

# CUB Reporter

Citizens Utility Board Newsletter • SPRING 2005



## PSC Planning Process Better, But Not Good Enough

Common sense says ensuring affordable and reliable energy requires planning. Unfortunately, in the late 1990's the Wisconsin Legislature and Governor Tommy Thompson abandoned the state's planning process (it was called the Advance Plan). This resulted in higher rates, unreliable service and increased profits for the utilities.

The PSC touches the lives, and pocketbooks, of every person and business in Wisconsin. It's the state agency responsible for making sure utilities provide affordable and reliable energy to Wisconsin residents and businesses.

The PSC is governed by three commissioners. It only takes 2 commissioners to approve billions and billions of dollars of utility requests for new power plants, power lines, and higher rates.

In 1997, Wisconsin had the lowest electric rates in the Upper Midwest. By 2005, since the PSC stopped its comprehensive long range planning and since then residential rates increased by as much as 64.1%, commercial rates increased by as much as 60.5%, and industrial rates increased by as much as 48.9%. See chart for specific residential trends since 1997.

For decades, the PSC had a well-deserved reputation for protecting the interest of energy consumers with fair, balanced and progressive decisions. BUT, in the 5 years from 1998 to 2003, the PSC approved more than \$767,000,000 in additional rate increases – creating higher profit margins for utilities.

CUB has called on the PSC to make the following reforms:

- The PSC must re-establish a comprehensive energy planning process. We must ensure that Wisconsin can meet its future energy needs at the least cost to consumers while protecting environmental safety.
- The PSC must make sure that it has the staff and

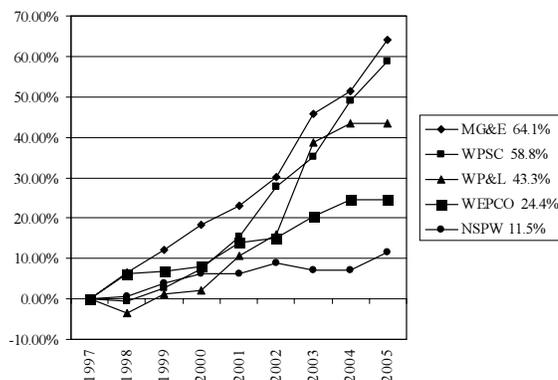
resources to do their jobs. Staff cuts make no sense when utilities are proposing more power plants and power lines.

- The PSC needs stronger ethical standards. Currently, there is no prohibition of PSC commissioners and staff from taking high-paying utility jobs in the very industry they regulate. This revolving door must be closed!
- After listening to the concerns of ratepayers throughout Wisconsin, the PSC announced some improvements in its energy planning process. The changes are meant to help ensure ratepayers will have the energy they need, pay more reasonable rates, and minimize impacts on the environment.

Although much work needs to be done, the commission's intention to focus on energy planning, rates, energy efficiency and renewable energy will help keep energy bills under control while reducing impacts on the environment.

We'll monitor the PSC to make sure they fulfill their pledge and continue fighting for true and complete reform of the PSC planning process.

Changes in residential bills since 1997



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www.wiscub.org

608.251-3322

Staff@wiscub.org



# From the Executive Director

With your support, 2004 turned out to a great year for CUB. We had many victories and our membership has grown. On behalf of the board and staff, I want to express my sincere thanks for renewing your membership and helping with special appeal gifts when you can.

As we began 2005, we were met with some surprises. Recently, the PSC reversed itself and, for the first time in Wisconsin history, sold a major power plant – a nuclear power plant – to an unregulated out-of-state company. Shortly after making this decision, Burnie Bridge resigned her position as the chair of the PSC. Despite our highest hopes, it seems that we're going to have to press the PSC harder than ever for good rulings on rate cases.

Reforming the PSC will continue to be a high priority for CUB. We must have true accountability from the commissioners, adequate public involvement and legitimate long-term energy planning in order to protect ratepayers and insure safe and reliable energy.

This year we will begin working to implement the recommendations



from the Governors Task Force on Renewable Energy. I was a member of this task force and am committed to seeing that the recommendations are fully implemented and fully funded. Our energy future must and will include a focus on energy efficiency and renewable energy sources.

In the coming months, I will be talking with many of our Friends of CUB members about our plans for the future and how our membership can help win more victories. I look forward to talking with you about CUB, Wisconsin's energy future and how, together, we can continue making a difference!

