AB 755 issues

Issue 1: The term "cost-effective" is used both for the program (8-6) and for allowable EE measures (12-21, 12-23). It is not defined in either case and may be interpreted to mean "less than avoided cost," which would severely limit the program.
Solution: These should be different definitions, the first based on cost-effectiveness criteria for utility spending – and this should not be limited to avoided cost – and the second on cost savings for customers.

Issue 2: PACE is still restricted to "residents' premises," (6-7) which would preclude most non-residential buildings.
Solution: Preferred language from Johnson Controls, with one edit (removing lessees):

SECTION 1. 66.0627(1)(a) of the statutes is amended to read:

66.0627(1)(a). "Energy efficiency improvement" means an improvement to a ~~residential~~ any type of commercial, or industrial premises that reduces the usage of energy, or increases the efficiency of energy usage, at the premises.

SECTION 2. 66.0627(1)(d) of the statutes is added to read:

66.0627(1)(d). "Water efficiency improvement" means an improvement to a residential, any type of commercial, or industrial premises that reduces the usage of water, or increases the efficiency of water usage, at the premises.

Lee Cullen 251-0101 Chuck McGinnes 770-0041

SECTION 3. 66.0627(8) of the statutes is amended to read:

66.0627(8). A political subdivision may make a loan to an owner ~~or lessee~~ of a premises located in ~~resident of~~ the political subdivision for making or installing an energy efficiency improvement, a water efficiency improvement, or a renewable resource application to the premises ~~resident's residential property~~, or enter into an agreement with the owner or lessee regarding loan repayments to a third party for such purposes. If a political subdivision makes such a loan or enters into such an agreement, the political subdivision may collect the loan repayment as a special charge under this section. Notwithstanding the provisions of sub. (4), a

17 special charge imposed under this subsection may be collected in installments and may be
18 included in the current or next tax roll for collection and settlement under ch. 74 even if the
19 special charge is not delinquent.

Issue 3: PACE charges on the tax bill settled under ch. 74 (6-7), which is being interpreted to require full payment (i.e., cannot run with the land). Language in ch. 74:

> 74.11(3) **Special assessments, special charges and other taxes.** All special assessments, special charges and special taxes that are placed in the tax roll shall be paid in full on or before January 31, except that the governing body of a taxation district may, by ordinance, on or before August 15 of the year before the ordinance is effective, authorize the payment of special assessments in installments. That ordinance shall specify that special assessments are due on the same dates and in the same percentages as installments of real property taxes and that if the total special assessment is less than $100, it shall be paid in full on or before January 31.

Solution: Add to 74.11(3) language permitting EE loans to be paid in installments, as special assessments are.

> 74.11(3) **Special assessments, special charges and other taxes.** All special assessments, special charges and special taxes that are placed in the tax roll shall be paid in full on or before January 31, except that the governing body of a taxation district may, by ordinance, on or before August 15 of the year before the ordinance is effective, authorize the payment of special assessments or clean energy loans made in accordance with 66.0627(8) in installments. That ordinance shall specify that special assessments are due on the same dates and in the same percentages as installments of real property taxes and that if the total special assessment is less than $100, it shall be paid in full on or before January 31.

Issue 4: The term "nonutility service" is undefined (11-25, 12-6, 19-12). Without knowing the intent this is hard to address. Originally the PSC had considered EE measures installed with utility capital to be utility service, while those installed with third-party financing to be nonutility. If this is the reasoning, then utility programs are unaffected by the language on 19-12, but third-party capital, which is generally cheaper than utility capital, would essentially be barred due to higher risk, and resulting EE work would be curtailed.
Solution: Clarify the intent. Allow utilities to use third-party capital for tariffed recovery programs for EE by allowing for rate-basing any bad debt, which would still be governed by the PSC's cost-effectiveness criteria.

Issue 5: Money that goes into a PACE program must always remain in the PACE program (19-14). This would effectively bar cities from borrowing money via bonds or from lenders (as Racine is), since they would be unable to repay.
Solution: Remove this provision, or restrict it to funding coming from state or federal sources to capitalize PACE programs.

