



# Public Service Commission of Wisconsin

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October 15, 2019

Mr. Jeffrey Renk, Senate Chief Clerk  
The State Senate  
State Capitol, Room B20 Southeast  
Madison, WI 53703

Mr. Patrick Fuller, Assembly Chief Clerk  
The State Assembly  
17 West Main Street, Room 401  
Madison, WI 53703

Re: The Public Service Commission's Biennial Report to the Legislature

Dear Mr. Renk and Mr. Fuller:

The Public Service Commission of Wisconsin (Commission) prepared the enclosed biennial report on the agency's performance and operations during the 2017-2019 biennium, pursuant to Wis. Stat. § 15.04(1)(d) and for distribution to the Legislature under Wis. Stat. § 13.172(2). This report highlights the activities of the Commission over the previous biennium and gives information about the major program goals and objectives for the 2019-2021 biennium.

In the previous biennium, the Commission furthered its mission to ensure that safe, reliable, and affordable utility services are provided to all of Wisconsin. Another focal point for the Commission was broadband expansion. Expanding broadband availability is increasingly important for Wisconsin's families and businesses and is a major component in education, telemedicine, e-commerce, agribusiness, tourism, and workforce development. To date, the Commission has awarded \$20.1 million in grants to fund 138 different projects in 63 counties.

The Commission authorized several infrastructure improvement projects in 2019, including the construction of the two largest utility-scale solar power plants in state history. These projects will add substantial amounts of clean energy to Wisconsin's fleet, taking advantage of decreasing renewable energy costs to address capacity needs while minimizing ratepayer costs and reducing system emissions. To help the water industry address aging infrastructure concerns, the Commission authorized water supply, treatment, storage, distribution and transmission, and meter replacement projects. These projects increased capacity and improved water quality, public safety, system reliability, and business efficiency.

The Commission foresees several major activities for the coming biennium, including: awarding \$48.0 million in broadband grants, reviewing innovative financial tools as utilities shift their generation away from carbon-heavy fuels towards cleaner sources of power, continuing the

evaluation of electric vehicle policies and regulations, and developing the next Strategic Energy Assessment to identify and shape the pathway for the future of the Wisconsin's energy industry over the next several years.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rebecca Valcq', with a long horizontal flourish extending to the right.

Rebecca Cameron Valcq  
Chairperson

# Public Service Commission of Wisconsin



2017-2019

Biennial Report

The mission of the Public Service Commission of Wisconsin (Commission) is to ensure safe, reliable and affordable utility services and to expand broadband access throughout the State of Wisconsin. The Commission works with gas, electric, water, telecommunications and energy providers to make sure Wisconsinites have access to efficient and uninterrupted quality services that advance with new technologies, changing consumer needs, societal priorities and economic realities.



Public Service Commission of Wisconsin  
Biennial Report 2017-2019  
Table of Contents

Agency Overview	2-4
Performance and Operation for 2017-2019 Biennium	5-13
Major Strategic Program Goals and Objectives for 2019-2021	14-20
Flexible Work Schedules and Alternative Work Patterns	21

# Public Service Commission of Wisconsin

## AGENCY OVERVIEW

The Commission works to ensure that, in the absence of competition, adequate and reasonably priced service is provided to utility customers. Commission approval is required before utilities can change rates, build utility infrastructure, including large power plants and related facilities, or construct transmission lines. The Commission has specific statutory criteria that must be satisfied and administrative rules that it must follow prior to making decisions.

The Commission is composed of three full-time Commissioners appointed by the Governor to serve staggered six-year terms. Administrative duties of the Commission are vested in a Commissioner who is appointed Chairperson by the Governor and serves a two-year term. The Commissioners' Office houses the Commissioners, their Executive Assistants, the Chief Legal Counsel, the Communications & Legislative Director, the Commission's Administrative Law Judge, the Secretary to the Commission, and support staff.

Commission staff consists of auditors, accountants, engineers, rate analysts, attorneys, planners, environmental analysts, research analysts, economists, consumer analysts, consumer specialists, and paraprofessional and administrative support personnel. These experts work in an advisory role to the Commissioners. For the majority of the 2017-2019 biennium, Commission staff were housed in the following divisions<sup>1</sup>:

### **Division of Business & Program Management**

The Division of Business & Program Management (DBPM) provided the day-to-day business operations of the Commission, as well as oversight and administration of all non-regulatory programs housed at the Commission. Within this division were five offices: Office of Employment Engagement, Office of Financial and Grant Services, Office of Business and IT Services, Office of Energy Innovation, and the Wisconsin Broadband Office. Business management activities provided by the division included budget and financial management, information technology, staff development, space acquisition and facilities

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<sup>1</sup> In June 2019, the Commission re-organized. Staff are now housed in the following divisions: Division of Energy Regulation and Analysis, Division of Water Utility Regulation and Analysis, Division of Digital Access, Environmental and Consumer Affairs, Division of Business Operations and Office Management, and the Office of General Counsel.

management, and grants administration. DBPM provided oversight and leadership to the following non-regulatory programs at the Commission: Wisconsin Broadband Office, the Office of Energy Innovation (which include the State Energy Program and Focus on Energy), the Universal Service Fund program, and the Wisconsin Telecommunications Relay Service.

