

Mike Kuglitsch

STATE REPRESENTATIVE • 84TH ASSEMBLY DISTRICT

Thank you Mr. Vice-Chair and Members of the Committee for your consideration of Assembly Bill 712, the 2019 PSC/Utility Omnibus Bill.

I am here to request your support for Assembly Bill 712 and ensure Wisconsin continues leading in utility regulation by eliminating old and unnecessary statutes, codes and rules. The agreed-upon bill is a product of extensive discussions between the Chairs, the Investor Owned Utilities and the Public Service Commission and is being jointly proposed at their request.

As has been the tradition in the past, the chairs of the Energy & Utilities Committees in the Legislature are together authoring a PSC/Utility Omnibus bill, which is intended to streamline agency operations and interactions between the regulators and the regulated community.

The PSC solicited input from both staff and stakeholders on how to update and reform the regulatory process to cut costs and increase efficiency in the Commission's review of utility applications and other operations. The bill increases certainty and fairness to Wisconsin ratepayers and utilities.

The Citizen's Utility Board, or CUB, currently exists as a non-profit corporation and intervenes in contested cases, hires expert witnesses, and provides testimony to the Commission. CUB's statutory responsibility is to provide representation for the interests of residential and small business utility customers when changes affecting utility rates are proposed.

Adoption of AB 712 will create a stable and sustainable funding source for the Citizen's Utility Board, allowing CUB to hire more in-house expertise to intervene in rate cases before the PSC. It is important to have a solvent Citizen's Utility Board in Wisconsin to advocate for lower utility rates for residential and small businesses.

The following is a list of what the bill includes:

1. **Requiring the PSC to use escrow accounting for utility pension costs if requested by the utility.** This allows utilities with legacy Defined Benefit plans the flexibility to manage their pension costs, which are funded in rates, commensurate with advantageous market conditions and not be as vulnerable to extreme peaks and valleys due to market fluctuation;

2. **Eliminating the EIS in the SEA.** Since the Strategic Energy Assessment is a snapshot of the energy picture and is not an energy planning document, requiring an Environmental Impact Statement is unnecessary and would be duplicative of any specifically proposed project's EIS. Eliminating it would reduce staff time and allow them to work on more time-sensitive issues;
3. **Extending the due date by one month for the utility Annual Reports to PSCW.** This would coincide with the issuance of utilities' annual reports to shareholders and eliminate the need to request filing extensions from the PSC;
4. **Eliminating the requirement for review of fuel cost plans if the parties have settled.** Once parties in a contested case have settled, there is no need to hold a repetitive proceeding on the fuel cost element of that case to approve what has already been agreed upon. This would save staff time both for the PSC and at the utilities;
5. **Increasing the threshold for Certificate of Necessity for gas projects from \$2.5 million to \$5 million.** This level has not been adjusted since 2011 and most of these cases already exceed \$2.5 million. The effect would be to reduce the number of routine, non-controversial cases that the PSC would have to process, further freeing staff time;
6. **Extending the deadline for agency review of CAs by 15 days which currently applies to CPCNs if the applicant agrees.** This would give both the applicant and the agency additional time to review an application if they both agree. This already exists for CPCN applications. (CPCNs are for large power plants, transmission lines and CAs are for smaller projects, interconnection, etc.)
7. **Gen-Tie.** Allows an applicant who proposes to construct a large electric generating facility and an associated high-voltage transmission line to submit a single application that covers the two PSC-issued certificates that are required, instead of submitting one application for the certificate for the facility and a separate application for the certificate for the line as required under current law. If a person submits a single application, the PSC must conduct a single proceeding for issuing the two certificates.
8. **Removes language relating to debt collection practices for the PSC**
Currently, the PSC is required to confirm debts from utilities to the Department of Administration for collection. DOA does not have a collection process in place, nor the resources to implement a collection process. The PSC currently handles past due collections.
9. **Eliminates outdated 196.209 of the State Statutes - Privacy considerations.**
WISCONSIN STATUTE 196.209 requires the PSC to establish guidelines applicable to telecommunications services. The PSC has not completed rulemaking pursuant to this section because state and federal laws and rules supersede it and rulemaking is no longer relevant. In addition, the PSC no longer regulates telecommunications companies.
10. **CUB Funding** –The Citizens Utility Board receives up to \$900K annually through assessments on Investor Owned Utilities. CUB may also apply for up to \$100,000 in Intervenor Compensation through the PSC per year. Funds could not be used to intervene in municipal cases or be used for lobbying. Finally, PSC would have oversight of the CUB budget.