Issue 6: The bill requires PACE to prioritize houses over other buildings for no clear reason, and it lets the PSC govern this priority-setting, adding time, complexity and new unwanted supervision for cities using their own money, or money that may be designated by its source for a particular use (19-17).
Solution: Remove this provision.

Issue 7: The bill runs block grants through the PSC (20-1). However, the current proposal being evaluated by US DOE envisions a different governance structure. It is unclear what benefit is added by making the PSC a funding agency when it would retain authority over the spending by utilities in any case, and it should not have authority over cities.
Solution: Remove this provision.

Issue 8: Labor standards are geared toward large contractors, but Focus and WAP rely on small shops that may not be able to comply (e.g. those that have no permanent employees).
Solution: Further discussion with managers at Focus and DOA who can help tailor the rules to allow small business to participate.

Issue 9: Labor standards refer to "any work" in the WAP and Focus programs (5-3, 8-9), but this may be too broad, as the programs offer non-construction work that this program does not touch, e.g. discounted light bulbs.
Solution: Tighten language to refer to building retrofitting work

(mason Vicky selkaie Mary Mathias David Lovell Eric Sundquist Satya Rhodes-Conway SatyaD Cows. org

Issue 1.

Per Susan Stratton, leave program authorization (8-6) as written. Strike "and a premises not eligible for a political subdivision loan" from 12-19, and "or pursuant to a political subdivision loan" from 13-6. Consider removing audit requirement entirely. If it remains, add language at 12-23 to define cost-effective in terms of customer costs.

Issue 3.

Provide local governments with two options:

1. Billing for EE, RE and water conservation loans as a special charge that is tied to the address for the term of the loan. Payments in default may be placed on the tax roll for collection as any other unpaid special charge per ch. 74.

2. Billing for EE, RE and water conservation loans as a special tax a la sidewalks. (10)

66.063 (8) If a political subdivision makes such a loan or enters into such an agreement, the political subdivision may collect the loan repayment as a special charge under this section, or as a special tax against the lot or parcel of land and collected like other taxes upon real estate. The political subdivision may provide that the expense incurred may be paid in up to 25 annual installments. If annual installments are authorized, the clerk or other relevant official of the political subdivision shall charge the amount to each lot or parcel of land and enter it on the tax roll as a special tax against the lot or parcel each year until all installments have been collected. Notwithstanding the provisions of sub. (4), a special charge imposed under this subsection may be collected in annual installments for up to 25 years against the lot or parcel of land, and may be included in the current or next tax roll for collection and settlement under ch. 74 even if the special charge is not delinquent.

(10)

Issue 4.

Strike page 19, lines 12-13.

MES can contact Eric Sundquist

SO313/1

Kunkel, Mark

From: Selkowe, Vicky
Sent: Friday, February 26, 2010 11:02 AM
To: Kunkel, Mark; Lovell, David; Matthias, Mary
Subject: AB 755 Substitute Needed by MONDAY

We're hearing from Rep. Molepske that the Committee on Jobs will indeed be taking executive action on AB 755 on TUESDAY. So we will need the substitute finalized by Monday morning. I am right now reviewing the final amendment suggestions I received from Johnson Controls this morning and will send those along as soon as possible.

Thanks much,
Vicky

Vicky Selkowe
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Toll-free: (888) 534-0062

Kunkel, Mark

From: Selkowe, Vicky
Sent: Friday, February 26, 2010 12:13 PM
To: Lovell, David; Kunkel, Mark; Matthias, Mary
Subject: RE: Amendments to become part of the AB 755 Substitute

Thanks, Mark & David:

Mark – I believe you're correct re. what we want to do re. the first 2 references, but I'm doublechecking quickly with a couple of folks and will get you confirmation ASAP. Similarly, I'm getting a third opinion on the bad debt recoupment question and will respond to that as well.

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At p. 11, l. 6: Amend the definition of "energy efficiency improvement" as follows:

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From: Lovell, David
Sent: Friday, February 26, 2010 9:03 AM
To: Kunkel, Mark; Selkowe, Vicky; Matthias, Mary
Cc: 'Satya Rhodes-Conway'; 'erics@cows.org'
Subject: RE: Amendments to become part of the AB 755 Substitute

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608/266-1537

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Let me know your thoughts. If the hearing is on Tuesday, and you want a sub on Monday, then I am on a really tight deadline and need your thoughts as soon as possible.