### **Division of Energy Regulation**

The Division of Energy Regulation (DER) was responsible for supporting the Commission's mission to ensure safe, reliable and the fair provision of electricity and natural gas service for the customers of the utilities it regulates. DER conducted financial and engineering analyses; audited and investigated electric and natural gas utilities and utility holding companies; designed electric and natural gas rates; reviewed applications for construction of transmission, electric, and natural gas utility infrastructure; conducted environmental reviews for new construction; and oversaw natural gas pipeline safety. In addition to electric and natural gas rate and tariff matters, this division provided economic and statistical analysis on the operations of investor-owned utilities.

### **Division of Regional Energy Markets**

The Division of Regional Energy Markets (DREM) ensured Wisconsin's involvement in regional energy issues. DREM staff focused on the intersection of reliability and affordability on a regional and sometimes national scale on behalf of Wisconsin ratepayers and utilities. DREM advised the Commission on wholesale energy market issues and interactions with the Federal Energy Regulatory Commission (FERC), Midcontinent Independent System Operator, Inc. (MISO), the Organization of MISO States (OMS), and other regional transmission organizations.

### **Division of Water, Telecommunications & Consumer Affairs**

The Division of Water, Telecommunications and Consumer Affairs (DWTCA) housed three distinct programs. The Water team designed water rates and reviewed utility applications for the construction of water infrastructure. The Consumer Affairs team investigated consumer complaints related to utility service, coordinated outreach and education for utility staff and customers, and operated the agency's contact center. The Telecommunications program certified new providers, handled Lifeline issues, verified provider eligibility for Universal Service Funds, monitored telephone numbering resources, and reviewed provider-to-provider issues such as number portability.

**Office of General Counsel**

The Office of General Counsel (OGC) provided legal representation to the Commission on all matters under the agency's jurisdiction. It advised the Commission on the substantive and procedural requirements of the statutes and administrative rules applicable to Commission proceedings and investigation; represented the agency before state and federal courts; assisted in drafting Commission memoranda and decisions; and led and coordinated the Commission's rulemakings.

# Performance and Operation for 2017-2019 Biennium

## COMMISSION GOALS AND OBJECTIVES

The Commission's 2017-2019 biennium included significant regulatory and policy decisions that will help continue its mission to ensure that safe, reliable, and sufficiently reasonably priced service is provided to all of Wisconsin's utility customers. Highlights for the last biennium include:

**Approving Large-Scale Solar Projects.** The Commission approved the two largest utility-scale solar power generating plants in state history. The Two Creeks Solar project is a 150 megawatt photovoltaic (PV) solar electric generating facility, which will be located on a roughly 1,300 acre site located in the Town of Two Creeks in Manitowoc County. The Badger Hollow Solar project was approved for the construction of a PV solar energy generating facility and associated systems totaling up to 300 megawatts in western Iowa County. These projects are touchstones on a path away from power derived from carbon-heavy fuels towards electricity generated from cleaner, more renewable resources.

**Protecting Ratepayers.** The Commission protected ratepayers by closely scrutinizing and stabilizing rates for the major utilities throughout the state. This was done while continuing to authorize innovative tariffs designed to stimulate economic development, attract new load and retain and grow existing load, which resulted in lower costs for all customers. Over the course of the biennium, the Commission provided savings to ratepayers by reducing proposed rates by more than \$30 million. The Commission also acted quickly to ensure that utilities' cost reductions from federal tax reform were passed along to customers, including through \$140 million in credits on customer bills.

**Eliminating Lead in Drinking Water.** With the enactment of 2017 Wisconsin Act 137, utilities are now allowed, with Commission approval, to provide financial assistance to property owners for the replacement of service lines containing lead. To carry out the new law, the Commission developed and implemented a process for evaluating utility applications. Using the new process, the Commission evaluated and approved three utility applications and started the process of evaluating several others. In addition, to help improve the accuracy of the state's inventory of lead service lines and facilitate the Lead and Copper Rule compliance



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activities at the Department of Natural Resources (DNR), the Commission worked with the DNR to develop changes to the Commission's annual reporting requirements.

