUB is fighting this proposal, which may also appear as legislation later this year.

Energy Efficiency Goals (05-UI-115)

CUB will urge the Public Service Commission to increase funding for Focus on Energy, which provides energy efficiency and renewable energy services to residents and businesses.

Madison Gas & Electric, Rates for 2010 (3270-UR-116)

Later this spring, MGE will be asking the PSC for permission to change electric and gas rates starting in January 2010. CUB will fight for reasonable rates.

Telephone Deregulation (05-TI-1777)

The PSC is investigating whether and to what extent regulations for local telephone service should be changed. CUB has urged the PSC to protect the rights of telephone customers as change continues to sweep through the world of telecommunications.

We Energies, Glacier Hills Wind Farm (6630-CE-302)

We Energies has asked the PSC for permission to build a 200 megawatt wind farm in Columbia County. CUB will investigate whether the process used by We Energies will result in wind generation at a reasonable cost.

We Energies, Rates for 2010 (05-UR-104)

Later this spring, We Energies will be asking the PSC for permission to change electric and gas rates starting in January 2010. CUB will fight for reasonable rates.

Wisconsin Power & Light, Bent Tree Wind Farm (6630-CE-173)

WPL(also known as Alliant

Energy) would like to build a 200 megawatt wind farm in Minnesota for an expected cost of \$500 million. CUB, Clean Wisconsin, and RENEW Wisconsin have teamed up to determine if there are more economical and environmentally-acceptable alternatives to WPL’s proposal.

Wisconsin Power & Light, Rates for 2010 (6680-UR-117)

Later this spring, WPL will be asking the PSC for permission to change electric and gas rates starting in January 2010. CUB will fight for reasonable rates.

Wisconsin Power & Light and We Energies, Retrofit of Edgewater Unit 5 (05-CE-137)

WPL and We Energies like to add pollution controls to Unit 5 of the Edgewater power plant. The pollution controls would cost about \$153 million. CUB and Clean Wisconsin have teamed up to determine whether this proposal is cost-effective and protects the environment.

Wisconsin Power & Light, Retrofit of Nelson Dewey Units 1 & 2 (6680-CE-172)

WPL would like to add pollution controls to Units 1 and 2 of the Nelson Dewey power plant at a cost of about \$200 million. CUB and Clean Wisconsin have teamed up to determine whether this proposal is cost-effective and protects the environment.

Xcel Energy, Rates for 2010 (4220-UR-116)

Later this spring, Xcel (also known as Northern States Power) will be asking the PSC for permission to change electric and gas rates starting in January 2010. CUB will fight for reasonable rates.

CUB Saves Ratepayers \$200 Million

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commercial and industrial customers. CUB also urged the utility to offer new rate options so that customers could reduce their energy use and save money on their energy bills.

Due in part to rapidly falling natural gas prices, WPL, CUB, and other intervenors agreed to a settlement in which rates would remain unchanged for 2009. The PSC accepted this settlement on December 23, 2008.

A similar set of issues faced Wisconsin Public Service Corp., which filed an application on April 1, 2008 to raise its electric and gas rates starting in January 2009. WPS had asked to raise electric rates by \$107 million, or 8% in 2009. Gas charges (excluding the cost of the gas itself) would increase by 2%. WPS stated that the electric rate increases were needed because of rising fuel costs, costs for new transmission projects, costs for a new wind farm, and costs related to the new Weston 4 coal-fired power plant.

Last fall's rapidly declining natural gas prices affected WPS, too. In December, WPS, CUB, and other intervenors agreed to a settlement in which rates would remain unchanged for 2009. The PSC accepted this settlement on December 23, 2008.

Combined, the settlements between CUB, WPS, WPL, and other intervenors saved ratepayers at least \$200 million, according to

the Public Service Commission.

Energy Efficiency and "Decoupling" Agreement with WPS

CUB and Wisconsin Public Service Corporation (WPS) have finalized an agreement to develop a program that will help consumers save energy. The agreement was completed on February 17, 2009.

"CUB and WPS collaborated on the issues to develop a program that will provide substantial benefits to customers and the environment by aggressively pursuing energy efficiency and conservation," said Charlie Higley, CUB executive director.

CUB and WPS are now working with Focus on Energy which provides energy efficiency and renewable energy services to residents and businesses in Wisconsin, to design the details of the program, with implementation scheduled for later this year.

The principle components of the program include the following:

- WPS will increase its annual contribution to Focus on Energy in each of the next four years 2009 through 2012. With more funds, Focus on Energy will be able to provide additional energy efficiency and renewable energy services to customers of WPS;
- CUB, WPS, and Focus on Energy will develop energy-saving programs for three communities in the utility's service territory. The programs will feature innovative rate options enhanced energy efficiency options, and other ways for customers to reduce their energy use;
- WPS reduced electric and gas rates for residential and commercial customers by \$2.1 million (these changes took effect in January 2009);

- WPS reduced the "fixed charge" and increased the "volumetric charge," which are the two major components of electric and natural gas rates. These changes help low-income and other customers who already use a minimum amount of energy and can encourage other customers to use less energy, (these changes took effect in January 2009);

- WPS will use a "revenue stabilization mechanism," also known as "decoupling," which will assure WPS of a certain level of revenue for its electric and natural gas service regardless of weather and other conditions. WPS's revenue level will be trued up annually. If WPS's revenues are higher than expected, customers will receive refunds. If WPS's revenues are lower than expected, WPS will recover the difference over the next year.

The above items are part of a four-year pilot, as approved by the Public Service Commission on December 18, 2008 and February 13, 2009.

"This package contains a number of initiatives that encourage energy conservation in a number of new and innovative ways," said Jim Schott, WPS vice president of regulatory affairs. "The revenue stabilization mechanism ensures that WPS will be a strong and enthusiastic supporter of these energy conservation programs without worrying about how it will affect the bottom line."

In addition, CUB and WPS will support the recommendations from Governor Jim Doyle's Task Force on Global Warming regarding enhanced conservation and energy efficiency efforts; new or improved building codes; and new or improved standards for appliances.

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the utilities
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Members of the CUB Sustainer Program:

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- Bobby Parker
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- Bonita Straus
- James Van Deurzen & Roseanne Cheeseman
- Norm Vojtech & Russ Reuter
- Margaret and Daryl Wood

Thank you to all members of CUB's Sustainer Program!

Please stop by CUB's booth, A59, at the MREA Fair (June 19-21), Custer, Wisconsin. Meet CUB Board members and discuss CUB issues and priorities!