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Cc: Satya Rhodes-Conway; 'erics@cows.org'; Selkowe, Vicky
Subject: Amendments to become part of the AB 755 Substitute

Mark, Mary, Satya & Eric –

Attempting to summarize our discussion from this afternoon, here are the amendments that we need to all become part of a substitute to AB 755, in preparation for next week's committee's action. Please let me know if I'm missing anything else that we discussed today.

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premises are covered (not just residential), and to add water
2. Correct the "double-dipping" language that, as currently drafted, allows a utility to recover costs both through rates and through direct billing, including the cross-referencing of language.
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14. Including LRBa1575/1 re. apprenticeship training grants.

I have told Johnson Controls that if they have additional amendments, I need them by 11am tomorrow morning.

Thanks all,
Vicky

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Kunkel, Mark

From: Selkowe, Vicky
Sent: Friday, February 26, 2010 12:26 PM
To: Lovell, David; Kunkel, Mark; Matthias, Mary
Subject: RE: Amendments to become part of the AB 755 Substitute

On the issues discussed below: After talking with others about this as well, we agree that Mark is right that you do not want to define work under this program as a non-utility service, and David is right that you want the utilities to be able to recover bad debt. Can we do this by defining improvements conducted under these programs as a utility service? Then utilities can use the same collection tools available to them currently, and in the extreme, can recover bad debt.

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Kunkel, Mark

From: Selkowe, Vicky
Sent: Friday, February 26, 2010 12:58 PM
To: Kunkel, Mark; Lovell, David; Matthias, Mary
Subject: RE: Amendments to become part of the AB 755 Substitute

That's fine.

I'll keep sending you the approved-for-inclusion JCI amendments as I get them discussed & sorted out on my end. To that end, this language (or something more brilliantly worded that you come up with that helps get at the same issue, Mark) should be included though we want to be clear that it should only apply to the utility programs, NOT to the political subdivisions.

At p. 8, l. 3-5, Section 7 and at p. 11, l. 20: Define "administrative services" as follows: "Administrative services" mean internal program administrative activities of the energy utility and do not include project management, construction management, or program management services or installations related to energy-efficiency projects. (Alternatively, this provision may be added to 196.374(4)(b))

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From: Kunkel, Mark
Sent: Friday, February 26, 2010 12:20 PM
To: Selkowe, Vicky; Lovell, David; Matthias, Mary
Subject: RE: Amendments to become part of the AB 755 Substitute

I'll achieve what is requested in Johnson's language, but a bit differently (I don't want to define energy to include water).

From: Selkowe, Vicky
Sent: Friday, February 26, 2010 12:13 PM
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Subject: RE: Amendments to become part of the AB 755 Substitute

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Thanks all,
Vicky

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Kunkel, Mark

From: Selkowe, Vicky
Sent: Friday, February 26, 2010 1:36 PM
To: Kunkel, Mark; Lovell, David; Matthias, Mary
Subject: RE: Amendments to become part of the AB 755 Substitute

That makes sense, Mark. Green light.

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Sent: Friday, February 26, 2010 12:37 PM
To: Selkowe, Vicky; Lovell, David; Matthias, Mary
Subject: RE: Amendments to become part of the AB 755 Substitute

I don't think that will work. "Utility service" isn't defined in ch. 196, and the result will be unclear. Also, I don't think you want all of the requirements that apply to sevice by utilities to apply to improvements. For example, discriminating between customers in the same class is generally prohibited. However, improvements will be made for some customers, and not for others. So, there will be some discrimination. There may some additional unintended consequences, as well.

Why not just delete the distinction and not refer to utility and nonutility service? I can do that and still accomplish your intent.

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Sent: Friday, February 26, 2010 12:26 PM
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Subject: RE: Amendments to become part of the AB 755 Substitute

On the issues discussed below: After talking with others about this as well, we agree that Mark is right that you do not want to define work under this program as a non-utility service, and David is right that you want the utilities to be able to recover bad debt. Can we do this by defining improvements conducted under these programs as a utility service? Then utilities can use the same collection tools available to them currently, and in the extreme, can recover bad debt.

