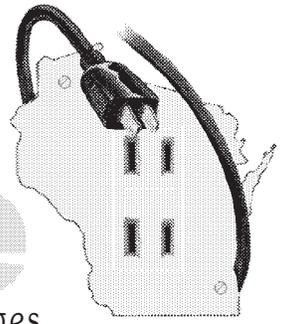


A Coalition
to preserve
Wisconsin's
Reliable and
Affordable
Electricity

Customers First! the Wire



Plugging you in to electric industry changes

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Regulators rate scenario non-rosy

A survey by a major consulting firm has found state utility regulators expect increasing cost pressure on energy prices, playing against customers' diminished ability to pay.

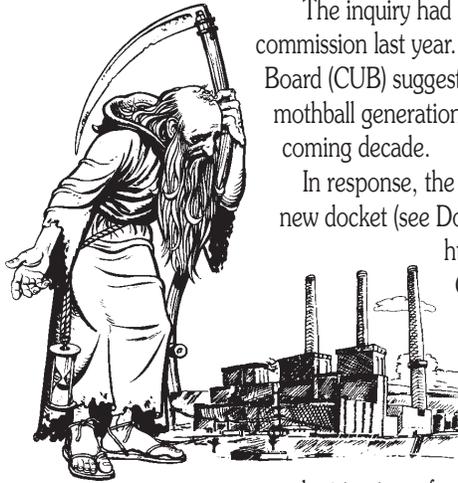
More than eight in 10 state utility regulators responding to a nationwide survey by the Deloitte Center for Energy Solutions said they fear a collision between electric rates driven higher by regulatory and capital costs and consumers' diminished capacity to continue paying more.

Former Wisconsin and federal utility commissioner Branko Terzic, now with Deloitte, said almost 70 percent of surveyed commissioners regarded consumer prices as a leading barrier to the addition of more renewable energy capacity. 

Retirement age?

Arguments are shaping up before Wisconsin's Public Service Commission (PSC) in response to its inquiry into excess generating capacity and the possibility of mothballing or retiring some of the state's older power plants.

At the heart of issues now being grappled with is the question whether the PSC's existing authority extends to ordering plant retirements.



The inquiry had its origins in a WE Energies rate case resolved by the commission last year. Comments filed in that case by the Citizens Utility Board (CUB) suggested costs to ratepayers could be reduced if WE would mothball generation units, given its projected excess capacity over the coming decade.

In response, the commission solicited comments early this summer in a new docket (see Docket Number 5-EI-150 at the commission's website, <http://psc.wi.gov/>) for an "Investigation on the Commission's Own Motion to Review Potential Excess Capacity in Electric Generating Units Owned by Wisconsin Electric Utilities."

The PSC notes suggestions that mothballing or retiring some existing electric generating plants could reduce ratepayer costs or could become economically prudent in view of anticipated climate and air-quality regulations.

In comments filed on the July 8 deadline, the Sierra Club said the PSC has authority to order any

Continued on page 3...

DOE salutes Vickerman

Customers First! board member Michael Vickerman has been honored by the U.S. Department of Energy (DOE) for his tireless work advocating wind energy development in Wisconsin and the Midwest.

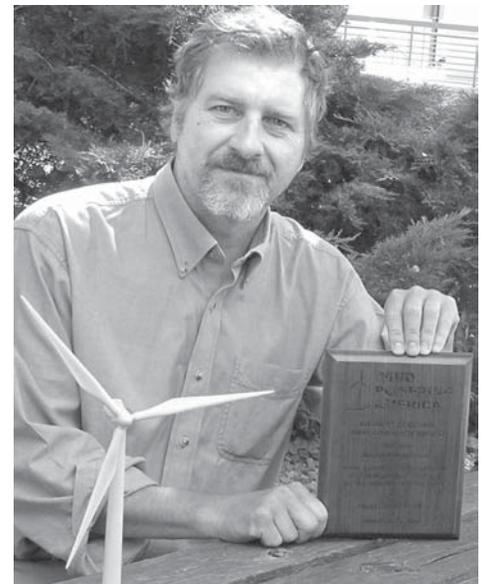
Vickerman, of Madison, is executive director of RENEW Wisconsin, a nonprofit organization organized to promote clean energy by identifying barriers to renewable energy development and creating strategies to overcome them.

