

May 28th, 2025

Testimony on Assembly Bill 59
Assembly Committee on Energy and Utilities

Thank you, Chairman Steffen and other Assembly committee members, for having a hearing today on Assembly Bill 59 relating to the use of federal capitalization grant funds for lead service line replacement.

The Safe Drinking Water Loan Program (SDWLP) provides affordable financial assistance to communities within Wisconsin for eligible water infrastructure projects that protect and improve public health and water quality for current and future Wisconsinites.

The bill is straightforward. It would allow Superior Water Light & Power, Wisconsin's only privately owned community water system, to use funds received as federal capitalization grants to forgive loans to replace lead service lines. Current state law prohibits using those funds to provide principal forgiveness to a private owner of a community water system.

Principal forgiveness would cover a portion of the cost of replacing both customer and utility lead service lines. Removing the prohibition will allow residents in Superior to benefit from federal funding that will offset a significant portion of service line replacement costs.

Thank you for your time today and consideration of this bill. I'm happy to answer any questions you might have.



Romaine Robert Quinn

STATE SENATOR • 25TH SENATE DISTRICT

From: Senator Romaine Robert Quinn
To: Assembly Committee on Energy and Utilities
Re: **Testimony on Assembly Bill 59**
Relating to: the use of federal capitalization grant funds for lead service line replacement.
Date: May 28, 2025

Thank you, members of the Assembly Energy and Utilities Committee for hearing AB 59 today.

Safe drinking water is important to all Wisconsinites no matter which part of the state you live in. The Safe Drinking Water Loan Program (SDWLP) provides financial assistance to municipalities for infrastructure projects in order to protect public health and comply with federal and state water regulations.

Current law specifies several allowable methods of providing financial assistance under SDWLP, one of which is using funds received as federal capitalization grants. Federal funds have been allocated to each state for water utilities and their customers to receive a portion of what it will cost to replace lead service lines.

The district I represent includes the City of Superior, which is the only municipality served by a privately owned water utility in the state. Currently Superior's water utility is eligible to receive funds from the Safe Drinking Water Loan Program under federal regulations, but state statutes prevent them from receiving principal loan forgiveness. Unfortunately, the result is that residents in Superior cannot access the financial benefits which are intended to defray the costs to all water utility customers.

Assembly Bill 59 provides that this prohibition does not apply to the use of federal capitalization grants for the forgiveness of loans for the replacement of lead service lines. Principal forgiveness would cover a portion of the cost to replace both customer and utility lead service lines. Removing the prohibition will allow residents in Superior to benefit from federal funding that will offset a significant portion of service line replacement costs.

Superior is a long way from the State Capitol in Madison, but its residents should not be forgotten when it comes to accessing the same eligibility and funding that assists the rest of Wisconsin. This legislation has already passed in the State Senate and I hope you will consider joining in support of Assembly Bill 59.

Chair Steffan, Vice-Chair Summerfield, Ranking Member Subek, good afternoon and thank you for the opportunity to speak.

My name is Jim Paine, I am the Mayor of the City of Superior, Wisconsin. I have cancelled a very busy day and traveled very far to explain to you the harm AB 59 will impose on my city and my constituents.

This bill helps a single company, Superior Water, Light, and Power, which is the only private water utility in the state. Consequently, we pay among the highest water rates in the state. This is not because they are a private business. It's because they aren't a business at all. By any definition, Superior Water, Light, and Power is a monopoly. They have no competition. My neighbors and I cannot refuse to pay them. The government tells us what to pay, and we are required to pay it.

If any of the authors had reached out before introducing this bill, I could have explained that this does nothing to reduce the cost of lead line replacement and almost certainly increases costs for residents. The funds the utility wants to access only cover 75% of the cost of each project, leaving the rest to the resident. But this utility has a long history of inflating their costs and passing the bill on to their customers through rate increases, which nearly always include a 10% add on for their shareholders. They don't even try and keep this a secret. They estimate that each lead line project, which they want the people of Wisconsin to pay for, will cost \$10,000-\$12,000. But we know that the average cost for these same projects across Wisconsin are less than half that amount. The reason is obvious, no other utility has a profit motive and, unlike Superior Water, Light and Power, every other utility is accountable to voters.