**Modernizing Wisconsin's Utility Infrastructure.** For electric and natural gas utilities, the Commission authorized the construction of wind and solar projects that add substantial amounts of clean energy to Wisconsin's fleet, taking advantage of decreases in renewable energy costs to address capacity needs while minimizing ratepayer costs and reducing system emissions. The Commission also authorized a number of projects that improve electric distribution and transmission system reliability. To help the water industry address aging infrastructure concerns, the Commission authorized water supply, treatment, storage, distribution and transmission, and meter replacement projects. These projects increased capacity and improved water quality, public safety, system reliability, and business efficiency. Because the issue of long lived, buried infrastructure is of particular concern to the industry, the Commission authorized use of an expense depreciation mechanism to fund water main replacement.

**Ensuring the Safety of the Natural Gas Distribution System.** The Commission continued its longstanding role of ensuring natural gas safety for workers and citizens. An established inspection system has supported safe system construction and operation and protected against accidents. Using new legislative powers, the Commission also developed an enhanced system for enforcing safety violations.

**Increasing Outreach, Training, and Decreasing Complaints.** The Commission proactively engaged, trained, and assisted utility management on customer policy, service requirements, and compliance with other regulatory requirements. These efforts strengthened consumer protection and utility compliance, which reduce the number and percentage of complaints the Commission receives from utility customers each year. Due to these efforts, the regulatory process is more efficient and complaints are decreasing as a percentage of total contacts received by the Commission, while utility inquiries to Commission staff requesting customer policy guidance are increasing. The total length of time required to resolve a complaint also decreased during this period, meeting and exceeding the Commission's goal to resolve 80 percent of all complaints within 25 days of origination.

**Providing Energy Efficiency Solutions for Rural Wisconsin.** Focus on Energy is Wisconsin's statewide energy efficiency and renewable resource program. It works with all customers of participating utilities, including homeowners, renters, businesses, farms, and schools, to complete cost-effective energy efficiency and renewable energy projects that meet customers' range of energy needs. In 2017 and 2018, Focus on Energy operated a \$27 million package of programs designed to increase service to rural customers

in 582 designated zip codes, to meet a wide range of rural customer needs and interests, including broadband-enabled efficiency. Building upon this work, the Commission determined in June 2018 that it was reasonable to direct the development of a new, additional set of programs to serve rural agricultural and rural industrial customers in the 2019-2022 quadrennium. This new package of programs included an annual budget of \$8.8 million, plus \$300,000 annually for propane measures to be offered to rural customers through a partnership with the Commission's Office of Energy Innovation using State Energy Program (SEP) funds from the U.S. Department of Energy. The Commission sought an innovative solution to address the gap in efficiency incentives for rural propane customers, particularly in the agricultural segment. Examples of propane measures include more efficient propane grain dryers, and the conversion of irrigation systems from diesel to propane.

**Expanding Broadband Access in Rural Areas.** Access to broadband is no longer a luxury, but a necessity. Broadband access is a critical component of education, telemedicine, e-commerce, agribusiness, tourism, and workforce development and attraction. To promote broadband access in Wisconsin, the Broadband Expansion Grant Program provides grants to broadband service providers who partner with local governments for equipment and construction expenses incurred to extend or improve broadband service in unserved and underserved areas of the state. To date, the Commission has awarded \$20.1 million to fund 138 projects in 63 counties. The Commission's Wisconsin Broadband Office, in an effort to stay ahead of the constraints of available broadband coverage data, launched its Voluntary Data Collection program with providers. The program grew to 50 voluntary participants providing granular coverage data, and continues to gain momentum and grow.

**Looking Forward to Electric Vehicles.** In February 2019, the Commission issued a Notice of Investigation to consider present and future policies and regulations of electric vehicles and the supporting electrical infrastructure that will be needed in the State of Wisconsin. In April 2019, the Commission requested comments from Wisconsin electric utilities, interested participants, and members of the public on a series of questions regarding electric vehicle-related issues. In total, 42 responses were received including 24 parties, 6 utilities, and 12 members of the public. Parties represented a diverse group of stakeholders including Tesla, Siemens, Wisconsin Manufacturers and Commerce, Sierra Club, Clean Wisconsin, and the American Petroleum Institute. The Commission is continuing to seek comments on the next steps for electric vehicles in the State and is committed to an open, stakeholder-driven process.

