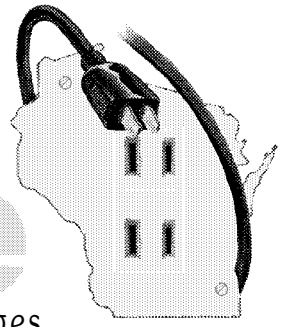


A Coalition
to preserve
Wisconsin's
Reliable and
Affordable
Electricity

Customers First! the Wire



Plugging you in to electric industry changes

608/286-0784 • P.O. Box 54 • Madison, WI 53701 • www.customersfirst.org • JULY 2011 • Vol. 16, No. 7

CFC event covers wide-ranging topics

Last month's annual *Customers First!* Coalition Spring POWER Breakfast was well-attended and a learning opportunity, with a nationally recognized guest speaker and knowledgeable state-government panelists.

Two lawmakers and a Walker administration official fielded questions on hot-button energy issues, prominently including a statewide wind-siting rule.

"I'll just be really shocked if it doesn't come back within a couple hundred feet of where we were," said State Rep. Mark Honadel (R-South Milwaukee), referring to setback distances from neighboring properties, the key stumbling block for the rule.

Honadel and State Rep. Josh Zepnick (D-Milwaukee), chairman and ranking minority member, respectively, of the Assembly Committee on Energy and Utilities, seemed to be on the same page concerning wind-siting regulation. Zepnick called wind energy "a very smart technology" and said the concerns of neighboring landowners must be taken seriously but not



Schoenherr



Zepnick



Honadel

allowed to "stop us in our tracks."

As a committee member, Zepnick described his experience participating in "the multi-hour hearings" on wind regulation as "interesting" and "painful" as landowners voiced concerns about turbine noise, altered landscapes, and diminished property values.

Honadel made it clear he was not unhappy with the rule currently under suspension, saying, "I thought we had a really good product last ses-

sion," adding, "I thought we were done."

Honadel also said he envisioned little likelihood of major changes in the state's renewable portfolio standard (RPS), saying the mandate of 10 percent renewable energy by 2015 was "pretty good where it is."

Zepnick said he saw the 10-percent mandate as "the lowest it could go," while

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Nearly 100 Customers First! Coalition members and guests turned out June 2 for a morning of discussions on energy topics led by legislative, state agency, and university experts. The setting was Madison's Concourse Hotel.

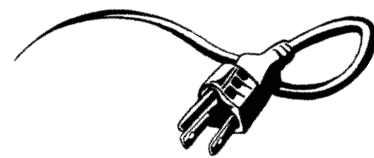
THE WIRE is a monthly publication of the *Customers First!* Coalition—a broad-based alliance of local governments, small businesses and farmers, environmental groups, labor and consumer groups, retirees and low-income families, municipal electric utilities, rural electric cooperatives, wholesale suppliers,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



On June 26, Governor Scott Walker signed into law a two-year, \$66 billion state budget bill. The Legislature passed the budget last month on a party-line vote, with all Republicans and one Independent voting for the biennial spending plan and all Democrats against.

The bill signed by the governor is not much different from the one he proposed to lawmakers back in February. Most of Walker's blueprint to eradicate a \$3 billion deficit through cuts to state programs, schools, and local governments was left intact. Also untouched was the governor's request to eliminate the Office of Energy Independence and transfer its programs and duties to the Division of Energy Services at the Department of Administration.

One change the Republican-controlled Legislature did make to the governor's budget, and which should be of interest to energy consumers, affects the level of funding for the statewide energy efficiency and renewable resource programs known as Focus on Energy. The budget bill reverses action taken by the Legislature's Joint Committee on Finance last December when Democrats were in control. At that time, the committee approved a plan to gradually ramp up funding for the Focus programs from about \$100 million per year to more than \$250 million by 2014.



Bromley

Focus programs are funded through an assessment on the revenues of investor-owned utilities. Municipal electric utilities and electric cooperatives can voluntarily contribute to participate in Focus. The Public Service Commission recommended the new funding levels after conducting a comprehensive evaluation of the Focus programs as required by law.

Several business groups objected to the increase in funding, calling it an energy tax that would be passed along to utility ratepayers in the form of higher rates. Those supporting more funding pointed to projections that showed ratepayers participating in the energy-saving programs would consume less energy and, therefore, have lower utility bills.