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## Planned Giving Options Make Giving Easier

Some Citizens Utility Board (CUB) members find planned giving opportunities a good way to make long-term or larger gifts to support our ongoing work. Today, there are many options in addition to naming CUB as a beneficiary in your will – some provide immediate tax benefits, other options provide delayed tax benefits to your estate or heirs.

Below are listed some of the common planned giving options, but there are others too. Please consider a planned gift to CUB as a way of extending and increasing your support.

Remember, with this or any major financial decision, talk to your attorney and financial advisor before making any commitments.

### Bequests in your will

Some donors find that the best way they can help Citizens Utility Board is by making a bequest in their will. There are three different kinds of bequest: Specific Bequest, Residual Bequest, and Contingent Bequest. Each has different ways of designating the gift, but with each, the entire

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# SBC Threatens Basic Phone Service for Most Vulnerable

In an unprecedented move, the SBC phone company (one of the most profitable corporations in the United States) has petitioned the Public Service Commission (PSC) to drop the last remaining regulations guarding basic phone rates.

Claiming utility regulation has become "outdated," SBC wants all price caps removed from basic phone service in the largest areas it serves.

This could mean higher rates for all SBC customers in Milwaukee, Madison, Green Bay, Waukesha, Beloit, Eau Claire, Stevens Point, Appleton, Neenah, Oshkosh, Racine, and Kenosha. The rates

would be set by SBC without PSC approval or review by CUB or members of the public!

Over the last ten years, the phone companies have whittled away at price regulation. Already, they are free to charge whatever they can get away with for add-ons such as voice mail, call waiting, caller I.D. and second lines. Now, they want the rest.

Basic service provides the critical link between the sick and elderly and emergency services. This is no-frills basic service - no bells and whistles - just a dial tone and a connection to make local calls, including the police, fire fighters, and medical personnel in an emergency.

CUB believes the most vulnerable in our communities must be protected from the unregulated greed of one of the nation's most profitable corporations!

Basic phone service - which includes the ability to call for emergency services - has been a fundamental right since phone service was widely available.

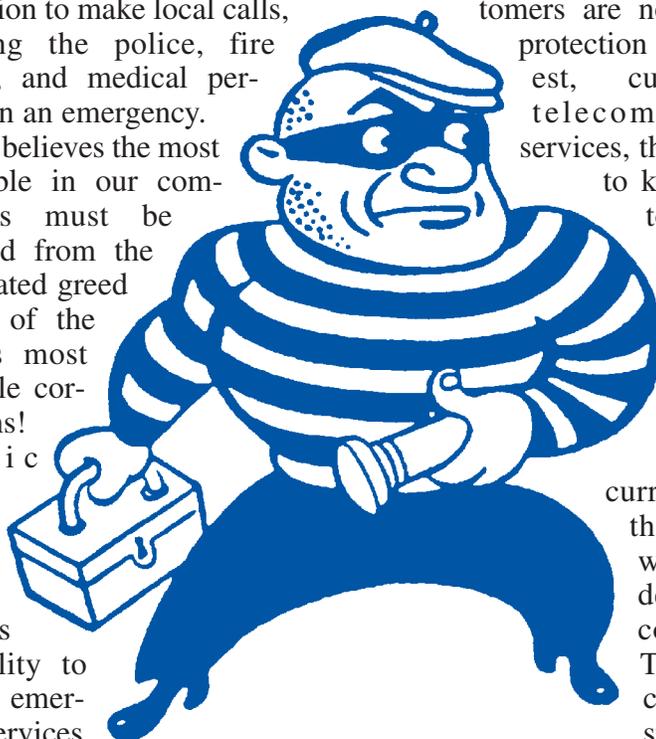
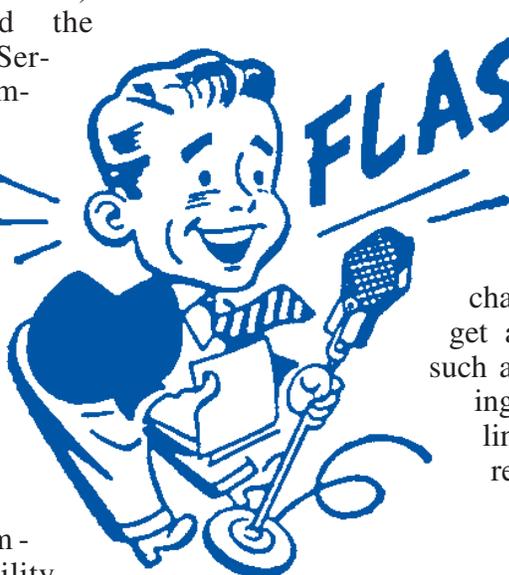
Regulating the price phone companies can charge for basic phone service must be maintained.

