State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-3955/1
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2003 ASSEMBLY BILL 736

January 7, 2004 – Introduced by Representative GARD. Referred to Committee on Job Creation.

AN ACT ***to amend*** 25.96 and 196.374 (3); and ***to create*** 196.374 (3m) of the statutes; **relating to:** contributions by electric and gas utilities to the utility public benefits fund and granting rule-making authority.

Analysis by the Legislative Reference Bureau

Under current law, certain electric and gas utilities are required to make contributions to the Public Service Commission (PSC) in each fiscal year. The PSC deposits the contributions in the utility public benefits fund (fund), which also consists of monthly fees paid by utility customers. The fund is used by the Department of Administration (DOA) to make grants for low-income assistance, energy conservation and efficiency, environmental research and development, and renewable resource programs. The amount that each utility must contribute to the PSC is the amount that the PSC determines that the utility spent in 1998 on its own programs that are similar to the programs awarded grants by DOA.

Under this bill, the PSC may allow a utility to retain a portion of the amount that it is required to contribute in each fiscal year under current law. However, the PSC may allow a utility to do so only if the PSC determines that the portion is used by the utility for energy conservation programs for industrial, commercial, and agricultural customers in the utility's service area. Also, the programs must comply with rules promulgated by the PSC. The rules must specify annual energy savings targets that the programs must be designed to achieve. The rules must also require a utility to demonstrate that, within a reasonable period of time determined by the PSC, the economic benefits of such a program will be equal to the portion of the contribution that the PSC allows the utility to retain. If the PSC allows a utility to retain such a portion, the utility must contribute 1.75 percent of the portion to the PSC, which the PSC must deposit in the fund for DOA to use for programs for research and development for energy conservation and efficiency. In addition, the utility must contribute 4.5 percent of the portion to the PSC for deposit in the fund for DOA to use for renewable resource programs. The bill also prohibits a utility from paying for expenses related to administration, marketing, or delivery of services for the utility's energy conservation programs from the portion of a contribution that the utility is allowed to retain.

For further information see the ***state*** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 25.96 of the statutes is amended to read:

25.96 Utility public benefits fund. There is established a separate nonlapsible trust fund designated as the utility public benefits fund, consisting of deposits by the public service commission under s. 196.374 (3) and (3m), public benefits fees received under s. 16.957 (4) (a) and (5) (c) and (d) and contributions received under s. 16.957 (2) (c) 4. and (d) 2.

SECTION 2. 196.374 (3) of the statutes is amended to read:

196.374 **(3)** In 2000, 2001 and 2002, the commission shall require each utility to spend a decreasing portion of the amount determined under sub. (2) on programs specified in sub. (2) and contribute the remaining portion of the amount to the commission for deposit in the fund. ~~In~~ Except as provided in sub. (3m), in each year after 2002, each utility shall contribute the entire amount determined under sub. (2) to the commission for deposit in the fund. The commission shall ensure in rate–making orders that a utility recovers from its ratepayers the amounts spent on programs or contributed to the fund under this subsection or retained under sub. (3m). The commission shall allow each utility the option of continuing to use, until

January 1, 2002, the moneys that it has recovered under s. 196.374 (3), 1997 stats., to administer the programs that it has funded under s. 196.374 (1), 1997 stats. The commission may allow each utility to spend additional moneys on the programs specified in sub. (2) if the utility otherwise complies with the requirements of this section and s. 16.957 (4).

SECTION 3. 196.374 (3m) of the statutes is created to read:

196.374 **(3m)** (a) In each fiscal year, the commission may allow a utility to retain a portion of the amount determined under sub. (2) instead of contributing the entire amount to the commission, if the commission determines that the portion is used by the utility for energy conservation programs for industrial, commercial, and agricultural customers in the utility's service area and that the programs comply with rules promulgated by the commission. The rules shall specify annual energy savings targets that the programs must be designed to achieve. The rules shall also require a utility to demonstrate that, no later than a reasonable period of time, as determined by the commission, after the utility implements a program, the economic value of the benefits resulting from the program will be equal to the portion that the utility is allowed to retain under this paragraph.

(b) If the commission allows a utility to retain a portion under par. (a), the utility must contribute 1.75 percent of the portion to the commission for deposit in the fund for programs for research and development for energy conservation and efficiency and must contribute 4.5 percent of the portion to the commission for deposit in the fund for renewable resource programs.

(c) A utility may not pay for any expenses related to administration, marketing, or delivery of services for programs specified in par. (a) from any portion of a contribution that the utility is allowed to retain under par. (a).

(END)