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From: Lovell, David
Sent: Friday, February 26, 2010 9:03 AM
To: Kunkel, Mark; Selkowe, Vicky; Matthias, Mary
Cc: 'Satya Rhodes-Conway'; 'erics@cows.org'
Subject: RE: Amendments to become part of the AB 755 Substitute

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On Mark's last point, a policy argument can be made that bad debt should be recovered from rate payers. In general, that is how bad debt for utility service is recovered -- it is part of the cost of providing utility service throughout the utility's service area and so becomes part of the utility's revenue requirement and is recovered in rates. The bad debt here is part of a program that is authorized by the Legislature with PSC oversight, similar to other energy conservation, demand management, and other programs that do not themselves deliver the utility service but relate to it. The costs of those programs are included in the revenue requirement, and so arguably all costs, including bad debt, of this new program should also be included (except those recovered by other mechanisms). The only alternative, really, is to require the utility to pass this cost on to its shareholders.

I need to talk with Mark before I can comment on his other points.

David L. Lovell, Senior Analyst
Wisconsin Legislative Council Staff
608/266-1537

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Sent: Friday, February 26, 2010 8:34 AM
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Cc: 'Satya Rhodes-Conway'; 'erics@cows.org'; Lovell, David
Subject: RE: Amendments to become part of the AB 755 Substitute

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David Ludwig at the PSC thinks the distinction between utility and nonutility services is that utility services are those which are paid by ratepayers in rates and nonutility services are anything else. Thus, I think the first 2 references described above achieve the opposite of what you intend, as they appear to require utilities and the PSC to treat the payments differently. So, you may want to revise the first 2 references so they just require a tariff to specify the terms and conditions of service provided to a customer under an authorized program. Thus, you would delete the distinction between utility and nonutility. In addition, you may want the language regarding a tariff to specify that a customer's payment of the costs of improvements and applications should be treated in the same way as payment of utility services. As for the PSC's concern about clarifying what may be recovered in rates, I think we addressed that in the meeting yesterday. (David, we decided that the bill should be revised to specify that the tariff will specify that a customer pays the cost for services for installing or making an improvement or application at the customer's premises, and that a utility may recover in rates any costs of the program that exceed what is recovered from an individual customers.)

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Let me know your thoughts. If the hearing is on Tuesday, and you want a sub on Monday, then I am on a really tight deadline and need your thoughts as soon as possible.

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Sent: Thursday, February 25, 2010 6:06 PM
To: Kunkel, Mark; Matthias, Mary
Cc: Satya Rhodes-Conway; 'erics@cows.org'; Selkowe, Vicky
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Kunkel, Mark

From: Selkowe, Vicky
Sent: Friday, February 26, 2010 3:32 PM
To: Selkowe, Vicky; Kunkel, Mark; Lovell, David; Matthias, Mary
Cc: 'erics@cows.org'; 'Satya Rhodes-Conway'
Subject: RE: Amendments to become part of the AB 755 Substitute

Eric helpfully pointed out an error in what I wrote, below re. c) EE & RE measures & deemed savings (useful life of the installation as we talked about it yesterday) can be an option for both the residential and non-residential work. Sorry.

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Sent: Friday, February 26, 2010 3:12 PM
To: Kunkel, Mark; Lovell, David; Matthias, Mary
Cc: 'erics@cows.org'; Satya Rhodes-Conway
Subject: RE: Amendments to become part of the AB 755 Substitute

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The audit requirements could be satisfied by:

a) Pre and post audit (current language)
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c) EE and RE measures for all buildings whose deemed savings, as determined by the PSC for utility programs and local governments for their programs, exceed cost over the expected life of the installation or application (this is what we talked about yesterday re. the 'useful life of the installation') - and this should *only be an option for the residential* → no – all

(So non-residential has to either do the pre and post-audit or performance contracting and residential has to do either the pre & post-audit or the deemed savings measures)

Related to b, above, from JCI, some more background and some suggested language are below:

A word about energy savings performance contracting. It was pioneered by JCI and is used widely by states, schools and local governments both in WI and elsewhere. The best description of how it works is in 66.0133(1) and (2) of the WI Statutes.

