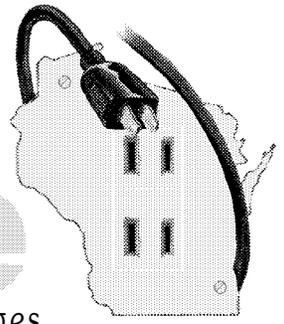


A Coalition
to preserve
Wisconsin's
Reliable and
Affordable
Electricity

Customers First!

the Wire



Plugging you in to electric industry changes

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What a difference a decade makes

Wisconsin is enduring a blistering summer without electric reliability problems—a pretty big deal considering that the cool summer of 1997 saw some interruptible customers go dark.

All three Wisconsin nuclear units were off-line for repairs in 1997, leaving roughly one-fifth of in-state generation capacity unavailable. Meanwhile, a notoriously weak transmission system made power imports from neighboring states problematic.

This summer Wisconsin has been in no danger of power shortages, despite near-record energy consumption.

What happened in between?

Last month Public Service Commission



Chair Phil Montgomery told WISBUSINESS.COM there were 18 new generation facilities built since the late '90s, adding more than

5,500 megawatts of capacity. With more in the pipeline, “We probably have 10,000 more megawatts than when we started this process.”

The transmission network has also been strengthened. American Transmission Company has built more than 500 miles of new lines, upgraded more than 1,700 miles, and invested some \$2.7 billion in the grid since 2001.

That has all contributed to higher rates than Wisconsinites paid in 1997. On the other hand, the threat of rolling blackouts—very real in 1995, '97, and '98—is history. 💡

Court okays PSC wind farm approval

The 2009 regulatory approval of an Alliant Energy wind farm was properly granted under the Certificate of Authority (CA) process rather than the more elaborate Certificate of Public Convenience and Necessity (CPCN) procedures, the Wisconsin Supreme Court decided in a 5-2 ruling last month.

The commission's action had been challenged by the Wisconsin Industrial Energy Group (WIEG) and Citizens Utility Board (CUB), who argued that regulatory review in the CA process is less demanding and that because the project's nameplate capacity exceeds 100 megawatts, the CPCN review process should have been applied.

The commission's choice of the CA

Continued on page 2...

PSC denies rehearing on transmission line



The Public Service Commission said “no” last month to a pair of opposition groups and a dozen individuals petitioning for a rehearing of issues in the approval of a western Wisconsin transmission line. By mid-August we'll know if the petitioners intend to pursue the matter in the courts.

Two groups opposed to the CapX2020 transmission project, the Citizen Energy Task Force and NoCapX2020, were among those filing a total of 14 rehearing petitions. The individual filers are all residents in the area of the planned 345-kilovolt line between Alma and Holmen. It would be the easternmost segment of a much larger network of new transmission lines mainly crossing Minnesota.

The PSC finalized its order approving the 48-mile line May 30. The rehearing petitions, among other things, said commissioners cited an incorrect cost figure—a number the PSC had previously acknowledged would change because it ordered minor route adjustments to avoid a wildlife area and to accommodate expected development in the Village of Holmen. The final cost estimate of \$211,100,000 is about \$9 million higher than had been anticipated prior to the route adjustments.

Petitioners also contradicted findings that the line would help deliver wind energy from points west, and that it would enhance system reliability.

Denial of the petitions triggered a 30-day window in which project opponents must decide whether they will go to court seeking judicial review of the PSC decision. 💡

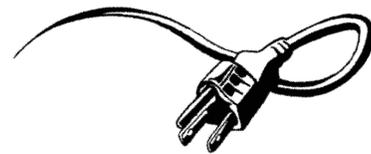
THE WIRE is a monthly publication of the Customers First! Coalition—a broad-based alliance of local governments, small businesses and farmers, environmental groups, labor and consumer groups, retirees and low-income families, municipal electric utilities, rural electric cooperatives, wholesale suppliers, 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 most of the U.S., electricity demand peaks during the hottest summer days with homes and businesses running air conditioners, fans, and dehumidifiers. String together several especially hot, humid days, like we've had this summer, and demand can strain supplies and erode the reliability of the power grid.