We have long believed that the sick, the elderly, shut-ins and low and fixed income residential phone customers should be protected from the unbridled greed of huge phone companies, especially in emergency situations. Basic phone service was designed to give this protection.

Now SBC wants the last remaining price regulation on basic services dropped. This would have a devastating effect on phone rates for those least able to afford it - all to put more money in the pockets of one of the most profitable corporations in the United States.

This change threatens the most vulnerable members of our communities - those least able to afford even modest increases in basic services. These customers are not asking for protection for all the latest, cutting edge telecommunication services, they are asking to keep their dial tone to keep in touch with family, work, and in case they need to call for help.

This case is currently before the PSC and will likely be decided this coming fall. Together, we can win and stop SBC from profiteering on the backs of our community's most vulnerable members.



**CUB**  
*Your Utility*  
*Watchdog!*

# PSC Gambling With Nuke Plant Sale

**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**

16 N. Carroll St., Suite 720  
Madison, WI 53703



608.251.3322

608.251.7609 fax

800.657.4727



<http://www.wiscub.org>  
[staff@wiscub.org](mailto:staff@wiscub.org)



On March 17, 2005, the Public Service Commission (PSC) approved the sale of the Kewaunee Nuclear Power Plant to Dominion Resources of Virginia, an unregulated subsidiary of an out-of-state utility holding company.

The Citizens Utility Board (CUB) strongly condemns the decision by PSC. "The sale of this power plant means that the Wisconsin public has lost control of a nuclear power plant located in Wisconsin. The PSC's decision threatens the health, safety, and pocketbooks of Wisconsin ratepayers," said Charlie Higley, CUB executive director.

Wisconsin Public Service Corporation (WPS) and Wisconsin Power & Light Company (WP&L) sold the nuclear plant because they wanted "to relieve themselves of the risks of running an aging nuclear reactor."

Fine for them and their stockholders, but Wisconsin ratepayers will have to live with the risks of this aging nuclear reactor with no one to protect them.

This sale threatens the interests of Wisconsin residents and businesses by allowing an unregulated company to own and operate a nuclear power plant in Wisconsin. Not only will electricity rates increase, but the PSC will no longer have any control over the reliable, safe, and affordable operation of the plant.

Because Dominion will operate Kewaunee as a merchant plant rather than as a public utility, the PSC will have no authority over many issues, including whether investments should be made to insure safe plant operations, if and when the plant should be shut down and decommissioned, whether to use the site to store nuclear waste from other nuclear reactors, and if the plant is sold to yet another absentee owner.

The sale of the Kewaunee Nuclear Power Plant is historic. It is the first time a major power plant, owned by a regulated Wisconsin utility and paid for by Wisconsin ratepayers, has been sold to an out-of-state company.

The wave of misguided utility deregulation that swept through the country in the late 1990's caused several states to lose oversight – lose control – of their electric power industries, with disastrous results. California, for example, sold their power plants to unregulated out-of-state companies, only to watch helplessly as those companies stole more than \$50 Billion from ratepayers in just two short years.

In addition, CUB pointed out that the "conditions" offered by the utilities and Dominion to sweeten the deal will not be enforceable, which means that in the end, Dominion can walk away from its promises without fear of retribution by the PSC.

Burnie Bridge, then chair of the PSC, claimed that the "conditions" do provide a "meaningful role" for the PSC in the future. Bridge resigned her position on the PSC shortly after making the ruling to sell the Kewaunee Nuclear Power Plant.

The PSC's decision also makes it more likely that a new nuclear plant will be built in Wisconsin. Dominion is currently seeking a permit from the federal government to build a new nuclear plant in Virginia. The Kewaunee site is designed to accommodate at least one additional nuclear reactor.

The PSC's decision will be of great benefit to the shareholders of WPS and WPL, who have forced ratepayers to pay hundreds of millions of dollars for recent major repairs to the plant, only to sell it off to Dominion.