Basically, a qualified provider like JCI provides an energy audit to a customer that describes cost-saving energy-efficiency improvements and a guarantee of an amount by which the energy costs of the customer will be reduced if the improvement is made. If the customer decides that the cost of the improvement will be less than the energy-cost savings over the remaining life of the facility, the customer may enter into the performance

contract.

We have proposed in these amendments that, for non-residential premises, performance contracting be regarded as an appropriate substitute for the preaudit, postaudit, and cost-effectiveness standards in the bill, and that it be given a reasonable priority because it is a proven, contractually guaranteed, least-cost method of providing energy efficiency.

Mark – We are ok with the immediately above-bolded language (and the below) but only as it applies to the non-residential work.

At p. 13, l. 11: Insert the following subsection:

(d) In lieu of the pre-audit and post-audit procedures in (a) and (b) a non-residential improvement or application may follow the energy savings performance contracting procedures set forth in 66.0133(1) and (2). A non-residential improvement or application that meets the requirements of 66.0133(1) and (2) shall be deemed cost-effective.

If this is consistent with what we decided yesterday re. the new way we'll do the prioritization section (page 19), then this language could also be added for just the utility section: The utility shall prioritize spending on non-residential premises on improvements and installations that use energy savings performance contracting as set forth in 66.0133(1) and (2).

If you would like a number for someone at JCI to contact about any of this, please let me know.

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Kunkel, Mark

From: Selkowe, Vicky
Sent: Friday, February 26, 2010 4:09 PM
To: Kunkel, Mark
Subject: RE: Amendments to become part of the AB 755 Substitute

Eric Sundquist will call you about this and walk you through it. Thanks.

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I don't need language, but I do need someone to walk me through and tell what you are trying to accomplish. If someone can call me and do that, that would be great.

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Cc: 'erics@cows.org'; 'Satya Rhodes-Conway'
Subject: RE: Amendments to become part of the AB 755 Substitute

I'm sorry, Mark, but this is what we need drafted. Lee Cullen at Cullen Weston Pines & Bach has offered to draft alternative language and I could connect you two directly if that might help simplify your work in creating the new 196.3745 language.

We will not be doing the Green Label in this bill.

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Subject: RE: Amendments to become part of the AB 755 Substitute

This new approach is somewhat complicated. I cannot achieve your intent by simply cross referencing s. 66.0133 (1) and (2), as those statutes apply to local governments, and not utilities. Instead, I must create new language in s. 196.3745 that accomplishes something similar to s. 66.0133 (1) and (2), but I need time to figure out exactly what it is you want to accomplish regarding auditing and prioritization. The time it will take me to do that, and complete the rest of the substitute amendment may jeopardize my ability to get a substitute amendment to you by Monday.

Please let me know how you want to proceed.

PS do you have any instructions regarding the "Green Wisconsin label," or should I assume you don't want to include that in the substitute amendment?

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Related to b, above, from JCI, some more background and some suggested language are below:

A word about energy savings performance contracting. It was pioneered by JCI and is used widely by states, schools and local governments both in WI and elsewhere. The best description of how it works is in 66.0133(1) and (2) of the WI Statutes.

Basically, a qualified provider like JCI provides an energy audit to a customer that describes cost-saving energy-efficiency improvements and a guarantee of an amount by which the energy costs of the customer will be reduced if the improvement is made. If the customer decides that the cost of the improvement will be less than the energy-cost savings over the remaining life of the facility, the customer may enter into the performance contract.

We have proposed in these amendments that, for non-residential premises, performance contracting be regarded as an appropriate substitute for the preaudit, postaudit, and cost-effectiveness standards in the bill, and that it be given a reasonable priority because it is a proven, contractually guaranteed, least-cost method of providing energy efficiency.

Mark – We are ok with the immediately above-bolded language (and the below) but only as it applies to the non-residential work.

At p. 13, l. 11: Insert the following subsection:

(d) In lieu of the pre-audit and post-audit procedures in (a) and (b) a non-residential improvement or application may follow the energy savings performance contracting procedures set forth in 66.0133(1) and (2). A non-residential improvement or application that meets the requirements of 66.0133(1) and (2) shall be deemed cost-effective.

