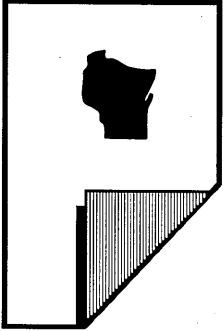


WISCONSIN PAPER COUNCIL

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SB-481



March 16, 2000

MEMORANDUM TO: Senate Committee on Health, Utilities, Veterans
and Military Affairs

FROM:  Edward J. Wilusz
Director, Government Relations

SUBJECT: Electric Reliability Trailer Bill (LRB-4721/2)

LRB-4721/2 is a budget trailer bill relating electric reliability issues, such as transmission company duties, nitrogen oxide emission standards, and intervenor funding.

The Wisconsin Paper Council supports LRB-4721/2.

The budget bill provided relief for Western Wisconsin utilities from nitrogen oxide emission reductions required by the Environmental Protection Agency (EPA) and implemented by the Department of Natural Resources (DNR). The bill also was intended to provide protection from the shifting of emission reduction requirements by DNR to other sources, such as paper companies, and to provide proportional relief to all sources if EPA subsequently relaxed statewide emission reduction requirements.

However, the budget bill was drafted in such a way that the protection from shifting was tied to DNR rules, not EPA requirements. This provided no protection from DNR shifting emission reduction requirements to other sources. The budget bill also omitted any reference to nonutility or mobile sources in the "proportional relief" language.

Sections 6-8 of LRB-4721/2 remedy these two problems by tying the "shift protection" directly to EPA procedures for determining emission reduction requirements, and by adding a reference to nonutility and mobile sources in the "proportional relief" language.

These changes are necessary, even though a federal court recently ruled that the EPA requirements were unlawfully applied to Wisconsin. The court left the door open for EPA to re-propose emission reductions if they can be legally justified. In addition, the court ruling applied to only one of the two federal ozone standards. EPA could propose reductions under the second standard in the future.

We urge your support for LRB-4721/2.

FISCAL ESTIMATE

DOA-2048 N(R10/96)

- ORIGINAL
- CORRECTED
- UPDATED
- SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.
LRB 4721/2

Amendment No. if Applicable

Subject

Technical Adjustments to Regulation of the Electric Industry

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Costs - May be possible to Absorb Within Agency's Budget Yes No

- Increase Existing Appropriation
- Decrease Existing Appropriation
- Create New Appropriation
- Increase Existing Revenues
- Decrease Existing Revenues

Decrease Costs

Local: No local government costs

- 1. Increase Costs
 - Permissive Mandatory
- 2. Decrease Costs
 - Permissive Mandatory

- 3. Increase Revenues
 - Permissive Mandatory
- 4. Decrease Revenues
 - Permissive Mandatory

5. Types of Local Governmental Units Affected:
- Towns Villages Cities
 - Counties Others _____
 - School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

20.155(l)(g), 20.155 (1)(j)

Assumptions Used in Arriving at Fiscal Estimate

This proposal makes some technical and remedial changes to the reliability laws as originally passed in WI Act 9. As proposed the bill will not have a fiscal impact on either the Public Service Commission or Local Governments, with the exception of the stated FY 00 and FY01 appropriation increase to 20.155 (1)(j), Intervenor Compensation of \$250,000 PRO each year of this biennium.

Long-Range Fiscal Implications

Agency/Prepared by: (Name & Phone No.)

PSC/Gordon Grant 267-9086

Authorized Signature/Telephone No.

Ave M. Bie

Date

3/15/00