# Performance and Operation for 2017-2019 Biennium

## MAJOR POLICY INITIATIVES BY DIVISION

### DIVISION OF BUSINESS & PROGRAM MANAGEMENT

**Focus on Energy: Achieving a Gold Standard.** A 2018 federal study of state energy efficiency programs found that Wisconsin ran the most cost effective programs in the country, achieving the highest rate of energy savings per dollar spent.<sup>2</sup> Focus on Energy's 2018 evaluation report and 2015-18 achievement reports showed the program continued to be cost effective and garner high customer satisfaction. For the 2015-2018 quadrennium, Focus on Energy programs resulted in 28,531,208 tons of avoided CO<sub>2</sub>. Program cost-effectiveness remained high, even as Focus ramped up higher-cost efforts to reach rural customers and develop new programs. Under the Commission's official test, Focus achieved \$3.66 in benefits for every \$1 in costs in 2018; when economic benefits are added, the ratio increases to \$5.16:1. Across all Focus programs, customer satisfaction was measured at 9.1 on a 10-point scale. The program administrator exceeded some of its 2015-18 Commission-set energy savings goals, and came close on remaining goals. The primary goal set by the Commission was an "overall" savings goal combining savings from electricity and natural gas; separate goals were also set for electric energy savings, electric demand savings, and natural gas savings. The program administrator achieved 111 percent of this overall savings goal, and achieved 128 percent of its electricity energy savings goal. It also achieved 99 percent of its natural gas savings goal and 92 percent of its electric demand savings goal.

**Launch of Telecommuter Forward! Communities.** 2017 Wisconsin Act 242 became effective on March 16, 2018, creating the Telecommuter Forward! Community Certification program. Broadband access is an increasingly vital part of the economy, education, and daily life. Private investment, along with Wisconsin's Broadband Expansion Grants and other federal funding, are expanding the availability of

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<sup>2</sup> See "The Cost of Saving Electricity Through Energy Efficiency Programs Funded by Utility Customers: 2009–2015." Hoffman *et. al.* June 2018. <http://www.swenergy.org/Data/Sites/1/media/lbnl-cse-report-june-2018.pdf>

broadband resources in Wisconsin. A Telecommuter Forward! Community Certification signals a political subdivision's support and commitment to promote the availability of telecommuting options. On June 26, 2018, the Commission approved a model ordinance that satisfies the requirements under Wis. Stat. § 196.504 to assist communities in this effort. To date, the Commission has certified 19 political subdivisions, including towns, villages, and counties.

**Transfer of the Wisconsin Telecommunications Relay Service to the Commission.** 2017 Wisconsin Act 59, the 2017-19 biennial budget, transferred the Wisconsin Telecommunications Relay Service program (WTRS) from the Wisconsin Department of Administration (DOA) to the Commission. The transfer of WTRS to the Commission was made effective on September 23, 2017. WTRS was placed within the Commission's Division of Business and Program Management. WTRS is a free communication service that provides full telephone accessibility to Wisconsin citizens who are deaf, hard-of-hearing, deafblind and speech-disabled. Telecommunications Relay Service was created by Title IV of the Americans with Disabilities Act of 1990 to enable an individual with a hearing or speech disability to communicate by telephone or other devices through the telephone system. In 1991, Executive Order #131 signed by Governor Thompson decreed that a WTRS Advisory Council be established. The Commission's WTRS Director manages the program and facilitates Council meetings in spring and fall.

**Employee Engagement.** The Commission conducted an updated Employee Satisfaction Survey in 2017. The results of this survey, along with those from the 2016 survey, were used to help the Commission identify where additional support is needed. DBPM's Office of Employment Engagement continued its work with other divisions to provide resources to employees where identified and needed.

**Move to Hill Farms State Office Building.** In April 2018, the Commission moved its operations to the new Hill Farms State Office building, maintaining its existing programming, public contacts and participation opportunities, and business as usual. Throughout the move planning process, the Commission maintained clear communication and dialogue with all staff related to staff questions and concerns, as well as important information sharing on topics such as move procedures, records retention procedures, building access, parking, communicating the move to the public, and more.

**Successful Transition to Shared Services for Human Resources.** The 2017-19 biennial budget included the Human Resources Shared Services initiative which moved all human resources functions from most state agencies to the DOA's Division of Personnel Management (DPM). Most agencies located at the new Hill

Farms State Office Building were part of this initiative, with the agencies' respective human resources functions being transferred to the new DPM Bureau of Human Resources – Region 1. Effective July 1, 2018, the Commission successfully transitioned to shared services for human resources. The Commission worked closely with the Region 1 Human Resources team over the year leading up to the shared services effective date, in order to ensure a successful transition with regard to processes, records, electronic transactions, and communications. In an effort for consistency and efficiency, the Commission worked with the Bureau of Human Resources – Region 1 to develop a set of shared policies and procedures applicable to the region.

## DIVISION OF ENERGY REGULATION

**Providing Ratepayers with the Benefits of Tax Reform.** The federal Tax Credits and Jobs Act was signed into law in December 2017, with an effective date of January 2018. The Commission quickly opened an investigation in January 2018 to assess each utility's plan for using its reduced tax burden to benefit ratepayers. In May 2018, the Commission ordered utilities to issue more than \$140 million in bill credits to customers, and apply additional savings to address other cost burdens in order to reduce future rates.