Thank you Mr. Vice-Chair and Committee Members for your time and I ask for your support of this legislation, which stabilizes the Citizen's Utility Board and streamlines the regulatory process. I am happy to take any questions.



DEVIN LEMAHIEU

STATE SENATOR

**Assembly Committee on Energy and Utilities
Testimony on Assembly Bill 712
January 14, 2020**

Chairman Kuglitsch and Members:

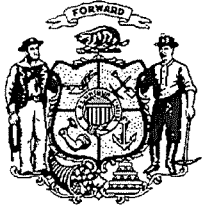
Thank you for hearing my testimony on Assembly Bill 712. For each of the past few sessions, the Assembly and Senate utility chairs have collaborated on a PSC reform omnibus bill. These bills have worked to clean up inconsistencies in statute, remove redundant or antiquated regulations, and improve and streamline the overall regulation of Wisconsin's utilities. Assembly Bill 712 is this session's PSC omnibus bill.

The legislation:

- Creates a dedicated funding source for the Citizen's Utility Board, an organization that advocates for residential and small business utility customers in rate cases
- Allows the PSC to approve fuel cost plans contained in settlement agreements without a hearing
- Increases the threshold requiring a certificate of need to be issued by the PSC for a natural gas project from \$2.5 million to \$5 million
- Eliminates an unnecessary environmental assessment on the PSC's biennial strategic energy assessment
- Clarifies how utility's post-employment benefit costs may be calculated
- Extends the due date of the annual balance sheets utilities file with the PSC by one month
- Allows a utility to submit one certificate for both a generating station and affiliated transmission line
- Allows the PSC to collect past due assessments that are owed under the PSC's jurisdiction instead of the Department of Administration
- Eliminates unnecessary and unused PSC oversight on telecommunications providers

Assembly Bill 712 is the final product of months of discussion and negotiation. The proposal is meant to be a consensus document that will garner bipartisan support.

Thank you for your time and consideration.



Public Service Commission of Wisconsin

Rebecca Cameron Valcq, Chairperson

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Testimony of Public Service Commission Chairperson Rebecca Cameron Valcq before the Assembly Energy and Utilities Committee on Assembly Bill 712

January 14, 2020

Chairman Kuglitsch and committee members, I would like to start by thanking you for holding this hearing and allowing me to testify in support of Assembly Bill 712. I'm Becky Valcq, Chairperson of the Public Service Commission of Wisconsin (PSC). As you know, we are an independent state agency that regulates more than 1,100 of Wisconsin's public utilities. AB-712 is the result of a collaborative effort between the PSC, the Citizen's Utility Board, and Wisconsin's investor-owned electric and natural gas utilities. I would like to personally thank you, Representative Kuglitsch, and Senator LeMahieu for introducing it on behalf of the PSC.

AB-712 primarily contains a number of technical tweaks to state statute provisions where we could find efficiencies for both the PSC and utilities. I am going to briefly touch on those in a bit, but first I would like to talk about another piece of the bill that I am excited that we were able to find agreement on from our group of stakeholders. This provision provides a reasonable, stable, and predictable funding mechanism for the Citizen's Utility Board.

Let's take a step back and let me describe our process at the PSC and where CUB fits in. When a utility comes to us to adjust rates, or build a power plant, my fellow commissioners and I take an impartial, judicial review of the request. And for that reason, we are somewhat limited in what we are able to consider when making that decision. Like judges, we are limited by state statute and what the state legislature has told us to look at. And also, like a judge or jury, we are limited to the evidence that is presented before us in the official written record.

That official record is compiled by our staff, usually over many months, and contains legal briefs by attorneys for all sides, evidence and testimony from experts, public comments, and information from our staff. When the record is complete, the three Commissioners meet and make a decision. "Is the utility's request raise rates justified and reasonable? Is that power plant necessary to ensure customers are receiving electricity safely and reliably at a reasonable price? What will the impact of this project be on customers and is it in the public interest?" That's where CUB comes in.

