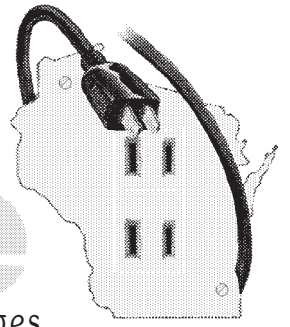


A Coalition
to preserve
Wisconsin's
Reliable and
Affordable
Electricity

Customers First!

the Wire

Plugging you in to electric industry changes



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Study eyes transmission export paths

Likely routes for extra-high voltage transmission development crossing Wisconsin and other states will be the focus of a joint venture between an Ohio-based utility and an Iowa holding company looking to export Midwest wind energy to points east.

Electric Transmission America (ETA) is a transmission enterprise created by American Electric Power of Columbus and MidAmerican Energy Holdings Company of Des Moines. On August 18 ETA announced it would sponsor “a

comprehensive study of the transmission needed in the Upper Midwest to support renewable energy development and to transport that energy to consumers in markets to the east.”

The study is expected to produce recommendations for development of new, extra-high voltage transmission routes across the Dakotas, Iowa, Minnesota, Wisconsin, Illinois, Indiana, and Ohio. It will not be long in coming. The Strategic Midwest Area Transmission Study

(SMARTransmission Study) is scheduled for completion in January.

In the August announcement, ETA President Lisa Barton said, “A critical component of our nation’s approach to addressing climate change is the ability to harvest our most viable renewable generation resources.”

Identifying the Dakotas, Minnesota, and Iowa as home to some of the nation’s “richest renewable generation resources,” Barton said the region’s clean energy potential “cannot be developed unless we build very efficient, high-capacity transmission to bring this energy east to population and electricity load centers.”

The ETA joint venture was created to identify and invest in transmission projects of 345-kilovolts (the largest currently existing in Wisconsin) and larger.

Even before the ETA study is completed, the Upper Midwest Transmission Development Initiative (UMTDI) is expected to weigh in. Consisting of regulatory commissioners and executive branch representatives from the Dakotas, Iowa, Minnesota, and Wisconsin, the UMTDI hopes by year’s end to lay groundwork for detailed transmission planning that fairly allocates the cost of any needed system expansions. 💡



New reversal for county wind regulation

For a second time this summer, an appellate court has told a Wisconsin county it can’t impose its regulatory standards on a utility infrastructure project favored by the state.

Late in July, the District IV Court of Appeals affirmed a Dane County circuit judge’s 2008 ruling that the American Transmission Company was not required to obtain a series of county environmental permits for projects

already holding certificates of public convenience and necessity (CPCN) from the state’s Public Service Commission.

The decision followed by less than two weeks the District II Court of Appeals ruling that invalidated Calumet County’s ordinance placing local restrictions on wind energy development.

In the Dane County case, the company

(ATC) petitioned for declaratory judgment last year when the county asserted that ATC needed to apply for shoreland and general erosion control permits and a wetland zoning permit under county ordinances, after the commission had issued CPCNs for three high-voltage transmission projects.

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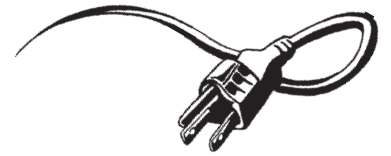
THE WIRE is a monthly publication of the *Customers First!* Coalition—a broad-based alliance of local governments, small businesses and farmers, environmental groups, labor and consumer groups, retirees and low-income families, municipal electric utilities, rural electric cooperatives, wholesale suppliers,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



We tend to enjoy some things much more when they happen infrequently. That's probably why consumer advocates, electricity providers, and others are savoring the recent decision by federal regulators ordering Union Pacific Railroad to grant rate relief and pay reparations to Oklahoma Gas & Electric Company (OG&E) for excessive charges on hauling coal from Wyoming's Powder River Basin to the utility's Muskogee Station power plant in Fort Gibson, Oklahoma.

