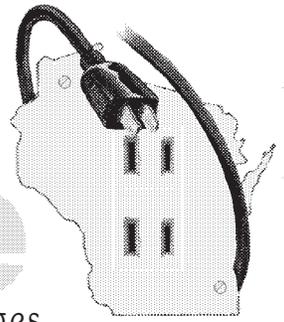


A Coalition
to preserve
Wisconsin's
Reliable and
Affordable
Electricity

Customers First! the Wire

Plugging you in to electric industry changes



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Wind-siting rules finalized

The four-year quest for uniform, statewide wind-energy siting standards came to an end in December with the adoption of a final administrative rule created by the Public Service Commission (PSC).

Local governments that regulate development and operation of wind-energy systems smaller than 100 megawatts capacity will now have to make sure their ordinances are no more restrictive than the statewide rule provisions.

The PSC rolled out a draft final rule last fall but legislative oversight committees requested changes. The PSC adopted its revised rule early last month and the committees did not ask for further modification. Notable changes include:

- A minimum setback will be required—1,250 feet or three times total turbine height, whichever is less—as measured from any occupied community building or the residence of any neighbor not participating in the project. There is no standard for setback from neighboring property lines.
- Developers will be required to “reasonably minimize” any conversion of land from agricultural use.
- Farm operators who are unable to use aerial spraying within 1/2 mile of a turbine may be eligible for compensation if they suffer crop losses as a result.

- Non-participating neighbors whose residence is within 1/2 mile of a turbine can receive monetary compensation and the amount increases with the number of turbines inside the half-mile radius.

The changes are consistent with positions advocated by the *Customers First!* Coalition, which favored creation of uniform standards. They also met with approval from RENEW Wisconsin, the Madison-based renewable energy advocacy group.

“The final rules strike a reasonable balance between protecting public health and safety and advancing wind energy generation, a proven pathway for creating well-paying jobs and increasing revenues to local governments,” said RENEW Executive Director Michael Vickerman, adding, “Wind develop-

ers in Wisconsin can look forward to a set of workable statewide permitting standards that will facilitate the development of well-designed wind projects.”



Vickerman

CapX2020 said to bring jobs

The CapX2020 transmission upgrade, to be built mainly in Minnesota, will facilitate delivery of renewable energy to Wisconsin and points east. Project officials and University of Minnesota researchers say it will also mean thousands of new jobs during the five-year construction period.

Groundbreaking on the first segment of the project, a new 345-kilovolt line between Monticello and St. Cloud, Minnesota, took place in November and officials released an economic impact study detailing job creation associated with the multi-year construction program.

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Focus funding approved ...for now

The Legislature's Joint Finance Committee last month approved a new funding plan that provides a big revenue boost for energy efficiency programs, primarily under the Focus on Energy program. The question now is whether the new Legislature will allow the plan to be carried out.

Developed by the Public Service Commission (PSC), the new funding plan increases the expenditures required of regulated utilities for energy efficiency and renewables programs by raising the percentage of their annual operating revenues to be used for those purposes. It's estimated the plan will raise \$120 million for energy efficiency and renewables programs in 2011, \$160 million in 2012, \$204 million in 2013, and \$256 million in 2014.

That compares with roughly \$100 million annually utilities have been required to contribute under the old funding formula.

After being held in the finance committee since mid-November following an objection by now-retired State Rep. Phil Montgomery (R-Ashwaubenon), the plan won approval December 14 on a party-line,



Montgomery

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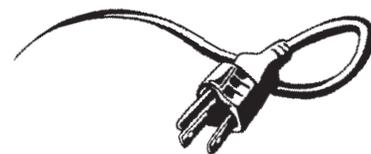
THE WIRE is a monthly publication of the *Customers First!* Coalition—a broad-based alliance of local governments, small businesses and farmers, environmental groups, labor and consumer groups, retirees and low-income families, municipal electric utilities, rural electric cooperatives, wholesale suppliers,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



A new year brings major changes to Wisconsin state government. For the first time since 1938 the governor's office and both legislative chambers flipped from one party's control to another. Republican Scott Walker takes over as governor on January 3, and with Republicans gaining majorities in both the Senate and Assembly, he will work with a Legislature led by members of his own party.