As Wisconsin's only consumer advocate, CUB intervenes in cases before the PSC on behalf of residential and small business utility customers. CUB plays the critical role of leveling the playing field when utility companies come to us to change rates or construct large projects. CUB provides the counterargument, the evidence, and the balance that makes our record more robust. That is good because then we have the information to make good decisions that benefit the public.

Without CUB's input as an intervenor in PSC cases, we would lack that counterbalance and leave residential and small business consumers without an equal advocate. This bill will ensure that CUB's

funding will be more stable and sustainable, and keep CUB solvent and focused on its mission of advocating for the little guy who doesn't have an army of attorneys at his disposal.

As for the other parts of the bill, I will talk about some that we brought to the table and briefly touch on some of the utilities' items.

Collection of past due assessments. Currently, when a utility fails to pay its assessment to the PSC, statute requires us to go through a collection process at the Department of Administration, which has never been used. We would like to continue to collect through our own process at the PSC as we work regularly with the utilities and know our subject matter best.

Privacy guidelines for telecommunications services. This eliminates the PSC rulemaking requirement to establish privacy guidelines applicable to telecommunications services. State and Federal wiretap statutes already provide privacy guidelines and requirements for telecommunications companies. They already supersede any rule that the Commission could promulgate.

The remainder of the bill are suggestions from the utilities that we can support.

Changing due dates for utility annual reports. Adjusts the due date by one month to coincide with federal reporting requirements. That will eliminate the utilities' need to ask us for due date extensions every year. Utilities are already filing their annual reports on the due date in the bill.

Escrow accounting for pension recovery. This is the most appropriate method for accounting for pension costs and serves in the interests of all involved.

No longer requiring an environmental assessment on the PSC's strategic energy report. This is a report that the PSC produces every two years that describes the availability, reliability, and sustainability of Wisconsin's electric energy capacity and supply. It is not a prescriptive document that describes a particular project or activity. So the environmental analysis provides no value to the report. Projects before the PSC would still receive a thorough environmental analysis.

Construction approval with one application. This allows for a power plant and the line tying it to the grid to be considered under one application and one proceeding at the PSC. Currently, each are considered separately.

Natural gas project threshold. Currently, any gas project with a cost estimate exceeding \$2.5 million must be approved by the PSC. This dollar amount was set in 2011. Increasing this number to \$5.0 million to account for inflation and higher construction costs makes sense.

Fuel cost plans. If a utility's fuel cost plan is part of a settlement agreement, the PSC can approve the plan for the first year of a 2-year settlement without holding a redundant hearing.

DNR permit extension. This gives both the DNR and the applicant requesting a transmission line additional time to review an application if they both agree to the extension. This is already in place for larger utility projects, and would extend it to smaller projects.

Many of the utilities' suggestions also save the PSC time and money without interfering with our mission, which is why we are in support of them.

Again, I'd like to thank Representative Kuglitsch and Senator LeMahieu for their leadership and I respectfully ask for your support of AB712.

Thank you.

AB 712 PSC Omnibus Bill

Testimony for the Assembly Energy & Utilities Committee

January 14, 2020

Tom Content, Executive Director, Citizens Utility Board

Good morning, Chairman Kuglitsch, Vice Chairman Steffen and members of the committee. My name is Tom Content, executive director at the Citizens Utility Board, and I'm here today to speak in favor of AB 712 -- specifically the provision that creates a stable and sustainable funding model for a consumer advocate representing millions of your constituents -- and a half million small businesses -- across Wisconsin. I'm joined today by Corey Singletary, CUB's utility analyst.

The Citizens Utility Board is the only voice representing every homeowner, every renter and every Main Street business in proceedings before the state Public Service Commission. CUB is independent, nonpartisan, nonprofit — working to ensure reliable, safe and affordable utility service for Wisconsin ratepayers.

Every year, the PSC makes decisions with multi-billion-dollar implications for ratepayers and must balance the interests of utilities and their shareholders, against the interests of customers who foot the bill.

What CUB has done for 40 years, is try to level an uneven playing field. In 1979 CUB was created by the legislature to ensure that small customers – the Grandmother on a Fixed Income, the Farmer struggling to make ends meet as dairy prices fall, and the Main Street shop owner juggling utility and health care costs to keep the doors open another year – none of whom can afford to represent themselves before the PSC, have a voice.

