



Customers First!
Plugging Wisconsin In

***THE WISCONSIN PUBLIC SERVICE CORPORATION AND
 WISCONSIN ELECTRIC POWER COMPANY GENCO PROPOSALS AND THE
 CUSTOMERS FIRST! GENERATION ACTION PLAN:***

A SIDE-BY-SIDE COMPARISON

ISSUE	WPS GENCO	WEPCO GENCO	CFC PLAN
RECOGNIZE NEED FOR NEW POWER PLANTS IN WISCONSIN	Yes.	Yes.	Yes.
COMMITMENT TO BUILD NEW POWER PLANTS IN WISCONSIN	WPS GenCo commits only to submit bids for new plants; WPS as a utility does not commit to build.	Will build substantial new generation but only after giving away existing plants to unregulated subsidiary of parent corporation (holding company).	Utilities should build new plants to serve Wisconsin and in return receive regulatory certainty (recovery of investment and profits appropriate for the associated risk).
EXISTING POWER PLANTS THAT HAVE BEEN PAID FOR BY CUSTOMERS	Give away to unregulated GenCo subsidiary of parent corporation (holding company); then free to sell off generating assets with profits going to shareholders.	Give away to unregulated GenCo subsidiary of parent corporation (holding company); then free to sell off generating assets with profits going to shareholders.	Keep existing plants within regulated utilities to continue serving customers and promote stability of price and supply.
NEW LEGISLATION NEEDED	Yes.	Yes.	No.
PRICES TO CUSTOMERS	Set by complicated contracts between affiliated companies. The state would have no control over contracts; the federal government would be in charge and could throw them out.	Set by complicated contracts between affiliated companies. The state would have no control over contracts; the federal government would be in charge and could throw them out.	For existing plants, rates set based on costs to produce power; allow markup for utility power purchases that benefit customers; for new plants built by utilities, establish regulatory certainty to protect investment.
REGULATORY AUTHORITY	Even for existing plants, authority shifted away from Wisconsin to federal government; no state power to set generation rates or service standards or prevent takeovers by out-of-state or foreign companies.	For both existing and future plants, authority shifted away from Wisconsin to federal government; no state power to set generation rates or service standards or prevent takeovers by out-of-state or foreign companies.	For both existing and future power plants, all authority stays in Wisconsin to set rates and service standards and prevent takeovers by out-of-state or foreign companies.

ISSUE	WPS GENCO	WEPCO GENCO	CFC PLAN
POTENTIAL FOR SELF DEALING	Yes. Both subsidiaries (GenCo and distribution company) have strong incentive to maximize profit for the same company - the corporate parent.	Yes. Both subsidiaries (GenCo and distribution company) have strong incentive to maximize profit for the same company - the corporate parent.	State continues to oversee affiliate transactions.
MARKET POWER	State would lose authority to address generation market power problems in the future.	State would lose authority to address generation market power problems in the future. Could worsen existing market power problems because WEPCO already owns more than half the generation in Wisconsin and would increase its share without adequate state authority to remedy market power problems. The owner of such a large share can set the market price above cost for all supply.	State retains authority to address and remedy Wisconsin's market power problems through existing regulation.
STABILITY OF SUPPLY AND PRICE TO CUSTOMERS	Contracts of limited duration for supply from unregulated affiliate to utility; 30% of the electric load can force all customers into volatile, market prices.	Contracts for supply from unregulated affiliate to utility; would be subject to change or elimination by Washington, which could force use of market prices; additional problem of holder of market power to set inflated market price for all supply; no protection for customers.	Continues current protections and cost-based pricing for customers; provides means for increasing supply with targeted incentives to utilities; keeps authority in Wisconsin.
LABOR PROTECTIONS - EXISTING POWER PLANTS	Unregulated GenCo becomes the employer. The workers operating the plants would have certain protections for a limited thirty-month period; uncertainty thereafter, whether plants remain in the unregulated affiliate or are sold to an out-of-state company.	Unregulated GenCo becomes the employer. Workers operating the plants would have certain protections for a limited thirty-month period; uncertainty thereafter, whether plants remain in the unregulated affiliate or are sold to an out-of-state company.	The existing utility would still be the employer. All worker protections would continue.
LABOR PROTECTIONS - NEW POWER PLANT CONSTRUCTION	WPS plans are not known.	WEPCO supports using organized labor to build new power plants.	CFC supports using organized labor to build new power plants.

For More Information Contact Customers First! at 888.960.4478 or 608.286.078 or visit our website at www.customersfirst.org