While Wisconsin's electric generation capacity has been more than sufficient in meeting demand this summer (see related article on page 1), electricity customers in Texas are again facing possible power shortages and higher prices because of capacity shortages. You may recall that last summer the Electric Reliability Council of Texas (ERCOT)—the entity which manages the electric grid in the state's deregulated market—had to declare emergencies seven times and cut power to interruptible customers twice to avoid widespread rolling outages. The Wall Street Journal reported, "The emergency shines a



Bromley

light on the vulnerabilities of Texas' deregulated market," noting, "State officials have few tools to stimulate construction of new power plants."

It seems the "vulnerabilities" in Texas continue this summer. In its 2012 Summer Reliability Assessment, the North American Electric Reliability Corporation ranked the Texas grid the top reliability issue in the country and warned, "ERCOT does not appear to have sufficient resources to maintain required resource adequacy levels." In other words, Texas, once again, is short of electricity.

ERCOT officials reassured customers that they have enough power to avoid blackouts, but they already called on customers to conserve electricity when the summer's first heat wave struck in late June. Voluntary conservation efforts may help Texans avoid power outages in the short term, but the lack of new supply has officials and consumers concerned about long-term reliability.

To encourage investment in new power plants, the Texas Public Utility Commission recently raised the price cap for wholesale electricity from \$3,000 a megawatt-hour to \$4,500. Regulators believe that higher wholesale prices will attract investors by making Texas power sales more profitable. Consumers are worried the higher cap will lead to higher electric rates without improved reliability. "No one knows how much this will cost Texas," said Texas Coalition for Affordable Power Board President Jay Doegey in an interview with public radio, "or even whether it will result in more generation coming online. But one outcome seems likely: Texas consumers will end up paying more."💡

Court okays PSC wind farm approval

Continued from page 1...

process hinged on the fact that the 200-megawatt Bent Tree Wind Project would be located in Freeborn County, Minnesota, and commissioners decided applying the CPCN law to an out-of-state facility "would exceed the jurisdiction of Wisconsin laws and lead to unreasonable results," in the words of the decision written by Justice Patience Roggensack.

The court ruled that customers were adequately protected because, "Under the CA statute, the [commission] may refuse to authorize construction projects that would impair utility efficiency, provide unnecessary facilities, or increase cost without a corresponding increase in value."

But Justice Ann Walsh Bradley, in a dissent joined by Chief Justice Shirley Abrahamson, argued to the contrary.

Bradley cited then-commissioner Lauren Azar, who disagreed with use of the CA process and held, in the words of Bradley's dissent, that absent CPCN review, "Large out-of-state projects could be certified with minimal scrutiny."

Bradley said the best answer would be new legislation addressing PSC oversight of out-of-state facilities, but in the meantime, statutory language requiring an exercise of authority outside Wisconsin could be bypassed as invalid under the "severability" doctrine.

A judicial proceeding would be required in order to invalidate a portion of statute law.💡

Focus launches new programs

Suspended last year to preserve funds for energy efficiency projects, renewable energy programs for businesses resumed in July under Wisconsin's Focus on Energy program. Also featured in the new program lineup are incentives for residential installations.

The July 1 launch came exactly one year after incentives for renewable projects undertaken by private businesses were suspended.

Among new programs unveiled last month are:

- The New Homes Program, certifying homes that are more durable, energy-efficient, and combustion-safe than others constructed in accordance with the current Wisconsin building code.

- The Renewable Energy Program, offering cash rebates for eligible, new renewable energy systems in homes that meet energy efficiency requirements.

- The Renewable Energy Competitive Incentive Program, offering financial support for businesses installing biomass, biogas, geothermal, PV, solar thermal, and wind energy.

More detailed information is available at www.focusonenergy.com. 💡

Lasee tries again for tighter wind rules

The statewide wind-energy siting standards that took effect earlier this year don't provide adequate protection for human health, a state senator told the Public Service Commission (PSC) in July.