**Wind and Solar Construction.** In December 2017, the Commission authorized construction of the Saratoga Wind Farm at a cost of \$107.8 million. In 2019, the Commission also approved applications for construction of two large-scale solar generating facilities, Badger Hollow and Two Creeks. Each of these projects will help utilities meet their capacity needs, benefit the environment through reduced emissions, and keep power costs low due to the significant recent declines in costs for renewable generation.

**Innovative Renewable Tariffs.** Throughout the biennium, the Commission approved innovative proposals enabling utilities to meet customer demand for renewable energy, ensuring affordability for participants and avoiding cost impacts on non-participants. Models for delivering renewable energy included community solar gardens allowing residential and small commercial customers to purchase subscriptions for solar power, and renewable energy riders for non-residential customers to contract with their utilities for procurement of utility-scale renewable resources.

**Improving Natural Gas Reliability.** In April 2019, the Commission authorized Wisconsin Electric Power Company to construct natural gas facilities to increase the reliability of natural gas service in southeastern Wisconsin. The project includes installation of an estimated additional 8.8 miles of 24- inch and 12-inch steel distribution main at a total estimated cost of \$40 million. The Commission has also approved other projects to replace aging gas mains to meet current demand and increase capacity.

**Long-term Natural Gas Storage and Transportation Arrangements.** In June 2017, the Commission authorized We Energies and Wisconsin Public Service Corporation to enter into long-term natural gas storage service agreements with its subsidiary Bluewater Natural Gas Storage LLC. The transaction allows the utilities to secure one-third of its natural gas storage and associated transportation needs, reduce reliance on shorter-term leases and a dominant provider of storage services, and deliver \$200 million in savings to customers over the life of the agreement.

**Enforcing Gas Pipeline Safety Laws.** Since the enactment of 2017 Wisconsin Act 136, multiple complaints have been submitted to the Digger’s Hotline panel for review, five of which have been recommended to the Commission after the panel voted that there was probable cause that a violation of safety laws occurred.

**Project Information Availability.** The Commission has significantly improved the public’s access to information about pending major construction projects on its website. On a single project-specific page on the Commission’s website, the public can now obtain a project summary, access to key project documents, an explanation of opportunities for public participation in the review process, project contacts, and project maps. The project maps include an interactive web map that gives property owners the ability to see the location of their specific property in relation to the proposed project.

## DIVISION OF WATER, TELECOMMUNICATIONS & CONSUMER AFFAIRS

**Consumer Affairs and Customer Service.** The Commission’s Consumer Affairs work unit focused its efforts on educating gas, electric, and water utilities and their customers, to ensure compliance with billing, collections and service requirements. As a result of this sustained, proactive focus on outreach and education, utility inquiries requesting customer policy guidance to Commission staff continue to increase as a percentage of total contacts to the Commission, while complaints from customers continue to decline as a percentage of total contacts. The Commission experienced a 1 percent increase in utility inquiries as a

percentage of total contacts received, and a 3.5 percent decrease in customer complaints as a percentage of total contacts received in the 2017-2019 biennium compared to the previous biennium. The increase in utility inquiries and decrease in complaints demonstrates the continued success of the Commission staff's concerted efforts in the area of utility training and outreach as a means of ensuring adequate utility service for Wisconsin ratepayers.

**Water Rate Cases.** During the biennium, the Commission issued Final Decisions in 139 conventional water rate cases, 167 simplified water rate cases, and 13 requests for a PFP (public fire protection charge) change. In processing those cases, the Commission worked with utilities to address specific community needs and developed just, reasonable, and non-discriminatory rates based on local considerations. For example, the Commission's process for handling requests to change a utility's PFP charge with a public hearing but outside a conventional rate case allows a utility to make changes to its PFP charge more quickly and at lesser cost than is typically involved in a conventional rate case. At the same time, the process provides transparency to utility customers and stakeholders.

**Water Utility Construction Cases.** The Commission issued 101 certificates of authority for projects such as wells, transmission mains, elevated tanks, booster stations, water treatment facilities, and advanced metering systems in the two year period. In addition, the Commission investigated 21 instances of utilities constructing facilities without having the necessary Commission approval in place. In order to provide local communities a more streamlined approval process, the Commission coordinates its project review activities with DNR's Safe Drinking Water Loan Program, DOA's Community Development Block Grant program, and the US Department of Agriculture's Rural Development.

