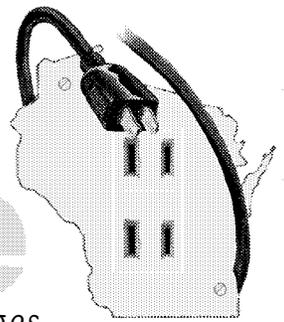


A **Coalition**  
to preserve  
Wisconsin's  
Reliable and  
Affordable  
Electricity

# Customers First!

## the Wire



Plugging you in to electric industry changes

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## Wind hearing draws a crowd

Statewide wind-energy siting rules were supposed to take effect this month but the Legislature has kept the administrative rulemaking process alive. A February public hearing drew hundreds to the Capitol and generated many hours of testimony.

State lawmakers listened to a bewildering variety of opinions. Members of the Joint Committee for Review of Administrative Rules were told that:

- Proximity to wind turbines has had a negative impact on real estate values, and that it hasn't;
- Health problems related to wind-farm proximity have been confirmed, and that they haven't;
- Adopting a proposed 1,800-foot setback distance from property lines instead of the 1,200 feet in the PSC rules will close down the wind industry in Wisconsin;
- Wisconsin is the world's capital of wind-energy component production but may not be if the PSC rule is changed;
- One Wisconsin county pioneered siting standards similar to those in the PSC rule and they're working very well; and
- Wisconsin is a great place to manufacture wind-energy components but a poor place to use them.

Julie Voeck of NextEra Energy, which owns two Wisconsin wind projects, testified that legislation calling for an 1,800-foot setback "sent shock waves" through the industry and would "likely shut down" wind development here. She said she was unaware of any peer-reviewed science indicating negative health or property-value effects.

Realtor Tom Meyer, who served on the advisory council, said, "In the end what we're getting in this rule is some changes to the Wisconsin rural landscape as we know it, to a more industrial landscape."

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## Wait and see on special rates

A Dane County judge last month ruled against the Citizens Utility Board in its challenge to a utility's "economic development rates," but only on the basis that the principle CUB was defending hadn't been violated—yet.

In 2009, Wisconsin Power and Light (WPL) requested regulatory approval for commercial customers to receive discounted rates in order to forestall them cutting back operations or leaving the state. CUB contended that the Public Service Commission (PSC) should have performed a more extensive review before approving the rate change and that some customers would have more favorable rates than others in the same service class. It further argued that residential,

farm, and small business customers would end up subsidizing discounts they are not eligible to receive themselves.

In his February 11 decision, Dane County Judge John Albert recognized the potential harm to CUB members and other customers but said it's "speculative" based on what's been done so far.

"Whether or not that conclusion remains true going forward is an entirely separate matter," Albert wrote, adding, "If (or when) the PSC takes the necessary intermediate steps toward raising rates or imposing costs, then CUB's potential injuries flowing from that as yet

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## Register now for April CFC conference

Register now for the *Customers First!* Coalition's free POWER Breakfast, April 6 at the Concourse Hotel in Madison, Wisconsin.

Attendees will hear from energy experts on current issues facing electricity customers and the power industry in this half-day session from 8 a.m. until 12 noon.

Register online for this free event at [www.regonline.com/cfcpowerbreakfast2011](http://www.regonline.com/cfcpowerbreakfast2011), or contact *Customers First!* Executive Director Matt Bromley by e-mail at [mbromley@customersfirst.org](mailto:mbromley@customersfirst.org) or phone 608-286-0784. 

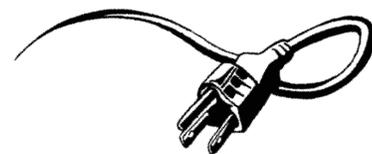
THE WIRE is a monthly publication of the *Customers First!* Coalition—a broad-based alliance of local governments, small businesses and farmers, environmental groups, labor and consumer groups, retirees and low-income families, municipal electric utilities, rural electric cooperatives, wholesale suppliers,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



In recent weeks the federal Surface Transportation Board (STB), a relatively obscure regulatory agency charged with overseeing the nation's freight rail system, has initiated actions that should be welcomed by those of us advocating for affordable electricity. Why is that?