In June, at the DOE Wind Powering America Program's annual state summit, Vickerman received the Midwest Regional Wind

Advocacy Award. The presentation took place following the WINDPOWER 2010 Conference and Exhibition in Dallas, Texas. At the event, Wind Powering America recognized wind energy advocates in three regions across the country: East, West, and Midwest.

The award cites Vickerman's "vision and creative leadership in RENEW and his leadership of the Wisconsin Wind Working Group." Under the auspices of Wind Powering America, RENEW Wisconsin has been facilitating the Wisconsin Wind Working Group since 2007.

Continued on page 2...



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



The Public Service Commission of Wisconsin is in the process of establishing standards that specify the conditions that a local unit of government may impose on wind energy systems in the state. The agency was assigned this task by a law that passed the State Legislature last year.

The *Customers First!* Coalition supported the new wind siting legislation and believes the upcoming PSC rule will help promote greater use of renewable energy that is cost-effective and beneficial to ratepayers. Overly restrictive local ordinances have stalled many wind projects or have made them economically unviable. More certainty and uniformity in the permitting process will help hold down costs for ratepayers as utilities move toward meeting the state's mandated renewable energy standard.



Bromley

In our comments to the agency on the proposed rule, we point out that without access to wind resources in different geographic locations, including locations in the state, utilities will not have as much flexibility in selecting cost-effective, efficient renewable energy sources for power generation. Geographically dispersed wind energy systems help overcome wind power variability thereby decreasing the uncertainty of total wind output which should reduce associated costs of meeting load.

We also encourage the PSC to give serious consideration to the recommendations that come from the Wind Siting Council. The council was established as part of the wind siting law to provide advice and input to the agency during the rule-making process. Its members represent diverse stakeholders including wind developers, affected landowners, environmentalists, public health officials, and representatives of local government and the energy industry. Through an open, inclusive, and deliberate process, the council is looking at the issues involving the placement, construction, operation, and decommissioning of wind turbines.

The safe operation of a wind system should be of foremost importance, but we caution the PSC from promulgating a rule that is too rigid and prescriptive. For example, it may not make sense to apply a certain minimum setback distance to smaller or community wind systems or for those in which an adjoining property owner consents to a shorter distance.

The commissioners have a daunting task in front of them. Thousands of pages of written comments have been filed and three days of public testimony have been heard on the proposed rule. Interests and opinions are varied and passionate. Our hope is that commissioners approve a wind siting rule that is based on sound science, protects public health and welfare, and provides for cost-effective renewable generation. 💡

Vickerman

Continued from page 1...

"Recognition by one's peers is a tremendous honor," Vickerman said. "And it's especially sweet coming from a national program that serves wind energy advocacy and education networks in 38 states."

Wind Powering America is a national initiative to dramatically increase the use of wind energy in the United States. Through various partnerships and programs, it aspires to enhance power generation options as well as protect the local environment and increase our energy and national security.

"We in Wisconsin are indebted to Wind Powering America for providing us with the

tools to put wind energy development in our state on a sustainable growth trajectory," Vickerman said. 💡

Energy saver tip

The right landscaping around your house can not only enhance the value of the property, it can help save money on cooling costs. Strategically placed shade trees can shave a few degrees off interior temperatures on hot days, and shading the outdoor central air-conditioning condenser can save significant amounts of energy use, compared with a unit that's exposed to blazing sunlight. 💡

Yucca Mountain project still not dead...

You probably thought the Yucca Mountain nuclear waste repository was history. We sure did. But a federal panel of administrative law judges says the Department of Energy doesn't have the authority to abandon its licensing application for the facility, so regulatory proceedings will evidently continue.

Ironically, by the reasoning of the Atomic Safety and Licensing Board (ASLB), the same

Retirement?

Continued from page 1...

regulated utility to retire or mothball "certain excess, inefficient units as a condition of receiving construction authority on its other units."

The Sierra Club said the PSC "should hold technical hearings on the issue of what units can be retired/mothballed/replaced with energy efficiency, renewables, and high efficiency natural gas units" and then, based on its findings, issue a declaratory ruling that would be binding on utilities "for subsequent rate or construction cases unless the ruling is modified by the Commission."