If this is consistent with what we decided yesterday re. the new way we'll do the prioritization section (page 19), then this language could also be added for just the utility section: The utility shall prioritize spending on non-residential premises on improvements and installations that use energy savings performance contracting as set forth in 66.0133(1) and (2).

If you would like a number for someone at JCI to contact about any of this, please let me know.

Thanks,
Vicky

Vicky Selkowe
Office of State Representative Cory Mason
62nd Assembly District
Room 321 East, State Capitol
PO Box 8953, Madison, WI 53708
Phone: (608) 266-0634
Toll-free: (888) 534-0062

From: Kunkel, Mark
Sent: Friday, February 26, 2010 12:37 PM
To: Selkowe, Vicky; Lovell, David; Matthias, Mary
Subject: RE: Amendments to become part of the AB 755 Substitute

I don't think that will work. "Utility service" isn't defined in ch. 196, and the result will be unclear. Also, I don't think you want all of the requirements that apply to sevice by utilities to apply to improvements. For example, discriminating between customers in the same class is generally prohibited. However, improvements will be made for some customers, and not for others. So, there will be some discrimination. There may some additional unintended consequences, as well.

Why not just delete the distinction and not refer to utility and nonutility service? I can do that and still accomplish your intent.

-- mark

From: Selkowe, Vicky
Sent: Friday, February 26, 2010 12:26 PM
To: Lovell, David; Kunkel, Mark; Matthias, Mary
Subject: RE: Amendments to become part of the AB 755 Substitute

On the issues discussed below: After talking with others about this as well, we agree that Mark is right that you do not want to define work under this program as a non-utility service, and David is right that you want the utilities to be able to recover bad debt. Can we do this by defining improvements conducted under these programs as a utility service? Then utilities can use the same collection tools available to them currently, and in the extreme, can recover bad debt.

Vicky

Vicky Selkowe
Office of State Representative Cory Mason
62nd Assembly District
Room 321 East, State Capitol
PO Box 8953, Madison, WI 53708
Phone: (608) 266-0634
Toll-free: (888) 534-0062

From: Lovell, David
Sent: Friday, February 26, 2010 9:03 AM
To: Kunkel, Mark; Selkowe, Vicky; Matthias, Mary
Cc: 'Satya Rhodes-Conway'; 'erics@cows.org'
Subject: RE: Amendments to become part of the AB 755 Substitute

First, I apologize for missing the meeting yesterday, but it appears you had plenty of staff input.

On Mark's last point, a policy argument can be made that bad debt should be recovered from rate payers. In general, that is how bad debt for utility service is recovered -- it is part of the cost of providing utility service throughout the utility's service area and so becomes part of the utility's revenue requirement and is recovered in rates. The bad debt here is part of a program that is authorized by the Legislature with PSC oversight, similar to other energy conservation, demand management, and other programs that do not themselves deliver the utility service but relate to it. The costs of those programs are included in the revenue requirement, and so arguably all costs, including bad debt, of this new program should also be included (except those recovered by other mechanisms). The only alternative, really, is to require the utility to pass this cost on to its shareholders.

I need to talk with Mark before I can comment on his other points.

David L. Lovell, Senior Analyst
Wisconsin Legislative Council Staff
608/266-1537

From: Kunkel, Mark
Sent: Friday, February 26, 2010 8:34 AM
To: Selkowe, Vicky; Matthias, Mary
Cc: 'Satya Rhodes-Conway'; 'erics@cows.org'; Lovell, David
Subject: RE: Amendments to become part of the AB 755 Substitute

A question arose yesterday regarding the bill's references to utility and nonutility service. If I understand your intent correctly, you want to make sure that a customer's payments of costs for an energy efficiency improvement or renewable resource application (improvement or application) are treated in the same manner as the customer's payment for utility service. Thus, for example, a utility may impose a late fee for late payments and may disconnect for nonpayment in the same manner as nonpayment for utility service.

