



CustomersFirst!

A coalition to preserve Wisconsin's reliable and affordable electricity

Summer 2015

STATE BUDGET CUTS UTILITY RATEPAYER ADVOCACY FUNDING

Wisconsin Governor Scott Walker signed a two-year state budget into law on July 12 that cuts by nearly two-thirds funding to help consumer advocates participate in proceedings at the Public Service Commission. While the dramatic cut will make it more difficult for consumers to participate in utility rate and construction cases, it could have been worse. The budget passed by the Legislature also would have eliminated the Commission's authority to provide an annual grant that supports the Citizens Utility Board, a nonprofit organization that advocates on behalf of residential and small business utility customers, and it would have prohibited the Commission from compensating consumer organizations and individuals more than 50 percent of the costs for legal assistance and expert witnesses to participate in cases.

The Governor wisely vetoed the language that restricted the Commission's flexibility in awarding intervenor compensation to CUB and other groups, but the reduction in overall funding was approved.

The [Customers First! Coalition](#) voiced its objections to the cuts saying that efficient and effective utility regulation requires regulators to make sound judgements in which all viewpoints are carefully weighed and considered.

WISCONSIN ENERGY ACQUIRES INTEGRYS ENERGY

A little over a year since first announced, Wisconsin Energy Corporation finalized the purchase of Integrys Energy on June 29 and formed a new public utility holding company — WEC Energy Group. The new company is now one of the largest utility companies in the country and serves 4.4 million electric and natural gas customers across four states – Wisconsin, Michigan, Minnesota, and Illinois. In Wisconsin, WEC Energy Group controls utility subsidiaries We Energies and Wisconsin Public Service that together serve more than one-half of the electric and gas customers in the state. WEC Energy Group is now also the majority owner of the American Transmission Company (ATC).

The Public Service Commission of Wisconsin approved the transaction with several conditions that include an earnings cap that would require, for a period of three years starting in 2016, the company's Wisconsin utilities (excluding Wisconsin Public Service) to use a portion of earnings above their authorized rate of return to pay down the company's debt thereby reducing interest payments and minimizing future utility bill impacts. Regulators are also requiring WEC, for the next 10 years, to obtain approval from the Commission to move its headquarters out of

Wisconsin. In addition, the Commission accepted conditions offered by the company that include no reductions in represented Wisconsin employees for two-years, except through voluntary attrition or retirement; and restrictions on how the company can exercise its enhanced majority ownership interest in matters affecting the management and operation of ATC. The Commission's order is available on the PSCW's [website](#) under case number 9400-YO-100.

ELECTRIC POLICY NEWS

[Reliability concerns spur effort to repeal retail choice](#) – Worries about adequate power supply have legislative leaders in Michigan looking to reform the state's energy policies, including repealing a state law that allows some customers to choose power suppliers. Rep. Aric Nesbitt, chair of the House Committee on Energy Policy, introduced [House Bill 4298](#) to restore Michigan to a fully regulated electricity market. He said the bill will ensure Michigan has a "reliable energy supply creating new generation for the best value for the ratepayers in our state and for job creators." In the Senate, Sen. Mike Nofs, chair of the Energy Committee, introduced [Senate Bill 437](#) that keeps the state's electric choice cap at 10%, but also requires alternative suppliers to show that they have enough power supply to meet future demand. For his part, Michigan Gov. Rick Snyder has acknowledged his state's retail choice law doesn't work very well, but has stopped short of seeking a full repeal. Instead, he's said that retail suppliers should be required to guarantee capacity.

[Variable rates banned](#) – Connecticut is the first state in the nation to ban electric retailers from offering variable-rate contracts to residential customers. Proponents of the ban say some competitive electric suppliers use variable rates to offer low "teaser" rates to lure customers and jack up the rates later without notice. Sen. Paul Doyle, who authored the new law, said the ban will ensure that customers receive stable, predictable electric bills.

[Deregulation, worst thing](#) – Maine Gov. Paul LePage called his state's decision to deregulate retail electricity over 15 years ago "the worst thing we could have done." LePage pointed to the state's high electricity prices and power supply issues as evidence that the competitive electricity market has failed.

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