CUB is now demanding that WPS be required to immediately return to

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# Task Force on Energy Efficiency and Renewables

After a year of meetings, public hearings and research the Task Force on Energy Efficiency and Renewables gave Governor Jim Doyle a report containing concrete recommendations for Wisconsin's energy future.

Over the last decade, Wisconsin energy costs have sky-rocketed along with utility profits. At the same time, utilities give little more than lip service to energy efficiency programs and renewable energy production alternatives. Each year, Wisconsin pays more than \$6 billion to import fossil fuels into the state.

The creation of the Task Force demonstrates recognition of the serious condition of Wisconsin's efforts for energy efficiency and renewables, and hopefully, a commitment to improving those efforts.

The Task Force was created in September of 2003, by executive order of Governor Doyle and charged with developing creative initiatives to restore Wisconsin's national leadership position in energy conservation and renewable energy. The initiatives were also to foster Wisconsin's economic growth, decrease our reliance on out-of-state energy and reduce the environmental impact from fossil-fuel energy production.

The Task Force of 25 individuals included urban and rural, business and environmental, consumer and labor, legislators from both major parties and non profit groups including the Wisconsin Energy Conservation Corp., Citizens Utility Board, the State Environmental Leadership Program, and RENEW Wisconsin.

CUB executive director, Charlie Higley was a member of the Task Force and is now committed to seeing that the recommendations

are fully implemented.

The Task Force made specific recommendations for both increasing energy efficiency and renewable energy use in Wisconsin.

## Recommendations to Increase Energy Efficiency in Wisconsin

Reform the structure of the statewide energy-efficiency program known as Focus on Energy (also called "Public Benefits"). The Public Service Commission (PSC) would set funding levels and energy-efficiency targets for the program while the Department of Administration (DOA) would continue to oversee the daily administration of the program and allocation of its funds. A cooperative agreement would be established

between the PSC and DOA to define specific responsibilities.

At least annually notify customers of the benefits and costs of Focus on Energy and any utility-administered programs that impact them.

Better integrate Focus on Energy with the application of the Energy Priorities Law and the PSC's Strategic Energy Assessment.

Update and improve the state's commercial energy codes.

Establish either a goal or requirement for state agencies to establish "beyond code" energy-efficiency policies for new and existing state facilities. Also require state agencies to purchase

energy-efficient products and appliances.

## Recommendations to Increase Renewable Energy Use in Wisconsin

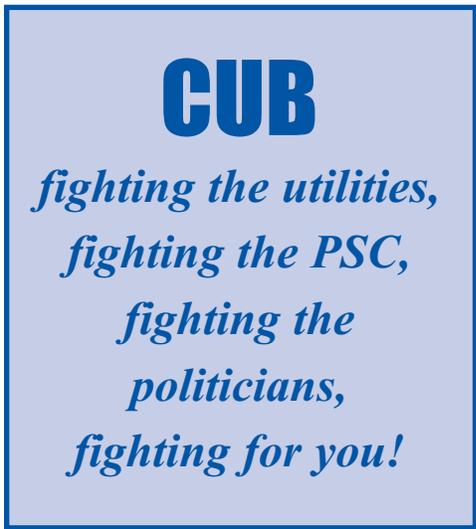
Establish a new standard for renewable energy use in the state, averaging 10% statewide by 2015. This new standard would be phased-in and would allow electric utilities to request temporary implementation delays from the PSC for circumstances beyond their control.

The new standard would also be better integrated with the application of the Energy Priorities Law and the Strategic Energy Assessment.

Establish a target for state agencies to purchase at least 10% of their electricity from renewable resources by 2006 and at least 20% by 2010.

Create a sales and use tax exemption for customer-owned renewable energy systems such as small wind turbines, solar panels and solar water-heating services.

Encourage the research and development of renewable energy systems, particularly anaerobic digestors, in rural Wisconsin. Recommendations include creating a bio-energy/bio-fuel coordinator position at the Department of Agriculture, Trade and Consumer Protection and targeted funding for anaerobic digester research and development.



# CUB Comings and Goings ...



**Tim Lovett becomes CUB board president.** Since Tim joined the CUB board of directors in 2002 he has been instrumental in guiding our legal, organizational and administrative activities. This spring, Tim accepted the nomination as president of the CUB board of directors. Tim's leadership in this position will be greatly appreciated as we move ahead.

