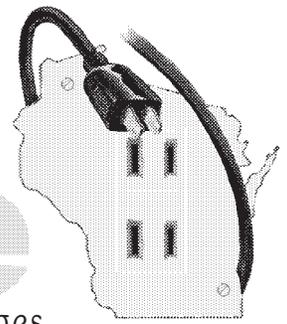


A Coalition
to preserve
Wisconsin's
Reliable and
Affordable
Electricity

Customers First! the Wire



Plugging you in to electric industry changes

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Save the date!

Mark your calendars for the *Customers First! Power Breakfast* on February 3 at Madison's Concourse Hotel. Hear experts share insights on major federal and state energy-policy initiatives. Program details and registration information available soon at www.customersfirst.org.

ATC still planning long- term buildout

Wisconsin has added major upgrades to its electric transmission network since the 1990s, but the company that builds, owns, and operates most of the system says the work is nowhere near done. An additional \$2.5 billion should be spent over the next 10 years upgrading

Wisconsin's transmission networks, the American Transmission Company (ATC) said this fall.

The figure is down slightly from ATC's 10-year assessment of transmission needs as released last year, but along with its most current projections the company included a caveat: "The current forecast may change due to regional initiatives to build transmission infrastructure to support renewable generation."

The total projected expenditures break down to \$1 billion for transmission network upgrades and \$1.5 billion for interconnection and asset renewal projects, infrastructure replacement and relocation, and smaller network reliability improvements, ATC said.

The \$1 billion for new infrastructure would include 131 miles of new transmission lines and

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APPA wants pricing probe

Electricity prices are rising, vast numbers of customers are behind on their power bills, and the nation's community-owned electric utilities want to know if federal regulators are doing enough to keep prices fair.

The American Public Power Association (APPA, the trade association for community-owned electric utilities) is asking Congress and the Federal Energy Regulatory Commission (FERC) to investigate what's causing high and rising energy prices.

APPA and other groups joining in the call acknowledge that a number of factors are at work, but they say the impact is being felt most sharply in states that authorized full retail competition among electricity providers and obtain wholesale electricity through regional transmission organizations (RTOs).

In those states, retail electricity rates average 55 percent higher than in states that stayed with the traditional model of utility regulation and the gap is widening, the APPA said, citing statistics from the federal Energy Information Administration. More than 40 million retail electricity customers reside in the affected states, according to APPA.

"The promises of deregulation—competition and lower prices—have not been kept," said APPA President Mark Crisson. "While energy costs across the country have risen, the electric rates in deregulated markets have climbed faster than the rates in regulated areas."

The National Association of Regulatory Utility Commissioners discovered that one-fifth of more than 40 million electricity customers covered in a recent survey had past-due electricity bills.

The APPA and others have previously asked the FERC to investigate rate disparities and escalating prices in areas served by RTOs, but in a statement released last month the groups said FERC "has taken little action." The FERC is the federal agency assigned to regulate wholesale power markets and ensure that rates charged to customers are fair and reasonable. 💡

Watching the watchdogs

Concerns about regulatory vigilance aren't limited to the Federal Energy Regulatory Commission as described in the article nearby.

Railroad shipping customers have had a hard time getting results at the Surface Transportation Board (STB), and state regulators in Texas have been criticized recently for turning a deaf ear to consumer complaints.

In October, *The Dallas Morning News* expressed deep doubt about state regulatory commissioners sticking up for customers in an editorial that noted more than 54,000 customer complaints against electricity providers over a span of seven years, resulting in just 34 attempts by the Public Utility Commission to seek sanc-

tions on customers' behalf.

Nationally, the STB's reluctance to address exorbitant rail shipping rates inspired the *Customers First!* Coalition to become active a few years ago in CURE (Consumers United for Rail Equity) when it became obvious that retail electricity customers ended up paying the tab for railroads overcharging utilities to deliver power-plant fuel.