The Republican-controlled statehouse announced its new leaders and committees shortly after the November elections. Former Assembly Minority Leader Jeff Fitzgerald of Horicon is now speaker, the top post in the Assembly, and Scott Suder from Abbotsford is majority leader. Speaker Fitzgerald's brother, Scott Fitzgerald of Juneau, takes over as majority leader in the Senate. The minority leaders are Mark Miller from Monona in the Senate and Peter Barca from Kenosha in the Assembly.



Bromley

The new administration and Legislature face a \$2 billion-plus budget shortfall and an anemic economy in which the state has seen significant job losses the last few years. Governor Walker and legislative leaders have made it clear that job number one is jobs, and their first order of business will be a special legislative session focused on job creation. Among the proposals expected to be considered are tax cuts for small businesses and a restructuring of the Department of Commerce that would give a new entity more ability to promote economic development.

While the Legislature dives into its jobs agenda, those interested in energy and utility regulation will likely be most interested in the appointment of a new commissioner for the Public Service Commission.

The term of current Commissioner and Governor Doyle appointee Mark Meyer ends March 1 giving Governor Walker the opportunity to not only appoint a new regulator in the coming weeks but also to make that person the chair of the three-person commission.

Among the potential legislative issues affecting electricity customers, don't expect to see much of the clean energy proposals that came out of Governor Doyle's Task Force on Global Warming. They were considered by, but failed to pass, the Legislature last year. One exception could be the lifting of the state's ban on new nuclear power plants as that issue seems to have greater support in the new Legislature than it's had in previous ones.

Whatever legislation of interest to electricity customers is introduced, it is likely to go to the Senate Committee on Energy, Biotechnology and Consumer Protection, chaired by Senator Rob Cowles of Green Bay, or the Senate Committee on Judiciary, Utilities, Commerce and Government Operations chaired by Senator Rich Zipperer of Pewaukee. In the Assembly, expect energy legislation to be reviewed by the Energy and Utilities Committee, chaired by Representative Mark Honadel of South Milwaukee. 

Tentatively decisive

Some months back we told you about an affiliate company of Ohio's American Electric Power (AEP) running afoul of state law prohibiting "significantly excessive" profits—as compared, we suppose, with ones that are a little bit excessive. We've been waiting to tell you how the case was resolved.

Maybe next time.

On the last day of November, AEP announced a rate freeze for its affiliate in exchange for parties to the case agreeing that the previous earnings were not "significantly excessive." AEP

would also forego recovery of some regulatory costs and make investments in economic development.

But two weeks later, AEP announced it was withdrawing the agreement because regulators had agreed to a timeline that would push their final decision to ratify it into the second quarter of this year.

We're never sure about these things but suspect the decision might now be pushed back considerably farther than the second quarter of this year. Something to look forward to. 

Exception to the rule?

The last of the legislated electric rate caps expired for Pennsylvania utilities as of December 31 and more consumers are likely to be shopping for an alternative provider in a market that's had its ups and downs. The lingering question is: Has it been worth it?

You can easily get an answer that it has been worthwhile and another that says maybe not so much. Interestingly, you can get them both from the same source.

Rate caps have expired at different times for different Pennsylvania utilities. According to the *Pittsburg Post-Gazette*, Public Utilities Commission Chairman James Cawley last year examined a typical customer's monthly bill and found it to be within pennies of the amount that customer would have paid in 1992. Factor in inflation and it's slightly less.

But over those years, customer choice of alternative power providers has swung up and down, climbing to about 800,000 participants and plummeting to fewer than 140,000, as suppliers have entered and abandoned the market. It now stands at about 652,000.