The new funding formula approved by the Joint Committee on Finance on a party-line vote back in December didn't have a long shelf life. With a new party in charge during budget deliberations this spring, the committee repealed the funding increase approved just months before, instead returning program funding levels to around \$100 million per year. Along with rescinding the higher funding levels, the budget bill removes the mechanism that allows the Public Service Commission to prescribe additional funding for Focus. Now, any effort to provide additional Focus funding will need approval from the full Legislature and governor. 💡

PSC vacancy doesn't last

In mid-May, Lauren Azar announced her departure from the Public Service Commission of Wisconsin. By mid-June, Governor Walker announced his appointment of her successor.

She is Ellen Nowak, an attorney who has been serving as chief of staff to Waukesha County Executive Dan Vrakas.

The appointment, which requires state Senate confirmation, gives a majority of seats on the three-member utility-regulating panel to Walker appointees two years earlier than would have been possible without Azar's departure for an energy-related post in the Obama administration.

Prior to her Waukesha County service, Nowak was legal counsel to the Assembly



Nowak

Speaker's Office from 2002–2006, becoming chief of staff to the speaker in 2006. She holds a degree in political science from UW-Milwaukee and a law degree from the Marquette University Law School. 💡



2011 POWER Breakfast

Continued from page 1...

acknowledging the target will be “politically more difficult” to reach under current economic conditions.

Chris Schoenherr, administrator of the state’s Division of Energy Services, said discussion of the renewable standard is colored by “shifting perceptions of what we’re trying to achieve.”

The 10-percent RPS was initially intended to “create a floor for renewables,” he said, and later was seen as a vehicle for reducing greenhouse emissions. “If it’s all about emissions,” Schoenherr said, “there’s maybe a different set of tools” to be used.

All three panelists seemed to agree that even if Wisconsin’s moratorium on new nuclear-plant construction is repealed, no one is likely to build one here for decades. 💡



Dr. Ken Rose, a nationally recognized expert in the structure, economics, and regulation of U.S. electricity markets, speaks about the history of utility regulation in Wisconsin.

Out of focus, out of a job

This spring’s surprise retirement of the CEO of one of California’s largest utilities helped remind observers about the importance of paying attention to the company’s core business—and lessons learned from the late, unlamented restructuring mania.

Peter Darbee joined Pacific Gas and Electric (PGE) 12 years ago when that mania was in full flower. He was promoted to CEO in 2005, a few years after California’s restructuring experiment had blown up and driven PGE into bankruptcy.

More misadventures would follow. Among the more notorious ones, Mr. Darbee had the company spend \$45 million promoting a ballot initiative to make life more complicated for municipal utilities and to deter customers forming power-buying groups. The measure crashed and burned at the ballot box.

In recent months, PGE has struggled for a customer-relations formula to overcome opposition to its new smart-meter technology, which reportedly caught the company off guard.

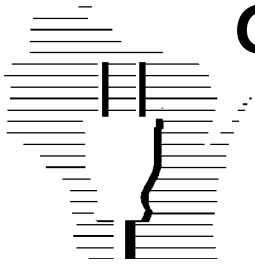
Last September, PGE’s reputation was rocked by what *The Wall Street Journal* described as “a pipeline explosion that killed eight people and incinerated a neighborhood” near San Francisco. The company said it failed to perform appropriate inspections because it had been in error about the pipeline’s characteristics.

In other words, it’s been a slow-motion train wreck, and while it would be foolish to pretend to have identified a single cause, it would be just as foolish to forget that big utilities like PGE supported or at least played along with the restructuring fad, something they simply couldn’t do without willfully taking their eye off the ball.

Utilities that didn’t get into that game haven’t had PGE’s kind of trouble. 💡

Energy saver tip

In warmer weather, it pays to think about how to reduce the energy demands of cooling your home. On most days, a whole-house fan, room fans, or ceiling fans can keep you just as comfortable as air conditioning, at lower cost and without the shock of those big temperature swings when you move back and forth between indoors and out. 💡



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Quotable Quotes

“Peter Darbee, PG&E’s chairman and chief executive, was brought in in 1999 as an outsider who would bring fresh ideas, but appears to have been felled by inattention to the bread-and-butter basics of the utility business: providing safe and reliable service to customers.”

—Rebecca Smith, reporting on the downfall of Pacific Gas and Electric’s top executive, in *The Wall Street Journal*,
April 22, 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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