With reform legislation making progress in both houses of Congress, the STB has shown signs of becoming more responsive to customer concerns. 💡



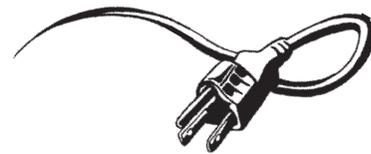
THE WIRE is a monthly publication of the *Customers First!* Coalition—a broad-based alliance of local governments, small businesses and farmers, environmental groups, labor and consumer groups, retirees and low-income families, municipal electric utilities, rural electric cooperatives, wholesale suppliers, 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



I love my programmable thermostat. It's really not much to look at, and it doesn't help with chores around the house, but this little device is my best friend when it comes to saving money on my home heating bill. Simply, a programmable, set-back, or smart thermostat is an electronic calendar and clock that allows you to tell the furnace (or air conditioner) when to kick in. You can adjust the thermostat's schedule so that it automatically reduces heating and cooling in your home when no one is there, like when you're at work or away on vacation.

Now, I'll admit that my lifestyle and habits make it convenient for me to benefit from one of these energy-saving gadgets. Families with ever-changing schedules or differing needs for comfort may not get as much out of smart thermostats, nor will those who fail to properly install or program them. But if they are used properly and diligently, the Department of Energy estimates that the average household can save about \$180 a year on energy bills.



Bromley

Smart thermostats are an example of how consumers can prepare themselves now for the continuing rise in energy costs. The depressed economy may have eased the pressure on energy prices somewhat over the last year, but as the economy rebounds and global demand for oil, natural gas, and other energy resources increases, prices will undoubtedly move higher.

Even with the certainty of rising energy costs, it can be difficult to convince people to adopt a more energy-efficient lifestyle. Realizing that it takes more than just economic incentives to motivate people, energy experts are exploring more behavior-based approaches that look at psychological, social, and other factors that influence how we choose. In fact, a behavior-based model developed by the American Council for an Energy Efficient Economy was included as part of the Energy Center of Wisconsin's energy efficiency potential study recently completed for the state.

The modeling suggests that programs that influence people's behaviors so that they turn off lights, wash in cold water, and air-dry clothes, for example, have the potential to save as much as 1,700 GWh of electricity and 323 million therms of natural gas by 2012. Some of the savings identified can, and are being achieved through the traditional economic incentive approach, but the research suggests that a lot more can be done with the addition of behavior-based programs. It makes sense to see how the two approaches can work together. 💡

Michigan grappling with competition cap

State lawmakers in Michigan are still looking for ways to make the retail electric competition they thought they were creating in the 1990s turn into something real.

During that madcap decade, the Michigan Legislature adopted language saying retail electricity would be open to competition. But as usual there were limits, and the Legislature has since decided only 10 percent of retail customers could participate. In other words, retail competition is good for consumers—until 10 percent get involved.

Utilities wanted the 10-percent competition cap to make sure they kept a solid customer

base—not exactly a heroic display of free-market principles, but at least more logical than the Legislature's have-it-both-ways decision.

But rates have been rising and now there's talk about lifting the 10-percent cap to some unspecified higher number, to be negotiated, thus demonstrating that the main objective is less to identify what works for customers than to figure out what it will take to make an annoying political problem go away.

Meanwhile, states that held onto the traditional utility model have also held onto lower (though admittedly rising) retail rates. Check back in another decade. 💡

Nine states falling short of renewable-energy goals

With a nationwide renewable portfolio standard (RPS) likelier than any other energy policy choice to be included in federal climate legislation, a newspaper survey has found many states—not including Wisconsin—failing to meet their own RPS goals.

In October, *USA Today* reported that it found nine states where efforts to boost reliance on renewable energy were not making the grade. Thirty-five states have adopted some form of RPS.

Some states, the story noted, require utilities that don't produce or purchase enough renewable energy to pay fees to finance renewable projects. That system allows utilities to comply with program requirements without necessarily adding renewable generation capacity.

States that have already missed or are expected to miss all or part of their mandated targets include Arizona, California, Delaware, Maryland, Massachusetts, New Jersey, New Hampshire, New York, and Ohio.

In aggregate, Wisconsin utilities currently obtain roughly 4 percent of their power from renewable sources, against a current-law target of 10 percent by 2015. 💡

The Julius Caesar Substation?