**Water Utility Effectiveness and Financial Outreach.** The Commission works with the DNR and industry association partners to provide utilities with resources to promote the adoption of efficient business practices such as water loss control plans, asset management, and economically optimized infrastructure replacement. During the biennium, the Commission identified new partnerships and leveraged existing relationships to expand its training and resources. In addition, the Commission offered more opportunities for utilities to participate remotely in meetings and training events and made recorded events available on the Commission's webpage. This resulted in an increase in the number of utility staff engaging with Commission staff and benefitting from Commission resources. In addition to educational activities, the Commission's financial outreach program provides targeted services to financially troubled utilities. During the biennium, the Commission worked with 36 utilities as part of this program. All utilities contacted in the two year period took steps to improve their financial situations within a year.

**Telecommunications Regulation.** Commission staff streamlined regulatory filing requirements for telecommunications providers, and enhanced and simplified the way in which providers interface with the Commission. To this end, the Commission eliminated non-essential reporting requirements for Eligible Telecommunications Carriers and upgraded its electronic annual revenue reporting application to be more efficient and easier to use for all providers.

## DIVISION OF REGIONAL ENERGY MARKETS

**Advising on MISO Market Efficiency Projects (MEPs).** Wisconsin continues to advise MISO on the concept of transmission MEPs in general. MEPs are transmission projects that improve access to lower cost generation outside of the state, as well as relieve transmission system congestion, which limits the efficient dispatch of generation. MISO began its review in this area in 2016 when it received an order by the Federal Energy Regulatory Commission (FERC) to revise its transmission service tariff for MEPs. Wisconsin has made recommendations to MISO and FERC that will inform MISO's anticipated proposal in late 2019.

**Participation in MISO Transmission Expansion Planning process (MTEP) and Technical Support.**

The MTEP process is an annual robust stakeholder process that identifies and supports development of transmission infrastructure that meets local and regional reliability standards while also allowing for a competitive market among wholesale suppliers. Commission staff strongly advocated that MISO transmission planning be done precisely and to the advantage of Wisconsin, by providing its input to annual MTEP plans for 2017, 2018, and 2019, and offering input on a planned revamp of the planning process for MTEP 2021.



# Program Goals and Objectives for 2019-2021 Biennium

## COMMISSION GOALS AND OBJECTIVES INCLUDED IN 2019 WI ACT 9

**Ensure safe, reliable, and reasonably priced energy.** The Commission, through its review of applications to adjust utility rates and authorize new construction, will continue to ensure that the reasonable needs of the public for a reliable and affordable supply of energy are met in a safe and reliable manner.

**Oversee the utility industry's ongoing transition to cleaner energy sources while maintaining reliability and reasonable prices.** Wisconsin is increasing its use of renewable and natural gas generation, due to their declining costs and lower environmental impacts. This transition entails bearing the costs of constructing new generation, and assessing any effects on reliability due to the increased use of renewable resources that may not be available every hour of the day. As the Commission continues to review applications related to new generation, it will seek to strike the proper balance between obtaining the economic and environmental benefits of clean energy sources and maintaining low rates and reliability for customers.

**Meet consumers' changing needs in Wisconsin's dynamic and competitive utility industry environment.** The Commission places importance on the participation of diverse groups in its regulatory actions and will provide consistent and prompt assistance to organizations applying for intervenor compensation. It will also increase consumers' access to alternate telecommunication providers by effectively and efficiently certifying new applicants to telecommunications markets, and facilitate consumer access to competitive telecommunications providers by reviewing and approving interconnection agreements and arbitrating or mediating agreements when providers cannot negotiate one. Lastly, the Commission will thoroughly investigate, resolve, and respond to consumer complaints from utility customers.

**Foster innovative, cost-effective, and conscientious methods of water administration.** As infrastructure ages and budgets tighten, the Commission has set a goal to increase the number of external training sessions given by Commission staff to water utilities, including speaking engagements at water industry association meetings.

**Foster the expansion, adoption, and use of broadband technologies.** The mission of the Wisconsin Broadband Office (WBO) is to make Wisconsin more competitive through advancing the availability, adoption, and use of broadband technologies. Since 2009, the WBO has been collecting and mapping broadband coverage information for improved planning purposes and will continue to do so in the next biennium. The WBO will continue to work with stakeholders to build partnerships with providers and consumers to enhance broadband across the state. Key WBO programs include Broadband Expansion Grants, Broadband Forward! Community Certifications, Telecommuter Forward! Community Certifications, and the Wisconsin Broadband Map.

