



**Customers First!**  
*Plugging Wisconsin In*

*Customers First!* Coalition  
14 W. Mifflin St. Suite 310  
Madison, WI 53703  
608.286.0784  
www.customersfirst.org

**VIA ELECTRONIC FILING**

September 27, 2005

Ms. Christy L. Zehner, Secretary  
Public Service Commission of Wisconsin  
610 N. Whitney Way  
P.O. Box 7854  
Madison, WI 53707-7854

RE: Investigation on the Commission's Own Motion of American Transmission Company's Access Initiative to Strengthen Electric Transmission System Ties to Areas beyond ATC's System Footprint. (Docket no. 137-EI-100)

Dear Ms. Zehner:

Enclosed for filing in the above-referenced docket are the Comments of the *Customers First!* Coalition. Copies have been served to the service list electronically.

Sincerely,

/s/ John Sumi

John Sumi  
Executive Director  
*Customers First!* Coalition

cc: Service List (via email)

**BEFORE THE  
PUBLIC SERVICE COMMISSION OF WISCONSIN**

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Investigation on the Commission's Own Motion of  
American Transmission Company's Access Initiative  
to Strengthen Electric Transmission System Ties  
to Areas beyond ATC's System Footprint.

Docket No. 137-EI-100

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**COMMENTS OF THE CUSTOMERS FIRST! COALITION**

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The Customers First! Coalition (CFC) is an alliance of residential and industrial consumer organizations, low-income and environmental groups, labor associations, municipal utilities, rural electric cooperatives, wholesale suppliers and an investor owned utility. CFC has a strong interest in the issues being considered in this docket. CFC members could be affected by the outcome of this docket not only by the costs of increasing the transfer capability of the state's transmission system, but also by the potential for significant benefits that may result from Access Initiative projects.

**Introduction**

After reviewing the Access Study Initiative (ASI) Report and taking into account the certainties and uncertainties of estimating the costs and benefits of building an additional 345kV high voltage line to increase the state transmission system's import capability, CFC has considered the question of whether it is likely that a line can be built that will be worth the cost? This question is made all the more difficult because the state is in the midst of an electric infrastructure building cycle including both generation and transmission projects that will put additional upward pressure on rates. However, when CFC looks at the future we find ourselves agreeing with many of the benefits the ASI Report has linked to the construction of an additional extra high voltage line and would like to express our view that there is sufficient understanding of an uncertain future to suggest that construction of a stand-alone 345kV line that increases the transmission systems transfer capability could likely leave Wisconsin customers in a better

position to obtain electricity reliably and at reasonable rates. In our comments, CFC would like to identify the major benefits we agree can accompany a high voltage project.

### **Access to Regional Power and Energy Markets**

At this time, because of limitations on our transmission system's ability to import energy, Wisconsin customers bear the costs of our state's participation in the MISO regional energy market but miss one of its benefits – the ability to take advantage of lower cost energy when available from regional supply sources both now and into the future. Access to additional regional supply options made possible by the construction of an additional high voltage line could mean that the imported power used as part of how Wisconsin's electric providers meet the goal of providing reliable electricity can be obtained at affordable prices for Wisconsin customers.

The ability to tap additional supply sources within the region will also help protect utilities and customers against the risk posed by volatile fuel prices by presenting a greater range of generation technology options. We also see the benefit of adding supply options to reduce the risk of customers being exposed to higher energy costs caused by unexpected outages of in-state generation.

### **More Competitive Wholesale Market and Less Price Volatility in the MISO Market**

Improved access to regional energy supplies can promote a more competitive wholesale market and act as a positive influence on suppliers bidding in the MISO market. A more competitive market will increase the likelihood that wholesale prices for Wisconsin utilities will be closer to levels found elsewhere in the region. The benefits of more competitive wholesale prices can be passed on to all customers – residential, commercial and industrial.

The ASI Report has suggested that improved transmission can provide a hedge against the impact of locational marginal prices (LMP) set in the MISO market and reduce congestion charges. Like other stakeholders, CFC has watched the consistent pattern of higher day ahead and real time LMP prices that have been recorded by MISO for the transmission constrained (WUMS) area of eastern Wisconsin since the use of market based rates in the Day 2 market in

April of 2005. Increased transmission import capability will be necessary to make sure that regional market is functioning adequately and in a way that minimizes negative MISO market impacts for Wisconsin customers. CFC also believes that the need to address the negative impacts of the MISO market are made more urgent by the scheduled end of FERC ordered MISO market transition protections for Wisconsin in 2010.

### **Reliability Benefits for Wisconsin Utility Customers**

Imported power has, and CFC expects will continue to play a role in assuring reliable electricity for Wisconsin customers. Should Wisconsin baseload generation experience outages, improved transmission and a greater ability to obtain imported power can mitigate the cost and risk of planned and unplanned outages to customers.

We also note that the ASI Report identifies possible cost savings through improved reliability as represented in the measures of Loss of Load Expectation (LOLE) and Expected Unserved Energy (EUE) that would occur with each of the projects studied. CFC thinks that the construction of a high voltage transmission line to improve import capability should be part of the way the state balances reliability with affordability when meeting energy needs.

If access to imports improves system reliability the commission could consider reducing the planning reserve requirements without impacting reliability and save customers the costs of securing unnecessarily high reserves.

### **Access to In-State and Regional Renewable Resources**

CFC supports the complete recommendations of the Governor's Task Force on Energy Efficiency and Renewables, and the task force recommendation to increase the state's Renewable Portfolio Standard (RPS). We agree that an upgrade of our state's high voltage transmission system would not only make it more likely for in-state renewable energy sources to be utilized, but also improve the importation of renewable energy toward compliance with the higher standard. We would urge the commission to look at potential 345kV projects for their potential to improve access to renewable energy resources.

## Conclusion

While there may be difficulty in precisely gauging the costs and benefits of improving the import capability of the state's transmission system through this docket alone, the ASI Report does identify some unmistakable benefits that CFC members recognize as important factors in helping control future electricity rates for Wisconsin customers. Given the benefits to upgrading the transmission system, it is equally important that least cost options be pursued and implemented to meet our state's energy and demand load requirements.

CFC also wants to emphasize on behalf of our end use customers that any transmission infrastructure improvements be integrated with generation additions and energy conservation initiatives. Economic growth and retention is key to our state's economic health and we should make every effort to implement initiatives that improve reliability in the least cost manner.

CFC thinks that the addition of a high voltage transmission project for the purpose of increasing the state's transfer capability could be part of a balanced response to the state's need for improvement of its energy infrastructure. CFC encourages the commission to continue to examine the issues of costs and benefits of a project with an even greater level of scrutiny in any ensuing docket.

We hope our comments have identified significant customer benefits that will be helpful as the commission evaluates the need for a high voltage transmission project to improve the energy import capability of Wisconsin's electric providers.

Dated: September 27, 2005

Respectfully Submitted,

/s/ John Sumi, Executive Director  
*Customers First! Coalition*

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14 W. Mifflin St. Suite 310  
Madison, WI 53703  
jsumi@customersfirst.org