What's the U.S. have in common with ancient Gaul? Well...where electricity is concerned, we're divided into three parts. Now a plan's being floated to build a kind of super-substation linking the three and reducing barriers to the flow of alternative and renewable energy nationwide.

As presently constituted, the U.S. electricity grid consists of one network connecting almost everything east of the Rocky Mountains, another connecting areas west of the Rockies, and a third that serves most of Texas, all unto itself.

These three transmission networks are known as the East, West, and Texas Interconnections and the point where all three come nearest one another is at Clovis, New Mexico. Energy officials now have plans, announced this fall, to build a huge substation—to be called the Tres Amigas SuperStation—on a 22-square-mile site at Clovis.

What's planned is a triangular configuration of superconductor pipelines buried underground and forming a transmission hub that allows electricity to be transferred from one interconnection to another. Among its virtues

would be an enhanced ability to move renewable energy from the typically remote sites where it's most easily generated to the distant population centers where the biggest volumes of electricity are used.

The initial phase of construction is expected to cost about \$600 million and could start next year or in 2012, with operational status achievable about two years later, pending regulatory approval from the Federal Energy Regulatory Commission and the state jurisdictions involved. 💡



Constellation deal finally closes

More than once we thought we were nearing the end of the Maryland electric restructuring saga. Now with half of a major utility holding company's nuclear operations under French ownership, things may at last be winding down. Early last month, Constellation Energy Group, parent company of Baltimore Gas and Electric (BGE), announced it would waste no time closing its \$4.5 billion deal to sell half its nuclear energy assets to Electricite de France. Maryland utility regulators leveraged a \$110 million rebate to BGE customers as a condition of approving the deal.

A 57 percent rate increase for BGE customers at the beginning of 2006 has kept Maryland politics in turmoil since then and arguably tilted the outcome of a gubernatorial election.

Current Governor Martin O'Malley campaigned on the issue of getting a break for BGE customers and moving Maryland back toward traditional utility regulation. Earlier this year, the state Legislature declined to adopt a re-regulation proposal and the \$110 million payback might be as close as they ever get.

For Maryland retail electricity customers, aside from the rebate checks they'll be getting one of these days, there's at least the comfort of knowing there don't seem to be a lot of things left to happen. 💡

Energy saver tip

For your decorative holiday lighting this year, you may want to consider switching over to new LEDs. Light-emitting diodes produce attractive light with intense color and consume far less power than conventional incandescent bulbs. Also, a number of retailers are offering rebates if you trade in a set of old, conventional lights, proving the opportunity to save a few bucks along with significant amounts of energy. 💡

ATC buildout

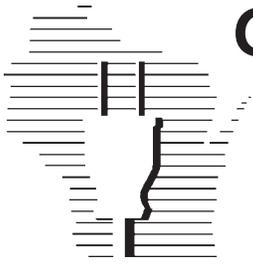
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upgrades to 400 miles of existing lines, plus 21 new transformers and 29 new capacitor banks.

At a Madison forum on energy issues in September, Public Service Commission Chair Eric Callisto noted that \$2.3 billion had been spent on Wisconsin utilities' transmission systems since 1990, leaving the state "in a very good place" where system reliability is concerned.

In releasing its annual 10-year assessment, ATC said the system is performing well in terms of reliability, but the company is now taking a more detailed look ahead at how to manage risks associated with aging infrastructure.

Projects undertaken by ATC since 2001 have resulted in construction of 476 miles of new transmission line and 1,400 miles of upgrades. Those changes can be credited with eliminating the equivalent of 15.3 million megawatt hours of energy losses systemwide and averting the need for an additional 122 megawatts of generation capacity to serve peak demand, ATC said. 💡



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Be sure
to check out the
Customers First!
web site at



www.customersfirst.org



Quotable Quotes

“At a time when consumers are facing extreme hardships from rising electricity costs and growing numbers face shut-offs, [federal regulators] must assure electric rates are just and reasonable.”

—American Public Power Association (APPA) President Mark Crisson, asking for an investigation of rising utility costs and quoted in a November 2009 statement from APPA

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