**Margot King joins CUB board of directors.** Margot, a retired school



counselor from Platteville, is now spending her time as a community and environmental activist. She recently formed Grassroots of Grant County and is active in the Democratic Party of southwest Wisconsin. Margot's experience with governmental and non profit organizations will be a big help at CUB.

**Amy Kirkland, RN, joins CUB board of directors.** Amy is registered nurse with 25 years involve-



ment in the healthcare field, the last 18 years as CEO, President and Director of Nursing for three healthcare related corporations. With expertise in recruiting, evaluation of the healthcare market, both in terms of opportunity and skill evaluation, culminating in expert placement of healthcare professionals. Her experience in business development, planning and follow through and commitment to total customer satisfaction, will be a great asset to CUB.

**Geoffrey Hurtado leaves CUB board of directors.** After years of volunteer service to CUB, the last 3 as the president of the CUB board of directors, Geoff has resigned his position on the board of directors. Geoff's contributions and leadership over the years has help guide CUB to become an even more effective organization. We all offer Geoff our sincere thanks and best wishes.

**Phil Kerckhoff joins CUB staff as Director of Development and Communication.** Phil has more than 20 years of experience working with non profit organizations and has been working with CUB as a consultant for the last year. He worked with CUB in the early 1990's helping increase the membership base. We look forward to Phil using his talents once again to make CUB even stronger than ever.

**CUB  
saves \$100  
for every  
\$1 contributed!**

## Planned Giving Options

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value of the bequest is eligible for an estate tax charitable deduction.

As with other charitable gifts, you can direct how your bequest is used, targeting your gift to a specific cause or program, or making an unrestricted bequest.

If you decide to make a bequest, share your plan with your attorney and financial advisors, who will draft appropriate language for your will and help structure the gift effectively.

### Life Insurance

Life insurance can be a very flexible tool in estate-based philanthropy. As with other giving vehicles, you can help Citizens Utility Board while also receiving tax benefits for you and your heirs. Among the easiest ways to use your life insurance to make a gift to Citizens Utility Board is to name CUB as a beneficiary.

### Retirement Plans

Though you may enjoy many tax benefits during your lifetime from your 401(k), IRA, or Keogh plan, the assets in these retirement plans can be heavily taxed when passed on to your heirs. In addition to any estate taxes, retirement plan

assets are subject to income taxes, resulting in as much as 75% of these assets going to the IRS instead of your heirs.

You can avoid this tax burden, thereby getting the most from your money, by naming Citizens Utility Board as a beneficiary. If you prefer, you can name a family member beneficiary, with Citizens Utility Board as an alternative or contingent beneficiary. Any amount that passes to CUB will do so free of estate and income taxes.

### Charitable Remainder Trusts

Charitable remainder trusts (CRTs) are life income gifts: you transfer assets now, receiving a charitable deduction for a portion of the transfer, and you or a beneficiary receives income for the rest of your life or a fixed period of time. Both Citizens Utility Board and you can benefit from life income gifts such as these.

You can also set up a testamentary CRT, to be established upon your passing. While you will not receive a charitable deduction, your estate will.

### Giving Stock

A gift of stock (or other appreci-

ated property) entitles you to a tax deduction for the market value of the donated stock (not just your cost basis). If the stock you wish to donate has been held for more than one year, you can avoid capital gains tax on any appreciation of the stock by donating the stock prior to sale. Citizens Utility Board

# CUB

*fighting the utilities,  
fighting the PSC,  
fighting the  
politicians,  
fighting for you!*

benefits by selling the stock without paying taxes on the gain, and you benefit from making a contribution that would be larger than what you might have been able to donate in cash.

## PSC Gambling with Nuclear Plant Sale

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ratepayers \$196 million in previously collected “decommissioning funds” as a credit on their utility bills. CUB is also demanding that the PSC prevent the utilities from using the \$220 million in cash proceeds from the sale of Kewaunee for any purpose other than immediately paying off the remaining debt of the plant still being carried

on the utilities’ books.

CUB expects that Dominion will become a major player in Wisconsin power politics, and will likely make substantial contributions to political campaigns in order to further its interests in nuclear power and utility deregulation. Dominion already has a lobby in Wisconsin, and Dominion

political action committees and individuals associated with Dominion have contributed more than \$716,000 to federal campaigns in 2003 and 2004.

“The PSC is plunging Wisconsin back into the darkness of utility deregulation,” said Higley.



16 N. Carroll St., Suite 720  
Madison, WI 53703

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