The bill uses those terms as follows: 1) a utility must file a tariff specifying the terms and conditions of utility and nonutility service provided to customers at premises where improvements or applications are made under an authorized program (196.3745 (3) (intro.)); 2) a tariff must include terms and conditions for billing customers at premises for utility and nonutility service related to improvements or applications (196.3745 (3) (a)); and 3) a utility may not recover from ratepayers any bad debt related to nonutility services provided under an approved tariff (196.3745 (6) (e)).

David Ludwig at the PSC thinks the distinction between utility and nonutility services is that utility services are those which are paid by ratepayers in rates and nonutility services are anything else. Thus, I think the first 2 references described above achieve the opposite of what you intend, as they appear to require utilities and the PSC to treat the payments differently. So, you may want to revise the first 2 references so they just require a tariff to specify the terms and conditions

of service provided to a customer under an authorized program. Thus, you would delete the distinction between utility and nonutility. In addition, you may want the language regarding a tariff to specify that a customer's payment of the costs of improvements and applications should be treated in the same way as payment of utility services. As for the PSC's concern about clarifying what may be recovered in rates, I think we addressed that in the meeting yesterday. (David, we decided that the bill should be revised to specify that the tariff will specify that a customer pays the cost for services for installing or making an improvement or application at the customer's premises, and that a utility may recover in rates any costs of the program that exceed what is recovered from an individual customers.)

As for the 3rd reference described above, I think it prohibits a utility from collecting from all ratepayers the bad debt pertaining to individual ratepayers. It does not address how a utility can recover bad debt from an individual ratepayer. (David, do you agree?) In any event, what is your intent regarding bad debt? Should a utility be able to recoup bad debt under the program by spreading the cost among all ratepayers? Or do you want to prohibit that? And if you prohibit that, do you want to address how a utility should deal with bad debt?

Let me know your thoughts. If the hearing is on Tuesday, and you want a sub on Monday, then I am on a really tight deadline and need your thoughts as soon as possible.

-- Mark

From: Selkowe, Vicky
Sent: Thursday, February 25, 2010 6:06 PM
To: Kunkel, Mark; Matthias, Mary
Cc: Satya Rhodes-Conway; 'erics@cows.org'; Selkowe, Vicky
Subject: Amendments to become part of the AB 755 Substitute

Mark, Mary, Satya & Eric –

Attempting to summarize our discussion from this afternoon, here are the amendments that we need to all become part of a substitute to AB 755, in preparation for next week's committee's action. Please let me know if I'm missing anything else that we discussed today.

1. Include language suggested by Johnson Controls, Inc. amending 66.0627(1)(a) to make clear that all premises are covered (not just residential), and to add water
2. Correct the "double-dipping" language that, as currently drafted, allows a utility to recover costs both through rates and through direct billing, including the cross-referencing of language.
3. Define "cost-effective" both as it relates to utility-run programs and as it relates to improvements made by the customer
4. Address the special charge/assessment language as discussed on COWS handout, issue 3.
5. Low-income program weatherization exclusion – already drafted as LRBa1645/1
6. Non-utility service question/definition – talk to PSC
7. Clarifying the issue re. only state or federal grant funds that go into a PACE program need to revolve back into the loan program, not other funds utilized for these programs (i.e. bonds, muni general revenue, etc.) – this was the issue re. page 19, lines 14-16.
8. Removing references to the PSC as administrator for the block grants or other federal funds (removing all references to administrators of the funds to clarify that no matter the source of funds, if a muni or utility is doing a loan program, this bill's provisions apply)
9. Clarify that "any work" refers only to work related to the installation, etc. of the retrofit work.
10. Removing/clarifying the block grant references in the bill.
11. Removing the PSC rule promulgation in the political subdivision section on page 19, lines 21-23.
12. Remove the RPS credit for the utilities
13. LRBa1652/1, already drafted, refers to the Joint Finance approval and may need to be modified given what we decided to do today re. the block grant references in the bill.
14. Including LRBa1575/1 re. apprenticeship training grants.

I have told Johnson Controls that if they have additional amendments, I need them by 11am tomorrow morning.

Thanks all,

Vicky

Vicky Selkowe
Office of State Representative Cory Mason
62nd Assembly District
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PO Box 8953, Madison, WI 53708
Phone: (608) 266-0634
Toll-free: (888) 534-0062