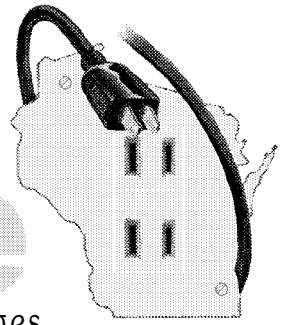


A Coalition
to preserve
Wisconsin's
Reliable and
Affordable
Electricity

Customers First!

the Wire



Plugging you in to electric industry changes

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CFC conference rescheduled

The Customers First! Coalition's annual Spring POWER Breakfast has been moved from its original April date to June 2. The rescheduled event will still be held at the original location, the Concourse Hotel in Madison, Wisconsin.

Attendees will have the opportunity to hear from Dr. Ken Rose, a nationally recognized expert in the structure, economics, and regulation of U.S. electricity markets, as well as from a panel of leaders in state-level energy policy.

Online registration is available at www.regonline.com/cfcpowerbreakfast2011. It's also possible to register by contacting Customers First! Executive Director Matt Bromley by telephone at 608-286-0784 or by e-mail at mbromley@customersfirst.org. A continental breakfast is included in this free event.

Wind rules suspended

The prospects of uniform statewide wind-energy siting standards have gone from a sure thing to a pair of new possibilities: more restrictive standards than those proposed or possibly no uniform standards at all.

Near the end of March, the Legislature's Joint Committee for Review of Administrative Rules (JCRAR) introduced a proposal to repeal the siting rules adopted last year by the Public Service Commission (PSC). That action is in accordance with the procedures spelled out in the statutes when an administrative rule has been suspended—as was done March 1 by the same committee.


Also under statute law, the repeal proposal must be placed on the calendar of each legislative house within 40 days after introduction. If it's passed and signed into law, the PSC will have six months to prepare a new set of rules for review. If it fails to pass in either house, the rules become effective as proposed by the PSC last year.

Last October, the rules appeared certain to clear legislative review and be implemented without a hearing. At the last minute a review committee asked the PSC for changes.

Changes were made, and when a lame-duck committee just before Christmas passed on an opportunity to ask for more revisions, the rules once again looked set for automatic implementation.

But barely two weeks later, wind-siting standards appeared as part of a special-session legislative agenda. The bill stalled but the JCRAR decided to conduct a public hearing—reported in detail here last month. That hearing led to the March 1 suspension vote.

Wind developer Invenergy has since announced it is cancelling plans for a 150-megawatt wind farm in Brown County. The *Milwaukee Journal Sentinel* quoted company official Kevin Parzyck in a letter to the PSC saying, "The absence of regulatory stability has made it imprudent for Invenergy to proceed with investments in a project which unknown regulations might make infeasible to construct."

He was quoted in *North American Windpower* saying, "We'll continue to develop other wind projects in the state that do not require as significant an investment during an unstable climate. At the same time, we'll increase our development efforts outside Wisconsin, in states that offer more regulatory certainty." 

Railroad Antitrust Enforcement Act advances

Last month Matt Bromley noted the reintroduction of Wisconsin Senator Herb Kohl's legislation applying federal antitrust law to freight railroads. Soon after, there was committee action on the proposal.

Early in March, the U.S. Senate Judiciary Committee voted 14-1 to endorse the Railroad Antitrust Enforcement Act.

With sponsorship from seven other senators in addition to Kohl, the bipartisan bill would repeal federal antitrust exemptions protecting

freight railroads from competition. Kohl said he introduced the legislation in response to concerns that freight railroads are abusing market power and raising rates for those who rely on them to ship dozens of vital commodities, including coal and agricultural products.

Kohl chairs the Senate Antitrust, Competition Policy and Consumer Rights subcommittee.

"Our bill will ensure that railroads play by



Sen. Kohl

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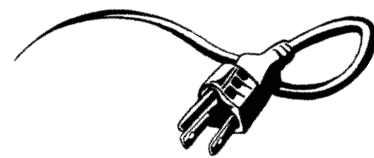
THE WIRE is a monthly publication of the *Customers First!* Coalition—a broad-based alliance of local governments, small businesses and farmers, environmental groups, labor and consumer groups, retirees and low-income families, municipal electric utilities, rural electric cooperatives, wholesale suppliers, and an investor-owned utility. *Customers First!* is a coalition dedicated to preserving Wisconsin's reliable and affordable electricity.