Our focus is on the bottom line, and we've delivered. We've helped save customers \$170 for every dollar received. That translates into total \$3.5 billion in customer savings since 2006, including \$159 million in 2019 alone.

All that with ratepayer funding of less than a penny per month for a typical utility customer. The bill before you today would provide funding stability for CUB, at a cost of another penny per month on small customers' electric bills.

Two years ago, the Legislature enacted a law encouraging utilities to negotiate settlements of PSC cases – working across the table with customer groups – rather than litigating tooth and nail for months on end.

The settlements law has achieved real savings for customers. However, an unintended consequence is addressed in this bill before you. You see, CUB's relied for years on national experts to testify in PSC cases. But settlement cases have new rules and short timelines, meaning that CUB can't get PSC approval in time to hire those national experts.

AB 712 empowers the PSC to approve ratepayer funding for CUB, about 19 cents a year on a typical utility bill. That's less than two cents a month. This will enable CUB to employ technical experts needed to meet these new timelines -- and advocate for customers more completely and effectively.

When a utility files a major case, they spare no expense. A typical case may be hundreds of pages long and include testimony from up to a dozen experts advocating FOR the utility. Utility ratepayers pay more than \$4 million every year for the utilities to make their case at the PSC.

CUB is David against the utilities' Goliath. Even under AB 712, the Citizens Utility Board will still be outspent at least 4-to-1 by utilities. But CUB is confident that with added technical knowhow on staff, we will deliver more savings for customers.

We project that with a team of experts on staff, a close look at utility finances will save ratepayers at least \$12 million, a healthy return on the additional \$400,000 CUB would be eligible to receive under this bill.

Just a penny extra a month, for a total cost of 19 cents a year, is a wise investment to help make Wisconsin's energy rates affordable. And we have more work to do.

Wisconsin's electric rates paid by businesses and residents are above the national average. Second highest in the Midwest in fact.

Even with this funding increase, ratepayers will be spending less in Wisconsin for small customer advocacy than all the other states in the Midwest, which spend nearly three times as much as we do.

The bottom line: This legislation is vital to ensuring that homeowners, renters and small businesses have an independent, knowledgeable advocate at the PSC working for fairness and cost savings.

Thank you, and now we would be happy to respond to your questions.



Wisconsin

**Statement Before the
Assembly Committee on Energy and Utilities**

By

**Bill G. Smith
State Director
National Federation of Independent Business
Wisconsin**

Tuesday, January 14, 2020

Assembly Bill 712

Mr. Chairman and members of the committee, my name is Bill G. Smith, Wisconsin State Director for the National Federation of Independent Business, The Voice of Small Business for over 75 years.

Assembly Bill 712 would require investor owned utilities to provide funding for a consumer advocate who would represent and protect the interests of residential, small commercial, and small industrial energy utility ratepayers in proceedings before the Public Service Commission.

Since 1979, the Citizens Utility Board has been an aggressive, effective advocate on behalf of the Wisconsin Public Service Commission, saving consumers millions of dollars in energy costs.

During the debate in the early 80's over legislation to allow utility diversification, NFIB was closely allied with CUB to ensure the diversification legislation was fair to small business, would preserve and protect affordable energy costs, and promote reliable energy supplies.

Assembly Bill 712 would establish a stable funding mechanism, and an important operational structure for consumer advocacy at the PSC.

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Tuesday, January 14, 2020
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While a consumer advocate will have the expertise and presence at the Public Service Commission, NFIB will partner with the advocate whenever it is helpful toward producing the desired outcome on behalf of our state's small business ratepayers.

Our small businesses employ nearly half of the state's workforce, they have a vital role creating jobs, and strengthening the economies of communities throughout the state. These entrepreneurs and dedicated small business owners depend on energy supplies at affordable prices to operate and effectively run their businesses. According to NFIB's Energy Consumption Poll, energy costs are one of the top three business expenses for 35 percent of small businesses participating in the study.

The consumer advocate position, as proposed and described in this legislation, is important to small business, and **I respectfully urge members of the committee to support passage of Assembly Bill 712.**

On behalf of our state's small and independent business community, thank you for your consideration.