The case represents a situation all too familiar to Wisconsin utilities, energy customers, farmers, manufacturers, and other businesses that are "captive" to one railroad to move raw and finished products such as coal, fertilizer, grain, forest products, and paper. With no other transportation option, captive shippers are left to the mercy of railroads who can dictate how much they charge and the level of service they provide. Shippers can file a complaint with the federal Surface Transportation Board (STB), but this process is expensive, lengthy, and except for the rare occurrence such as the OG&E case, has mostly resulted in decisions that benefit the railroads.



Bromley

The STB's order in the Union Pacific-OG&E dispute affirmed that a reasonable rate couldn't exceed 180 percent of the cost of providing the service. Based on projected coal shipments, the order will provide about \$10 million a year in rate relief to OG&E for the next 10 years—a nice result for rail customers and consumers, but, unfortunately, the structure that has allowed railroads to abuse their monopoly power continues to exist.

Congress seems poised to make the structural changes needed to level the playing field and ensure consumers are fully protected. Legislation sponsored by Wisconsin Senator Herb Kohl and Representative Tammy Baldwin to remove the railroads' exemptions from our nation's antitrust laws has been reported favorably out of committees in both houses. And Senator John D. Rockefeller, a long-time champion of rail customers and new chair of the Senate Commerce, Science and Transportation Committee, is leading a bi-partisan effort to craft comprehensive legislation that will beef up oversight of the railroads, improve the rate-challenge process, and give shippers the appropriate protection of federal law.

The *Customers First!* Coalition is cautiously optimistic that rail reform legislation will pass in this Congress. Utilities and their customers should no longer have to bear the excessive costs caused by the monopoly power of railroads so clearly illustrated in the OG&E case. 💡

Nuke plant requesting uprate

The Florida-based operators of the Point Beach nuclear power plant are asking federal regulators to allow a 17-percent increase—or "uprate" in industry jargon—in the facility's output.

The plant has already received an extension of its original 40-year federal operating license and will be allowed to continue running until 2033.

The two units combined now generate slightly more than 1,020 megawatts. The 170-megawatt uprate—for which no cost estimate was immediately available—would require actions to strengthen plant systems to bear greater heat and pressure.

Similar modifications have been proposed at several nuclear plants nationwide, including

two in Florida owned and operated by FPL Group, the company that bought Point Beach from WE Energies and its other Wisconsin owners. 💡

Energy saver tip

Think ahead. Farther.... Fall is a good time to plant trees, and some advance planning can pay off. Think about what you want to plant and whether the spot you pick will still make sense 20 or 30 years from now. In this part of the country, the right planting on the south and west sides of a house can help protect your home from excessive solar heating and the cooling bills that come with it. 💡

Wind-siting bills on steady march

A state Senate committee last month endorsed creation of statewide wind-energy siting standards, leaving bills ready for floor action in both houses.

The vote in the Senate Committee on Commerce, Energy, Utilities and Rail was 6-1 to endorse passage of Senate Bill 185. The sole vote against the bill came from Sen. Neal Kedzie (R-Elkhorn), who cited concerns about statewide standards interfering with local control and doubts that wind energy is “the end-all or cure-all to all our energy problems.”

Local control issues remain very much alive, as Calumet County plans a state Supreme Court appeal of the July appellate court decision overturning its wind-siting ordinance.

Regardless of the outcome there, the pending legislation anticipates counties and other political subdivisions of the state continuing to enact wind-siting ordinances, though any restrictions they could impose would be circumscribed by whatever administrative rules the Public Service Commission (PSC) may develop in carrying out the Legislature’s directive to devise uniform standards.

A Senate committee amendment spells out that a council to advise the PSC in developing its rules must include representatives of municipalities that have wind ordinances. It also makes the council a permanent entity assigned to perform continuing study of wind-energy issues.

Possibly in anticipation of legislative action, Pierce County supervisors in August voted to loosen restrictions on small wind-energy systems. Instead of a public hearing, a town board recommendation, and a conditional use permit from the county, people planning to put up wind

Renewables funding list available from OEI

A frequently updated list of funding opportunities for biofuel and renewable energy projects is available from Wisconsin’s Office of Energy Independence and can be obtained by e-mail. Anyone interested can be placed on the distribution list by sending a request to OEI’s Maria Redmond at maria.redmond@wisconsin.gov.