Now, I admit, I can't fully describe everything that's wrong about their plan. Partially because I don't have enough time but also because they've never released one. To date, this utility, which has known that they have lead lines for 50 years, and has known that they are dangerous, has not replaced a single customer side line. They don't have a grant program, they don't have a low interest loan program, they don't have a high interest loan program. They are part of a billion dollar company that profits off the people of the Northwoods, but they refuse to replace toxic infrastructure unless the people of Wisconsin pay for it. If they want you to change the law so that they can get our money, Mr. Chairman, isn't it basic fiscal responsibility to at least know how they intend to spend it? I have been paying a Superior Water, Light, and Power bill since the day I left the Marine Corps, and I can tell you, they will not use this money responsibly.

Superior Water, Light, and Power will insist otherwise. They'll claim that they will solicit bids and must choose the lowest bidder. But they won't. They'll put it out for bids but just toss the contractors they don't want. Just last week, the City of Superior awarded a contract for street construction and lead line replacement. One of the utility's strongest supporters attended our meeting and demanded we throw out the low bidder and award to a more expensive contractor that he liked better. Besides, the utility has already announced that they are willing to pay more than double the cost, why would any contractor bid less than that in the first place?

Superior Water, Light, and Power will also claim if they aren't given free money from taxpayers, they'll be forced to recover those costs through rate increases. Now obviously, that's false. They could simply do the right thing and protect their customers. We know they can afford it. They just refuse. Any company that will come in front of this committee and promise to hurt their own customers unless we pay them not to, can't be trusted to do the right thing after we've caved to their demands. Besides, if they try to recover inflated costs through rate increases, at least we can fight them at the PSC. But if you agree to fund 75% of an inflated project, which is what this

bill proposes, it leaves customers to pay the remaining 25%, which is going to once again stick us with the highest infrastructure costs in the state.

Just a few months ago, advocates for this bill proposed a resolution of support for AB 59 at our city council. It failed, with a majority of city councilors voting against it because we know that our constituents can't afford this bill.

Mr. Chairman, members of the committee, the City of Superior should be doing this work, just like every other city in Wisconsin. We are doing this work. We started last week. We are transparent in our contracting, accountable to the voters, and we have a track record of performing utility work at the lowest possible cost. I hope the legislature and administration will help us do this work, but please, for the sake of your constituents and mine, don't fund a company that's already taken enough of our money and will only use your kindness to exploit us further.

Let me end by quoting the author of this bill, Senator Quinn, as he commented on another utility issue: "incumbent utilities should have to come to the table with something for ratepayers. Can they agree to cost caps during construction? Can they reduce their rate of return of their shareholders? Can they agree to not raise rates for a certain number of years? The answer is always the same: NO. I did not run for office to guarantee private shareholders a guaranteed rate of return on their investment. Unless the utilities come to the table with a better deal for ratepayers, my answer is also NO."

Mr. Chairman, that's my answer too. I respectfully request the committee reject this bill.



Assembly Committee on Energy and Utilities

AB59 Lead Service Lines

May 28, 2025

Good afternoon, Chair Steffen and members of the Committee. My name is Becky Scott. I am a Section Manager in the Environmental Loans program in the Wisconsin Department of Natural Resources. Thank you for the opportunity to testify, for informational purposes, on AB59, related to lead service line replacement funding through the Safe Drinking Water Loan Program, which is Wisconsin's Drinking Water State Revolving Fund (DWSRF).

Wisconsin's DWSRF provides both subsidized loans and principal forgiveness. Principal forgiveness is essentially a grant. Currently, a privately-owned water utility that serves a municipality, of which Superior Water, Light & Power (SWL&P) is the only one in the state, is eligible to receive loan funding but is prohibited by state statute from receiving principal forgiveness. AB59 would amend section 281.61(2r)(e) of state statute to allow a privately-owned water utility, such as SWL&P, to receive principal forgiveness for lead service line replacements.

Under federal regulations, only community water systems and nonprofit noncommunity water systems are eligible applicants for DWSRF funding. This means that the City of Superior, because they are not a community water system or a nonprofit noncommunity water system, is not an eligible applicant for the DWSRF.

If section 281.61(2r)(e) of state statute was amended, Wisconsin's DWSRF could provide a privately owned water utility, such as SWL&P, with principal forgiveness funding to remove both utility side & customer side lead service lines. Under program rules, the customer side of the lead service line would be eligible for principal forgiveness covering 75% of construction costs.