In a July 8 letter, Senator Frank Lasee asked the PSC to develop new wind-siting rules that, in his view, would meet statutory requirements to protect against health effects associated with proximity to wind turbines. Lasee (R-De Pere) told PSC Chair Phil Montgomery, "Medical Professionals from the Brown County Department

Energy saver tip

Use exhaust fans to vent kitchen heat and cooking odors? Of course you do! What about when you're taking a shower? Running a bathroom exhaust fan is a wise use of energy because it will lighten the load for your air conditioner. You'll avoid extra cooling and dehumidification costs and also help preserve interior surfaces. 💡

Rail amendment in Farm Bill

It's too early to know if the legislation will even come to a vote, but a requirement to renew a study of freight rail monopolies on—among others—energy customers has made its way into the 2012 Farm Bill.

Thanks to the bipartisan work of Wisconsin and Minnesota members of Congress, the legislation also contains language directing the secretary of agriculture to participate in proceedings of the rail-regulating Surface Transportation Board on behalf of rural interests. Minnesota Democrat Tim Walz sponsored and Wisconsin Republican Reid Ribble co-authored that amendment.

CURE (Consumers United for Rail Equity) has been active in lobbying both states' congressional delegations for reforms that could mitigate prices paid to monopoly rail providers for shipping bulk materials such as agricultural products and supplies and power-plant fuel.

At press time for this edition of *The Wire*, Congress had no plans to take up the Farm Bill before its August recess. Only eight days of September floor activity were scheduled before the 20th, when the current Farm Bill expires and federal law automatically reverts back to the provisions of the Farm Bill of 1949. 💡



MEUW board members Wayne Johnson, Marshfield Utilities (left), and Jim Coumts, Cedarburg Light and Water, discuss the rail issue with Rep. Ribble during a July visit.

Duke merger fight not over

A few weeks ago the pact to form the nation's new largest utility was a done deal but the surprise ouster of a top executive has put the

merger of Duke Energy and Progress Energy back on full boil.

North Carolina regulators (both companies are headquartered in the state but Duke has facilities reaching into the Midwest) could end up imposing new conditions on the merger they approved June 29. The controversy—and a full-blown investigation—revolves around questions of whether Duke misled regulatory commissioners by saying ex-Progress CEO Bill Johnson would head the merged companies, only to force his resignation days after the merger was concluded.

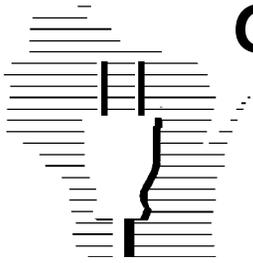
As reported by the *Charlotte Observer*, testimony at a two-day hearing in July revealed Johnson had been on shaky ground with the Duke board of directors half a year before the merger was approved, and possibly as early as 2010. Days after the approval, Johnson was forced out and Duke CEO Jim Rogers installed in the top slot. Among key issues were low performance ratings for three Progress nuclear plants, including one that has been idle for three years and in need of repairs that could cost \$1 billion. Late last month, the *New York Times* reported assertions by Johnson that Duke had tried to back out of its acquisition of the smaller company. 💡

of Health have concluded that wind turbines in Brown County are causing negative health effects in people that are living near them."

Chapter 196 of the statutes says the siting rules must include "setback requirements that provide reasonable protection from any health effects, including health effects from noise and shadow flicker, associated with wind energy systems."

Lasee told Montgomery the PSC-led council that wrote the existing rules "ignored" studies that showed negative health effects, and that since the rules were written, "a number of additional peer-reviewed studies" have reached similar conclusions.

However, advocacy group RENEW Wisconsin cited an April 30 letter from Department of Health Services Deputy Secretary Kitty Rhoades saying, "Our review of current scientific knowledge indicates that levels of noise, flicker and infrasound measured from wind turbines at current setback distances do not reach those that have been associated with objective physical health effects." 💡



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to check out the
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Quotable Quotes

"So we are in an enviable position of not only having adequate supply to address the brownout issue, but we are helping keep a large part of the Midwest up and running."

—Public Service Commission Chair Phil Montgomery,
reflecting on the strength of Wisconsin's electric
infrastructure compared with the 1990s, and quoted in
WISBUSINESS.COM, July 6, 2012

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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