If you have questions or comments about THE WIRE or the *Customers First!* Coalition, please call 608/286-0784.



KEEPING CURRENT

With CFC Executive Director Matt Bromley



Wisconsin Governor Scott Walker unveiled his 2011–13 biennial state budget bill last month to a Legislature still reeling from the epic debate over his measures to plug the state's current fiscal year deficit and curtail collective bargaining for public employees. The proposed two-year budget makes significant cuts to state spending, including aid to schools and local governments, in order to reduce a projected deficit the governor says is \$3.6 billion.

One item in the proposed budget that may pique the interest of those involved in energy issues is the elimination of the Office of Energy Independence (OEI). The OEI was created by the previous administration to lead the state's effort to advance clean energy and bioproducts. The OEI became the primary coordinator for millions of dollars in energy-related federal stimulus funding targeted to Wisconsin businesses and local communities. As part of an effort to streamline government operations, the governor's budget bill transfers the duties of the OEI to the Division of Energy Services within the Department of Administration.

The budget also reduces the operating budgets of state agencies including the Public Service Commission. The cuts to the commission may be of concern if the agency's ability to carry out its regulatory responsibilities is adversely affected. The *Customers First!* Coalition has consistently supported a fully funded and professionally staffed commission to ensure that utility customers receive reliable service at reasonable rates.

Wisconsin ratepayers should look favorably on an item *not* in the budget. The proposed budget lets expire the extra charge that's been part of utility bills the past two years to help pay for the salaries of local district attorneys. The CFC has long advocated that money collected through utility bills be used solely to benefit ratepayers and not pay for programs that have no relevance to reducing energy use or cost.

Although deliberations on the state budget are likely to occupy most of the Legislature's time in the coming weeks, another issue is worth watching. The Joint Legislative Audit Committee recently gave the go-ahead for an audit of Focus on Energy—the statewide energy efficiency and renewable resource program. The program is set to see big increases in funding over the next four years, which prompted the committee's co-chair, Senator Rob Cowles (R-Green Bay), to seek an audit that he said will, among other things, help determine how well the program benefits ratepayers. The audit is expected to be completed by this fall. 💡



Bromley

Railroad Antitrust Act

Continued from page 1...

the same rules as all businesses in our economy and give those injured by anti-competitive conduct strong remedies under antitrust law," Kohl said. "Over the past several years, railroad shippers of vital commodities have faced spiking rail rates. Rail shippers are forced to pass these price increases into the price of their products, and ultimately, to consumers."

The measure previously cleared the Judiciary Committee in 2009 and was pending on the Senate calendar when the 111th Congress adjourned last year.

Current antitrust law protects a wide range of railroad industry conduct. Mergers and ac-

quisitions—which shrank the number of Class I railroads from 42 to four during the past three decades—are exempt, as is collective ratemaking among railroads. Kohl's bill would eliminate those and other exemptions. 💡

Energy saver tip

Ah, spring! Baseball, re-activating the barbecue, and Outdoor Home-Maintenance Projects! Summer cooling costs and next winter's heating bills can be moderated by making sure the to-do list includes sealing cracks in masonry and other openings in outside walls, around water faucets, clothes-dryer vents, and especially around through-the-wall air conditioners. 💡

Kewaunee gets another 20 years

The Nuclear Regulatory Commission (NRC) at the end of February granted a license extension allowing the Kewaunee nuclear power plant to continue operating until 2033. The plant's original license was scheduled to expire in 2013.

Dominion Energy Kewaunee applied for the renewal in the summer of 2008 and the matter had been under regulatory review since that time. Last August, two years after the application, the NRC concluded there were no environmental impacts that would preclude license renewal. The agency subsequently determined that Dominion had "effectively demonstrated the capability to manage the effects of the plant aging" and found no safety concerns that would preclude renewal.

Kewaunee, by the way, is not among the 23 U.S. plants that are similar to the Fukushima facility in Japan. The nearest plant of similar design is Xcel Energy's 572-megawatt Monticello Nuclear

Generating Plant northwest of the Twin Cities.

The NRC late in March announced it would perform a rapid review over the next 90 days to determine whether any immediate changes in safety procedures were required at U.S. plants.

