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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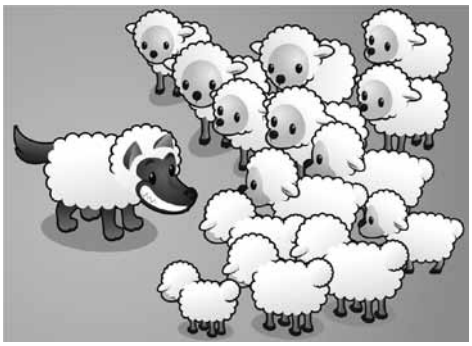
Back where it all began

California got all the attention but New Hampshire is where Enron launched the electric restructuring mania with a heavily rigged pilot program back in the mid-1990s. Things were fairly quiet there until recently, as low natural gas prices triggered renewed activity by marketers who don't own any generation but want to sell electricity anyway.

One of them, PNE Energy Supply, recently received regulatory permission to resume operations after being banished from the regional wholesale market over a February default. A brief winter spike in natural gas prices found PNE unable to cover its obligations to the grid operator and more than 7,000 customers found themselves involuntarily transferred to the more expensive incumbent utility.



Meanwhile, state regulators were investigating numerous complaints of shifty marketing.

One company was accused of having door-to-door solicitors tell people they were from "the power company," ask to see monthly bills to make sure they were "correct," and bluff customers into signing up with the alternative provider, thinking they were simply correcting an error that had resulted in them being overcharged.

In one instance, according to reports in the Manchester *Union Leader,* door-to-door marketers were specifically—and falsely—identifying themselves as employees of incumbent utility Public Service of New Hampshire (PSNH), saying it was their job to check utility bills as the pretext for tricking PSNH customers into switching providers.

A PSNH manager testified in a regulatory hearing that a marketer cold-called him and said PSNH rates would be increasing July 1, when the opposite is more likely; another PSNH employee was told he had to switch providers because PSNH is no longer in the electric generation business—also untrue.

Some marketers have "shown a propensity to do whatever it takes to sign up customers," Stephen Hall of PSNH testified, according to the *Union Leader.*

Wind farm back before PSC

No hearing date had been set by press time for *The Wire,* but the Public Service Commission (PSC) has agreed to reopen its regulatory review of Highland Wind, a proposed development comprising about 40 large turbines with approximately 102 megawatts capacity in St. Croix County.

A mid-May prehearing conference called on the parties to meet and discuss six issues:

- Whether it's possible to demonstrate that the proposed Highland Wind Farm will comply with existing audible noise standards;
- Whether Highland can meet a 40-decibel noise standard proposed to accommodate half a dozen nearby residences;
- A detailed explanation of how the project would comply with noise limits;
- A discussion of the effectiveness of curtailing turbine operations as a noise-mitigation strategy;
- Post-construction sound-testing protocols to ensure compliance; and
- An analysis of jurisdictional questions raised by designing a project with curtailment

Continued on page 3...

Wisconsin interconnect rules could be revised

The Public Service Commission has opened a new docket to investigate whether Wisconsin's rules on interconnection of customer-owned distributed renewable generation need revision.

Responding to a petition from RENEW Wisconsin, the commission (PSC) agreed in April to examine the issues. In mid-May, it posted a series of a dozen questions and gave electric service providers until June 17 to respond. The questions, some technical and operational,

seek to assess the current state of play among utilities integrating customer-owned generation into their systems.

RENEW filed its petition February 22 with the support of 87 other entities, largely alternative energy providers and consultants, along with the Citizens Utility Board, Sierra Club, Union of Concerned Scientists, and the Wisconsin Farmers Union.

In subsequent weeks, the PSC received letters in support of the petition from the Wisconsin Department of Agriculture, Trade and Consumer protection; the Environmental Law and Policy Center; and the Interstate Renewable Energy Council.

Continued on page 3...

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

Focus on Energy, the state's energy efficiency and renewable resource program, recorded the highest level of energy savings in the program's history in 2012, according to an independent evaluation released last month. The record savings comes two years into the four-year period for which the Public Service Commission of Wisconsin (PSCW) established energy savings goals for the program.