The *Customers First!* Coalition's interest in reforming the nation's freight railroad policies is driven by the high cost of transporting coal to power plants in the state and the upward pressure it puts on electricity prices. About one half of the fuel costs for coal-fired power plants are transportation costs, and nearly 95 percent of coal delivered to Wisconsin arrives by rail.

Higher costs and lower quality of rail service is a result, in part, of the deregulation of the railroads in the 1980s, which led to massive consolidation in the industry. In Wisconsin, many industries and utility companies are served by no more than one railroad. In this monopoly environment, rail customers are captive to take-it-or-leave-it rates and service from that single railroad. And not much can be done about it because the railroads have special exemptions from antitrust laws.



*Bromley*

The only recourse for an aggrieved rail customer is to file a complaint with the STB, but the expensive filing fees, in some cases as much as \$102,000, have discouraged many from seeking relief. This could change though, with a proposal from the STB to substantially lower its filing fees for all varieties of complaints to no more than \$350. It's a small but important step, necessary for freight rail customers to receive relief from railroad monopoly pricing and service issues.

The filing-fee proposal is the latest in a series of initiatives intended to ensure that railroad customers receive more equitable treatment from monopoly freight railroads. The agency also announced a process to explore the current state of competition in the railroad industry and possibly change current regulatory policies to ensure increased competition in the national freight rail system. A hearing on this issue is scheduled for June 22.

Legislative reforms are in the works, too. Senator Herb Kohl reintroduced the Railroad Antitrust Enforcement Act (S. 49) to help ensure future rail mergers comply with the nation's antitrust laws and protect consumers from the railroad industry's monopolistic practices. His Wisconsin colleague, Representative Tammy Baldwin, is expected to reintroduce a similar bill in the House. Without these administrative and legislative reforms, utilities and the customers they serve will continue to be subject to unnecessarily higher rates and poorer service for coal transportation. 💡

## Wind hearing

**Continued from page 1...**

Gary Koster of Northern Power Systems supported the rule as written by the PSC. "One of the biggest problems we have in Wisconsin right now is jobs. Jobs is what we bring to this," he said. Koster said his company produces 1,200 wind turbine components and called Wisconsin the world capital of wind component manufacturing. "It makes more sense to build the turbines close to where I sell the turbines," he said. "I get the best quality equipment from the state of Wisconsin."

Sam Tobias is director of planning for Fond du Lac County, where three utility-scale wind projects are sited. He testified that his

county—where all the towns have their own zoning ordinances—has "been a test-bed [for siting standards similar to those in the PSC rule] and it's worked pretty well."

Robert Welch, lobbyist for the Coalition for Wisconsin Environmental Stewardship, said Wisconsin's best wind areas are of marginal quality and heavily populated. He said Wisconsin is a major producer of coal-mining machinery and materials used in oil extraction despite the absence of coal mines and oil wells in the state.

The joint committee could decide to accept the siting rules as proposed by the PSC last year or ask the commission to further modify them, with setback distance presumably the main area of interest. An executive session of the Joint Committee for Review of Administrative Rules, scheduled for March 1, will determine how to proceed. 💡

# Wind installations wind down, bounce back

Wind energy capacity nationwide last year was added at only half the rate seen in 2009, but counting projects under construction, this year is already surpassing the total for 2010.

Overall, the United States added a total of slightly more than 5,100 megawatts of wind capacity in 2010. CEO Denise Bode of the American Wind Energy Association (AWEA) crit-

icized a “boom and bust cycle” for wind energy resulting from uncertainty about the continuation of federal subsidies. Last December, Congress approved a one-year extension of previously existing investment tax credits for wind, prompting predictions already being realized, that 2011 installations would outstrip those for 2010.

According to the AWEA, the current year

opened with about 5,600 megawatts of capacity under construction.

Bode said her organization this year would be “defending and improving on state renewable targets, as well as promoting other sources of demand—such as more distributed and community wind projects, and corporate purchasing under the new WindMade trustmark.” 

## Connecticut keeps trying on energy policy

Dissatisfied by the results of electric restructuring but unable so far to find its way back, Connecticut continues to look for a legislative solution.