**Address telecommunication needs of low-income households, those residing in high-rate areas of the state, and customers with disabilities.** The Commission will continue to administer several programs that address telecommunication needs of Wisconsin residents. The Wisconsin Universal Service Fund (USF) promotes access to essential and advanced telecommunications services through discounted rates for service and targeted grant programs. Essential telecommunications services are provided by both landline and wireless carriers. A wireless or wireline carrier that has been designated as an Eligible Telecommunications Carrier (ETC) by the Commission may receive federal and state USF funds to offset a portion of the cost of providing service, as well as discounted services (Lifeline) for eligible low-income customers in Wisconsin. Prepaid wireless subscriptions have become the preferred technology for USF-supported Lifeline services. The USF also provides support to assist customers in areas of the state that have relatively high costs of telecommunications services. Additional USF programs are designed to assist low-income customers to obtain affordable wireline telecommunications service throughout the state. For customers with disabilities, the USF provides assistance with obtaining affordable access to a basic set of essential telecommunications services.

Additionally, the Wisconsin Telecommunications Relay Service (WTRS) is a free communication service that provides full telephone accessibility to Wisconsin citizens who are deaf, hard-of-hearing, deafblind and speech-disabled. This program enables an individual with a hearing or speech disability to communicate by telephone or other devices through the telephone system.

**Ensure quality broadband, essential telecommunication services, and energy innovation are provided by facilitating related grant programs.** The Commission will continue to administer grant programs that foster innovation and expand access to vital and beneficial programs and services for Wisconsin residents, businesses, schools, nonprofits, and political subdivisions. Grant programs include:

- Energy Innovation Grants - Energy efficiency and renewable energy projects for k-12 schools, municipalities and manufacturers.
- Broadband Expansion Grants - Broadband infrastructure expansion through public-private partnerships.
- Telemedicine Grants - Innovative and vital telemedicine equipment projects.
- Nonprofit Access Grants - Access to essential telecommunications services through nonprofits for low-income Wisconsinites.
- TEPP Outreach Grants - Access for hard of hearing, deaf, and low vision Wisconsinites to the Telecommunications Equipment Purchase Program through the USF.

# Program Goals and Objectives for 2019-2021 Biennium

## MAJOR POLICY INITIATIVES BY DIVISION

### DIVISION OF ENERGY REGULATION AND ANALYSIS

**Electric Vehicle Investigation.** In February 2019, the Commission initiated an investigation to consider policies and regulations related to electric vehicles and their associated infrastructure. The Commission has established a stakeholder-driven process for facilitating broad and open discussion on the substantial impacts that growth in electric vehicle usage could have on the Wisconsin electricity system. The Commission published an informational memorandum in September 2019 describing initial input from 42 commenters. Through continued collaboration with stakeholders, the Commission will take additional steps in the investigation to further explore relevant policy issues and assess the appropriate role of the Commission in addressing those issues.

**Reviewing Innovative Financial Tools for Generation Retirements.** Wisconsin utilities have started to retire coal generation plants to take advantage of the lower costs of alternative generation sources and meet emissions reductions goals. In 2019, two Wisconsin utilities proposed a settlement with stakeholders that includes an initial effort to assess whether the costs of unit retirements can be managed through securitization, a tool that reduces the costs to ratepayers by issuing bonds that reduce the interest rate for the remaining unpaid costs of the retired plant. The Commission will review the settlement in late 2019 and assess whether Commission staff should work with the utility to implement the proposed securitization arrangement starting in 2020.

**Strategic Energy Assessment.** In July 2019, the Commission initiated its Strategic Energy Assessment (SEA) investigation to assess Wisconsin's electric system through calendar year 2026. A draft report will be issued by mid-2020 for public review and input. The biennial SEA process provides an opportunity for the Commission to inform policymakers, stakeholders, and the public on the ongoing changes in Wisconsin's dynamic utility environment. The upcoming SEA will expand upon previous reports to provide more information on a variety of recent changes in the electric system, including the growth in generation from renewable sources and utility efforts to reduce system emissions.

**Maintaining influence within MISO and other Regional Transmission Organizations.** The Commission will continue to hold leadership roles in workgroups that directly advise MISO on transmission planning, cost allocation, renewable energy, and wholesale market issues, to ensure Wisconsin's interests are represented in regional decision making.

## DIVISION OF WATER UTILITY REGULATION AND ANALYSIS

**Water Resources Planning.** Water utilities in Wisconsin are entering an era during which there will be an increased need for investment in both reconstruction of aging facilities and solutions to the challenges posed by emerging water quality concerns. The Commission will work to ensure that Wisconsin utilities maintain effective, efficient service delivered in an environmentally responsible manner at reasonable rates. The Commission supports integrated, effective planning for water resources and demand, as well as development of innovative, reliable funding mechanisms to replace aging infrastructure, including the continued abatement of lead service lines.

**Utility Education.** To help ensure utilities are providing service to their customers in a cost-effective manner that meets community needs, the Commission will be proactive in educating utilities and their customers regarding legal requirements, the ratemaking process, and best practices. To ensure continued delivery of safe, adequate water utility service across the state, the Commission will help utilities with financial challenges and customer affordability concerns identify and implement solutions.