As of midsummer, the listing showed nearly 100 opportunities for clean energy projects. A categorized roundup of the information can also be viewed at the OEI web site, <http://www.energyindependence.wi.gov/>

turbines with less than 100 kilowatts capacity will now only have to obtain an over-the-counter permit and pay \$100, one-third the previous fee. There were no votes against the changes.💡

More wind added

More than 4,000 megawatts of wind-energy generation capacity have been installed so far this year, bringing total U.S. wind capacity to 29,400 megawatts, according to a tally in August by the National Rural Utilities Cooperative Finance Corporation (CFC).

Of the year’s total to date, slightly more than 1,200 megawatts became available in the second quarter. The total installed wind capacity is now equivalent to about 2 percent of the U.S. electrical generation supply, CFC said.💡

TX retailers face tighter standards

The financial collapse of several electricity retailers in Texas last summer forced many customers to switch providers and pay higher rates, and now it’s led regulators to set tougher standards for doing business in the state.

Some electricity retailers complain they’ll now be required to guarantee prices that could become money-losers for them if wholesale-market volatility raises their costs. That was the undoing last summer of some companies that lacked sufficient capital reserves to ride out the effects of wholesale volatility.

But customers will now have more warning if they need to switch providers and will be able to do so more quickly. A provider planning to cancel a contract must now provide 14 days notice, and the switchover process can’t take more than seven days. Previously, the changeover was allowed to take up to 45 days.

In addition, retailers must have investment-grade debt ratings and be good for at least \$500,000 in credit, five times the previous requirement. Any new retailer will be required to maintain at least \$1 million in equity.

Last summer five retailers quit the Texas market when they couldn’t keep up with spiking wholesale prices. It prompted inquiries into whether power generators might have been avoiding long-term contracts to take advantage of higher prices on the daily spot market.💡

Wind regulation

Continued from front page...

The circuit court agreed with ATC that under Wisconsin law a county lacks authority to enforce any ordinance governing matters the commission (PSC) addressed or could have addressed in its CPCN proceedings.

Dane County appealed the judgment, challenging the meaning of statutory language that reads, “If installation or utilization of a facility for which a certificate of convenience and necessity has been granted is precluded or inhibited by a local ordinance, the installation and utilization of the facility may nevertheless proceed.”

The appellate court said even if the county intended no more than to locally enforce what PSC orders required ATC to do, “The permit process in itself is an additional impediment or inhibiting factor” in carrying out the projects. But the court went on to say it appeared Dane County intended to go beyond what the PSC required.

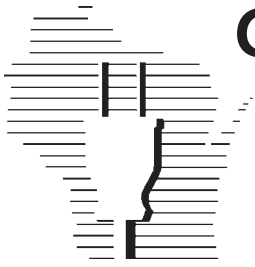
“As the circuit court pointed out, the record shows that Dane County had already identified ‘deficiencies’ under its ordinances that it seeks to have American Transmission correct,” the appellate court wrote.

Noting that local governments can participate in PSC proceedings and petition for review of decisions, the court of appeals said, “Indeed, Dane County did appear in the first of the three PSC proceedings conducted for the projects here, although it did not raise local environmental issues.”

At press time, Dane County officials were said to be weighing another appeal—to the state Supreme Court.

Meanwhile, Calumet County supervisors approved a moratorium on all new wind projects until the end of this year or until the county adopts a zoning ordinance specifying setback distances and noise limits.

Those were the two main issues addressed by the invalidated county ordinance, and they are among the issues on which the PSC would establish uniform statewide standards under legislation advancing in both houses of the state Legislature.💡



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Quotable Quotes

“If you asked the average person on the street to quote you a stock price and guarantee it for the next 45 days, I don’t think they’d be willing to do that. [but] That’s the kind of risk retailers take under the new rule.”

—Marcie Zlotnick, chairman and chief operating officer of Star Tex Power, criticizing new Texas regulatory requirements extending price guarantees for consumers, quoted in *The Houston Chronicle*, August 14, 2009

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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