Last year, the Legislature passed a bill that redesigned the state’s regulatory apparatus, set new energy efficiency standards, created incentives for renewable energy, and mandated reductions of Connecticut electric rates, which are among the nation’s highest.

Then-Governor Jodi Rell vetoed the bill, citing uncertainty about how such extensive changes would affect energy markets and electric bills.

A lot of Connecticut electricity customers probably wish similar reservations had prevailed when restructuring was adopted in the 1990s.

Lawmakers are hoping to pass similar legislation this year, and that new Governor Dannel Malloy will sign it.

“For years we have been fighting to fix deregulation,” said Senate President Pro Tem Donald Williams. Legislators have been besieged with calls to revisit the restructured electric power industry since prices rose sharply in the latter years of the past decade. 

## Special rates

**Continued from page 1...**

unmade decision could be sufficient” to revisit the matter.

But Albert agreed with the PSC that the economic development rate (EDR) creates a separate class of customer who “would leave the service territory but for the rate discount opportunity” and who would also be required to undertake special energy efficiency efforts and would have received recent government assistance to cope with economic difficulty.

Albert concluded that to be unjustly discriminatory or unreasonable, the special rate would have to compel customers to bear the costs incurred in favoring others or favor a small group not meaningfully distinct from others.

“The EDR as approved does not, or at least has not yet, had that effect upon [CUB],” Albert wrote. 

## Nukes under pressure

We aren’t sure how many times the Yucca Mountain project has been killed, but it just happened again, and efforts to revive the nuclear power industry are butting up against more pressure to resolve its waste-handling challenges.

Last month House Republicans placed language in a federal spending bill that would prohibit the Nuclear Regulatory Commission (NRC) from dropping its regulatory review of the nuclear waste storage facility in Nevada. The action was unlikely to overcome steps taken by the Obama administration at about the same time.

The administration’s fiscal 2012 budget zeroes out funding for any activity related to the dormant project.

Expectations at the NRC, according to new agency documents, are that all activity related to review of the pending license application for the facility will be closed down before the current federal fiscal year ends October 1.

The Las Vegas *Review-Journal* reported in mid-February that Energy Secretary Steven Chu had told a panel studying nuclear waste disposal issues it was necessary to “turn the page” on the Yucca project and “look for a better solution.”

Meanwhile, Connecticut’s attorney general and officials from New York and Vermont were applying legal pressure to what’s been passing for a solution in lieu of a single, nationwide repository.

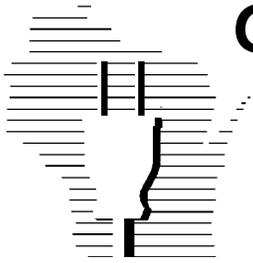
The officials have asked the U.S. Court of Appeals for the District of Columbia Circuit to overturn last year’s NRC decision that spent nuclear fuel could remain in above-ground, dry-cask storage at power-plant sites for 60 years. The decision superseded a policy that set a 30-year limit for dry-cask storage.

The litigants allege that the NRC violated the National Environmental Policy Act by failing to conduct required environmental impact studies prior to making any change in the time limit for dry storage.

The first dry-storage facility, in Virginia, was licensed by the NRC in 1986. There are more than 50 such independent, licensed facilities in the U.S., including Wisconsin’s Point Beach and Ke-waunee power plants and the Monticello and Prairie Island plants in Minnesota. 

## Energy saver tip

The lint screen in your clothes dryer will be packed full if you don’t clean it routinely and when that happens, the dryer can consume nearly one-third more energy—not to mention that a full and overheated screen can be highly combustible (actually pretty good tinder to take on your next camping trip). So clean that screen! 



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Be sure  
to check out the  
Customers First!  
website at



**[www.customersfirst.org](http://www.customersfirst.org)**



## Quotable Quotes

*"We have to go back to square one. We have to take a look at some of the assumptions about deregulation."*

—Donald Williams, president pro tem of the Connecticut State Senate, on his state's continuing struggles with the results of electric utility restructuring enacted in the 1990s, quoted in *The Day* (New London, CT), January 28, 2011

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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