There are expectations that more providers will enter the market as the last caps come off. Theoretically that would increase competition and make for better deals. Skeptics, however, point to industry consolidation—Allegheny Energy is set to merge with FirstEnergy, which already owns three Pennsylvania utilities—and say it will probably cancel out any competitive surge. 💡

CapX2020 said to bring jobs

Continued from page 1...

The series of additions to the high-voltage transmission grid serving Minnesota and the surrounding region—most conspicuously featuring three new 345-kilovolt lines equivalent in capacity to the largest lines existing in Wisconsin—is expected to be under construction through 2015. One segment of line is to cross the Mississippi River near Alma, in Buffalo County, terminating at a substation just north of La Crosse.

A study by the University of Minnesota-Duluth's Bureau of Business and Economic Research estimated 2010 would see the creation of 571 jobs (direct, indirect, and induced). The number is expected to rise to 2,257 this year, to 4,580 in 2012, and to peak at 7,802 in 2013.

Job impacts for subsequent years are projected at 5,907 in 2014 and 2,425 in 2015, the study said. UMD researchers note that because the jobs may be carried over from year to year, the numbers can't be added together.

By ensuring electric reliability and providing transmission access for new power generation outlets, located particularly in southern and western Minnesota and the Dakotas, the project will provide lasting benefit to the Upper Midwest, according to Terry Grove of Elk River, Minnesota's Great River Energy and co-executive director of CapX2020.

The economic study also estimates the generation of a collective \$50 million in tax rev-

enue to the four states in which the projects will be built—Minnesota, the Dakotas, and Wisconsin. The full study is posted at www.CapX2020.com. 💡

Offshore project still battling

State and federal regulators have been doing their best to advance what would be the nation's first offshore wind-energy farm, but high wholesale power rates for its output continue to draw legal challenges—most recently from a business group with several thousand members.

The Associated Industries of Massachusetts asked the state's highest court to vacate the agreement under which the utility National Grid would buy half the electricity produced by the Cape Wind project. The business group, with about 6,000 members, claimed state utility regulators exceeded their authority in approving the agreement outside competitive bidding procedures.

The business group objects to the wholesale price of power set forth in the agreement. National Grid would pay 18.7 cents per kilowatt-hour with annual 3.5 percent increases for the life of the contract. The price is approximately twice that of electricity from traditional generation sources in Massachusetts. 💡

Focus funding

Continued from page 1...

11-4 vote. (One Assembly committee seat was vacant.)

But one member who voted in the minority last month—State Rep. Robin Vos (R-Racine)—returns this month holding the gavel as the



Vos

joint committee's Assembly co-chair. Vos derided the PSC plan as "a \$740 million rate increase" and said it would be overturned in the 2011-12 budget bill, which he will have



Cowles

a significant hand in writing.

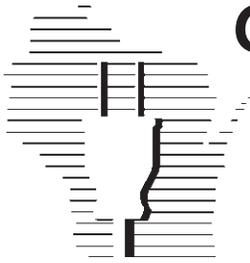
Separately, State Sen. Robert Cowles (R-Green Bay) indicated in December he would seek an audit of the Focus on Energy program by

the Legislative Audit Bureau. Cowles was the chief sponsor of the 2005 Act 141 renewable energy legislation, a key component of which was language making it harder to divert energy conservation money from the Focus program to finance other state spending.

That provision, to see that the program's funds were actually spent for their designated use, was a key *Customers First!* Coalition priority in supporting Act 141. 💡

Energy saver tip

It will probably be as cold this month as it's going to get all year and there are some simple things you can do to get the most out of your heating dollar. Use inexpensive heat deflectors to send warm air from floor registers across the floor. They'll help heat your rooms more efficiently and keep you more comfortable than if the output from your furnace is allowed to rise straight to the ceiling. 💡



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Quotable Quotes

“Resolution of AEP Ohio’s 2009 Significantly Excessive Earnings Test Creates Value for Customers”
—Headline, American Electric Power press release, November 30, 2010

“AEP Ohio Withdraws from Resolution of 2009 Significantly Excessive Earnings Test”—Headline, American Electric Power press release, December 16, 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.

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