The 574-megawatt unit at Kewaunee began commercial operation in 1974 and was acquired by Dominion from Green Bay's

Wisconsin Public Service Corp. in July 2005. Madison Gas and Electric had previously been a minority owner of the plant.

Virginia-based Dominion operates three other nuclear plants, one in Connecticut and two in Virginia.

The renewal is the 62nd granted thus far by the NRC for an existing U.S. nuclear plant. 💡



PSC approves Columbia work

The Public Service Commission has given the green light for modifications to the Columbia Energy Center near Portage to bring the facility into compliance with several federal environmental regulations.

Alliant Energy's Wisconsin Power and Light subsidiary received the approval at the end of February to install new emissions-control equipment at the coal-fired power plant.

The project's estimated cost is \$627 million over the next three years, with Power and Light responsible for an estimated \$290 million share. Wisconsin Public Service Corp. and Madison Gas and Electric are also part owners of the Columbia plant and will share responsibility for the cost of the modifications.

The plant will acquire a baghouse—a large, box-like structure filled with filters and placed ahead of the smokestack—and activated carbon injection equipment to comply with the Department of Natural Resources' single-state mercury regulation. In addition, a dry flue-gas desulfurization unit will reduce sulfur dioxide emissions.

Combined, the technologies are to help the Columbia facility comply with the federal Clean Air Interstate Rule, the Environmental Protection Agency's Clean Air Transport Rule, and the Clean Air Visibility Rule. 💡

Coalition urges caution

The *Customers First!* Coalition has taken a look at the proposed authorization to sell off small, state-owned power plants and has urged a cautious, case-by-case approach.

The idea of divesting state-owned heating, cooling, and power plants is not new. It had been approved as part of a state budget bill several years ago, but the provision was item-vetoed. It resurfaced this year in the budget repair bill, where it would extend an existing authorization involving disposal of state properties that's scheduled to end with the current fiscal year.

"In some cases it may be in the public's best interest for the state to maintain ownership of these assets," the CFC said in a letter to Governor Walker, calling for "a more thorough evaluation of the value of the state's power assets" and additional time for analysis.

Legislative Fiscal Bureau documents explaining the proposal don't specify a dollar value for the three-dozen small plants or an amount expected to accrue to the budget stabilization fund in the event of sales, since it's impossible to know what prices might be negotiated.

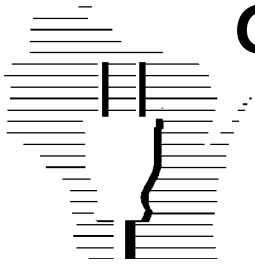
A Fiscal Bureau estimate at the time of the previous budget proposal valued a slightly smaller fleet of plants at a total of \$232 million.

The transactions contemplated in the budget repair bill could occur under existing Wisconsin law and the principal change would be to eliminate a June 30 deadline after which procedures to be followed by the Department of Administration would become more complicated.

Executive Director Charlie Higley of the Citizens Utility Board was quoted by a New York-based political newsletter saying, "There's all sorts of people that are worried about this. I'm less worried about it the more I look at it." He complimented the Legislature's Joint Finance Committee for amending the provision to include a requirement for a cost-benefit analysis of any power-plant sales.

Questions had also been raised about a provision exempting utilities from the need to obtain permission from the Public Service Commission before acquiring state-owned plants or contracting to operate them.

Capacity of the plants in question typically falls below the 100-megawatt current-law threshold that triggers the commission's certificate of public convenience and necessity review process requiring a regulated utility to obtain permission before building or buying generation capacity. 💡



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Be sure
to check out the
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website at



www.customersfirst.org



Quotable Quotes

“The suspension rolls the wind-permitting environment back to the dark days when wind project developers routinely faced arbitrary and ever-shifting local regulations—the kind of chaos that will hasten their departure from Wisconsin to more business-friendly states.”

—Michael Vickerman, executive director of RENEW Wisconsin, reacting to the March 1 legislative suspension of statewide wind-siting rules

Help us share our messages with others. If you know of businesses or organizations that would like to learn more about protecting Wisconsin's reliable and affordable electricity, please feel free to copy and share with them all or part of this newsletter, or you can call 608/286-0784 to arrange an informational meeting.

Customers First!
Plugging Wisconsin In