Comments filed by Dairyland Power the same day say the existing surplus capacity appears to be at least in part a result of the recession, and, "In the event of an economic turnaround, the reduction in electric demand could be quickly reversed."

The state then could face a need to replace retired generation capacity, and, "Recent history shows that it is difficult, time-consuming, and expensive to site and permit new capacity, even if that capacity is renewable," the Dairyland comments said.

Comments filed by a group including the state's investor-owned and municipal utilities said the Legislature granted the PSC authority over utilities' acquisition, construction, and modification of power plants but not over their continuing operation or shutdown.

The utilities maintained that the PSC has historically addressed excess capacity through ratemaking, assigning costs to shareholders rather than ratepayers. They contend that this undermines the suggestion, "The Commission must have the authority to directly order the shutdown of an electric generating facility or else issues of excess capacity would go unaddressed." 💡

federal law the government has fallen short of observing for the past 12 years prohibits it from walking away from the Yucca Mountain project.

The administrative law judges of the ASLB are responsible for holding hearings and granting or denying licensure of storage facilities for spent power-plant fuel. Early last month, they concluded it was not up to the Department of Energy (DOE) to pull out of the project as it petitioned to do in March.

The board ruled that the federal Nuclear Waste Policy Act of 1982 spells out the procedures for siting a national spent-fuel repository and the DOE, charged with carrying out that law, fails to do so if it backs away from its existing license application.

Yucca Mountain was selected from among 10 potential sites and designated as the national repository in 2002—a little more than four years after the Nuclear Waste Policy Act deadline for a repository to be built and accepting spent fuel for long-term storage.

In March, DOE Secretary Steven Chu filed a motion to withdraw the agency's license application, which had already undergone almost two years of regulatory review. The ASLB's July decision said the 1982 law "does not give the secretary the discretion to substitute his policy for the one established by Congress, adding, "DOE may not single-handedly derail the legislated decision-making process by withdrawing the application."

The ASLB decision can be appealed to the full, five-member Nuclear Regulatory Commission. Moreover, the Obama administration, along with congressional leadership, had already defunded the project, so Yucca Mountain is not going to be licensed or completed any time soon.

However, absent a reversal of the ASLB ruling, the Yucca Mountain licensure proceedings look to be on track to have a half-life rivaling that of the stuff that could be buried there if the facility ever goes into operation. 💡

Once burned...

Another flirtation with electric restructuring came to an end this summer—more quietly than in Connecticut (where legislation was passed and vetoed) but no less decisively.

A proposal that would supposedly improve Michigan's 1990s restructuring law was being promoted by some of the state's business interests, but lawmakers quit and went home in June without taking up the bill.

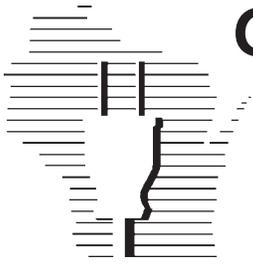
The measure would have greatly expanded the scope of retail competition—or at least that was its aim. Under existing law, 10 percent of any given utility's load can go shopping for an alternative supplier. That's to protect the utilities against the cost to serve rising against a shrinking customer base. The legislation would have raised the cap to make 25 percent of load eligible for retail competition.

It was marketed with enthusiasm. Dozens of Michigan businesses and industries wrote to Governor Jennifer Granholm and legislative leaders saying, "all but a few consumers are now forced to pay higher electric rates" to incumbent utilities than the rates available in the competitive marketplace.

There's not much reason to doubt that. The problem is that Michigan's restructured market, the 10-percent cap notwithstanding, suffers from the same problem other states have seen: the tendency for whatever competition does exist to be directed toward the biggest-volume users, leaving residential customers out in the cold.

That was not a problem the legislation would have fixed. It stayed in committee and was never brought before either house of the Michigan Legislature. 💡





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



www.customersfirst.org



Quotable Quotes

"I am particularly pleased that the award specifically recognizes RENEW Wisconsin, which has been the state's leading voice for strong renewable energy policies since 1991. Wisconsin is a regional leader in many aspects involving renewable energy, and RENEW Wisconsin has been instrumental in making that happen."

—Customers First! Coalition board member Mike Vickerman, on receiving the Midwest Regional Wind Advocacy Award from the U.S. Department of Energy in Dallas, Texas, June 4, 2010

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