Focus on Energy is approximately a $100-million-a-year program funded mostly by the state's investor-owned utilities and paid for by customers through electricity and natural gas rates. A recent report from the Legislative Audit Bureau found that residential customers using the average amount of electricity for their utility paid between $0.86 and $1.16 per month for Focus in 2010 and between $0.56 and $0.69 on their monthly natural gas bills. Municipal electric utilities and rural electric cooperatives can choose to contribute fees and participate in Focus or run their own "commitment to community" energy efficiency and conservation programs. All municipal utilities in Wisconsin participate in Focus, as do about half of the cooperatives.

Bromley

Historically, Focus on Energy has been a good investment for Wisconsin ratepayers. Independent evaluations have consistently shown that the benefits from Focus programs outweigh costs more than 2 to 1 and the cost effectiveness seems to be getting better. The benefit-cost ratio in 2011 was found to be 2.46 to 1, up from 2.3 to 1 in 2010. The evaluation released last month shows the 13 programs offered by Focus in 2012 saved Wisconsin ratepayers $2.89 for every $1 spent.

In addition to being cost-effective, Focus on Energy's programs experienced a nine-fold increase in participation from the previous year. More than 1 million residential and business customers received incentives from Focus for energy efficiency and renewable energy projects in 2012. Within the residential segment, participation and electric savings were greatest in the Focus program that provides incentives (discounts and rebates) for the purchase of CFLs and low-flow showerheads.

Despite the increase in participation and energy savings that occurred in 2012, much more needs to be saved in the next two years to meet the four-year goals established by the PSCW. Through 2012, the total savings have reached 40 percent of the electric (kilowatt-hour) savings goal and 38 percent of the natural gas (therms) savings goal for the four-year 2011–14 quadrennial planning period.

The 2012 evaluation is available online at: http://www.focusonenergy.com/about/evaluation-reports.

Expectations lowered on carbon-capture project

A report this spring from the nonpartisan Congressional Research Service casts doubt on the prospects of success for the FutureGen project, the Illinois power-plant makeover that's been a focal point of carbon capture and sequestration (CCS) research.

The April 3 report notes, "Nearly 10 years and two restructuring efforts since FutureGen's inception, the project is still in its early development stages." A well has been drilled at the proposed underground storage site for compressed carbon dioxide—about 30 miles from the actual power plant site—and preparations for geologic analysis have been made.

But hurdles still to be cleared include purchase of the power plant from its current owner, Ameren Corp.; obtaining Department of Energy permission and retrofitting the plant; and successfully capturing 90 percent of its CO2 emissions. If all those steps can be completed, the captured emissions would then need to be transported to the underground storage area by means of a new pipeline.

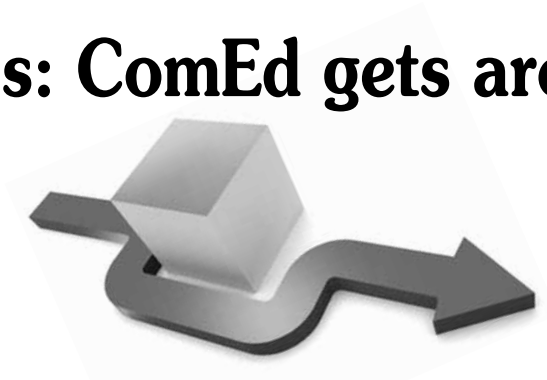
The report says project delays may have made full-scale demonstration of CCS technology "difficult to accomplish" before FutureGen's federal stimulus funding expires in 2015.

Chicago Bypass: ComEd gets around regulators

Commonwealth Edison wants rate increases, which the company says will help it modernize its electric grid. The Illinois Commerce Commission (ICC) agrees with parts of the rationale for the rate hikes and disagrees with others—about $100 million out of $2.6 billion over 10 years. That's mostly old news, as the dispute is working its way through the courts.

But now comes the Illinois Legislature—on behalf of Com Ed. In March, lawmakers adopted, by wide margins in both houses, a bill legislating the higher rates sought by the utility, bypassing the ICC regulators and the courts.

And as *The Wire* went to press, they were bypassing Governor Pat Quinn, too.



Early last month, Quinn vetoed the Com Ed legislation, criticizing the "very disturbing process" involved in outmaneuvering the regulatory agency, according to a report in the *Chicago Tribune.*

"We cannot allow big utilities to take over and run roughshod over families and businesses; we're not going to let the utilities run Illinois," the *Tribune* quoted Quinn saying as he applied his veto stamp, "with so much gusto that he sent a pen on the table tumbling to the floor."