## DIVISION OF DIGITAL ACCESS, CONSUMER AND ENVIRONMENTAL AFFAIRS

**New, Additional Funding for Broadband Expansion Grants.** 2019 Wisconsin Act 9 allocates an additional \$44 million for broadband expansion grants over the current biennium, and also includes \$2 million in ongoing, annual grant program funding. The Commission's State Broadband Office programming, including the broadband expansion grant program, seeks to make reliable high speed internet service available and accessible across the state of Wisconsin. The broadband expansion grants encourage and extend private and other public investment to areas of our state where a private company may not see a return on investment that would merit private capital investment. Going forward, the Commission will continue working with communities and providers to leverage private and public funding to bring broadband access to all of Wisconsin. The Commission will continue to leverage its complementary Broadband Forward! and Telecommuter Forward! programs to encourage expansion and maximize the economic and societal benefits that come with adoption of high speed internet.

**Better Broadband Maps.** The Wisconsin Broadband Map displays Federal Communications Commission (FCC) Form 477 coverage data, submitted by providers to the FCC. Because there is a time gap between the time states receive Form 477 data, and the time period represented by the data, the maps do not show the most up-to-date information. To address this gap, the Commission implemented a Voluntary Data Collection program, by which providers can voluntarily submit 477 data to the Commission at the same time they submit it to the FCC. This program has been a success and the number of providers participating is growing. The Commission will continue to expand its voluntary data collection program, and will continue to innovate and collaborate to collect and publish the most timely, accurate, and granular data on coverage.

**Leverage Focus on Energy's contributions to our state.** Focus on Energy provides great value for Wisconsin by growing the state's economy, creating new jobs, and contributing to our carbon reduction goal. Focus on Energy has made Wisconsin a national leader in energy efficiency and renewables, with Wisconsin running the most cost effective programs in the country, and the Commission will support its continued success. The primary goal set by the Commission was an "overall" savings goal combining savings from electricity and natural gas, of 224,666,366 MMBtu net life cycle savings for the 2019-2022 quadrennium. Separate goals were also set for electric energy savings, electric demand savings, and natural gas savings. Program cost-effectiveness has remained high, even as Focus ramped up higher-cost efforts to reach rural customers and develop new programs. For 2019-2022, the Commission directed the design of a new portfolio of programs to serve agricultural and other rural customers. This new package of programs includes an annual budget of \$8.8 million, plus \$300,000 annually for propane measures to be offered to rural customers through a partnership with the Commission's Office of Energy Innovation using State Energy Program (SEP) funds from the U.S. Department of Energy.

**Matching the complexity of consumer and utility issues.** The total number of contacts from customers and utilities has increased and the issues analyzed are more complex. This demonstrates that utilities recognize the Commission staff as a resource to ensure service is being provided in accordance with the law. Also, the nature of contacts from utility customers has changed to increasingly more complicated billing and rates questions, rather than more straightforward questions regarding disconnections and payment arrangements. The Commission will continue to evolve its staffing to ensure there are adequate staff resources to respond to complex situations and provide related data analysis to decision makers.

## DIVISION OF BUSINESS OPERATIONS & OFFICE MANAGEMENT

**Cybersecurity training.** In 2019, the Commission partnered with industry stakeholders to provide cybersecurity training to Wisconsin water utilities. This training is specifically tailored for water utility personnel and management to help them understand cyber threats to their organizations as well as introduce them to available resources to improve their cybersecurity programs. This program is ongoing with additional training sessions being planned for late 2019 and early 2020.

**Fiscal Best Practices.** As the Commission's operations evolve and become larger and more complex, we are committed to maintaining agency-wide fiscal best practices. This is an ongoing collaborative effort that empowers staff throughout the organization, particularly grant program managers, to share program processes and build on current successes. During the 2019-2021 biennium the Commission will continue to focus on fiscal best practices to ensure continued accountability and program integrity.

**Employee Engagement.** The Commission recently launched an employee engagement survey. The results of this survey will be scrutinized and used to assist the Commission with its strategic planning initiatives and goal setting for the agency. Moving forward, the survey will be administered on an annual basis to ensure we are regularly measuring employee satisfaction and incorporating internal stakeholder feedback into Commission planning.

# Creating & developing flexible-time schedules & alternative work patterns

## COMMISSION BEST PRACTICES

The Commission recognizes staff achievement in various ways. One strong movement has been to provide high-performing staff with the option of a flexible-time schedule or alternative work patterns. This has been successful in its implementation over the years and allows non-monetary reward to staff who deserve it. The Commission sees flexible-time schedules and alternative work patterns as a benefit for those staff that achieve the Commission's core values.