Not that his enthusiasm did him any good. A bit more than two weeks later, the Illinois Senate overrode Quinn's veto with votes to spare. They needed 36. They got 44.

One day later, the veto met a similar fate in the Illinois House, where the Com Ed bill originally passed 86–28. It lost a few votes along the way, but House members—needing 71 to make a three-fifths majority to overrule the governor—voted to do so, 71–44.

Texas group uncovers phantom tax charges

Over the past five years, the North Texas utility Oncor has collected more than half a billion dollars from its customers for federal taxes; remitted most of the money to Oncor's parent company, Energy Future Holdings; and there, to paraphrase Harry Truman, the bucks stop.

So says the Texas Coalition for Affordable Power (TCAP), which issued a report this spring saying that while the practice is not illegal, it cries out for reform.

Transmission and distribution utilities remain regulated in the largely restructured Texas electricity market, and the Public Utility Commission allows them to collect sufficient revenue to cover reasonable expenses including federal income taxes. But as TCAP explains, utilities that are subsidiaries of holding companies don't typically make direct income tax payments to the federal treasury. The parent company combines the revenues and losses of all its affiliates and files a single return with the IRS. When the parent doesn't owe federal taxes—as the financially struggling Energy Holdings has not since 2008—it gets to keep money collected for taxes by its subsidiaries.

According to TCAP, Energy Future Holdings—caught between a large debt burden and declining revenues—spent half its 2012 revenues on interest payments alone. Bankruptcy or restructuring could occur as soon as this summer, TCAP says. With accumulating loses, the company has not been paying federal income taxes, but as 80-percent owner of Oncor, it captures 80 percent of what Oncor collects for taxes.

The Public Utility Commission has the latitude to apply a tax savings adjustment in rate cases to mitigate the cost to customers but hasn't yet done so in the case of Oncor. Doing so, according to TCAP, could save Oncor customers about $100 million annually.

Wind farm

Continued from page 1...

in mind, and whether that strategy vitiates PSC jurisdiction.

Highland Wind petitioned for reopening or rehearing in April, following a 2–1 February vote by the commission denying the application for a certificate of public convenience and necessity and three weeks after commissioners turned down Highland's emergency request that they reconsider their vote.

PSC Chair Phil Montgomery, who had initially voted to deny the application, joined Commissioner Eric Callisto in voting to reopen the case. Commissioner Ellen Nowak, who had also voted to deny the application, dissented.

Opponents contend the developers should redesign their project to achieve compliance without having to curtail operations and submit a fresh application.

Interconnects

Continued from page 1...

Along with its petition, RENEW submitted a series of proposed changes to PSC administrative rules. RENEW proposes to ease requirements of utility-accessible interconnection disconnect switches, along with a "fast track" process, saying it's "critical that interconnection procedures be as streamlined as possible to avoid unnecessary interconnection studies, costs, and delays."

Other proposed changes would adopt federal standards instead of allowing individual utilities to determine acceptability of interconnection protection equipment, revise dispute resolution procedures and insurance requirements, add new language governing line extension design and cost, and define distributed generation categories in terms of capacity.

The PSC docket, (numbered 5 GF 233 and viewable at www.psc.wi.gov), is not intended specifically to address the changes proposed by RENEW but to determine whether development of rule revisions should proceed.

Energy saver tip

As the weather warms, some simple adjustments can help keep your home cool and comfortable. Using cold water to launder clothing will avoid adding unwanted heat and save you as much as 10 to 20 cents per load. Using your dishwasher at night serves the same purpose and a time delay can ensure it runs during the coolest hours. You'll save on cooling costs and avoid adding daytime humidity.

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to preserve
Wisconsin's
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Be sure
to check out
the *Customers First!*
website at

www.customersfirst.org

Quotable Quotes

"Money that utilities collect for federal taxes should be used for taxes. Otherwise, ratepayers are twice burdened—once by paying taxes that are not paid to the Treasury, and second by a growing national debt for which taxpayers are ultimately responsible."

—Randy Moravec, executive director, Texas Coalition for Affordable Power, quoted in a news release April 17, 2013

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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