On behalf of the Department of Natural Resources, we would like to thank you for your time today. I would be happy to answer any questions you may have.

AB 59/SB 56 conflicts with public interest

The Superior City Council rejected the utility's

resolution of support for AB 59/SB 56 because the proposal, most of all, their costs were in direct conflict with the public interest.

Bipartisan Opposition

SWLP tried to pass this bill in 2015, which was rejected with bipartisan opposition. Ten years later, this is still understandably the case.

The Superior Water Light and Power Company (SWLP)

Is excluded from these public funds **because** they are the only water utility in the state turning a generous profit to shareholders by selling privatized drinking water from Lake Superior.

Avg. municipal bids in Wisconsin are \$4,200 per customer side LSL
SWLP estimates they will charge \$10,000 (2.5x higher) per customer side LSL

Private prices, private profit.

Being a private utility is not a disadvantage for the SWLP Company; the party at a disadvantage are their captive customers.

Respectfully, Representative Green is not elected by the City of Superior.

This proposal is premature and does not have local approval.

SWLP has no Plan

Municipal programs are popular and well established

Residents have not been given any kind of blue print that might explain what kind of interest, conditions, timelines or consequences residents might experience when contracting with the for-profit entity

Local Progress

Residential Lead Service Lines

The City of Superior will replace residential lead service lines **this summer** in conjunction with road construction, for no additional costs/billing.

Allette is a multi billion dollar company.

Ownership in Flux

BlackRock

SWLP is a subsidiary of Minnesota's Allete Inc., which is working on finalizing their acquisition by BlackRock and Canadian Pension Partners. BlackRock alone is a 13 trillion dollar company.

AB 20\2B 20 conflicts with public interest

As of September 2024, 167,899 municipally-owned LSLs and 173,729 customer-side lines were reported in 2023—they are in line with no other resources to pay for these replacements.

More than 80,000 lines are unknown.

Clean Water Act

1986

SWLP has turned a profit on their lead service lines despite the wide publication of their harm at least 40 years ago.

SWLP's lead line inventory only became public mid October of 2024.

SWLP reports they are replacing about 285 utility-side lead service lines each year; they have been charging residents through rate cases \$7,000 per LSL.

To date, the **PSC** has been approving a nearly 10% profit return for their partial replacements. The monopoly experiences no risk on their investment

State of Wisconsin

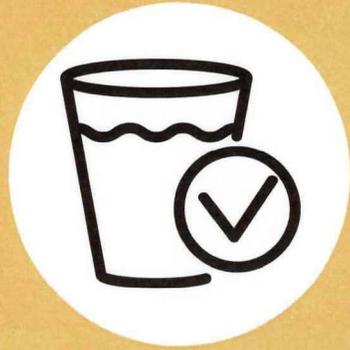
The **DNR** warns against performing partial LSL replacements due to increased risk of lead exposure. It's unclear if any resident has ever been notified of the increased protocol required during a partial replacement.

Our water is safe-SWLP

Inventory

Principal Forgiveness

2.5x more expensive



SWLP cannot or has not demonstrated financial need.

The City of Superior already runs a successful and no or low cost residential plumbing replacement program.

SWLP's lead line inventory only became public in October 2024. 7 months later, the count is still not complete.

SWLP is responsible for replacing their 3,700 private lead service lines.

SWLP testified they intend to add \$10,000 to their existing costs of 7,000 per line.

Their inventory shows 800 residential lead service lines.

800 LSLs at the typical municipal rate is about **3 million dollars.**

800 LSLs at SWLP's private rate is **8 million dollars.**

Federal Capitalization (PF) *does not* save anyone any money.

Principal Forgiveness will reimburse SWLP dollar for dollar on their inflated invoices.

The remaining balance due (a loan) then gets handed to residents that can earn up to 4% interest.

Residents are already overpaying the utility more than 1.5x the typical municipal cost to change SWLP's private infrastructure, utility-side LSLs.

AB 59 proposes the state pay \$12,750 *per home/LSL* from public, limited, shared funds.

Even after 75% PF is applied, residents would still owe \$4,250 before interest.

On the shores of Lake Superior

City of Superior residents pay some of the highest water rates in the state because our water utility is owned by investors. This is not a company short on money.

Of Wisconsin's large water utilities, SWLP is the 99th most expensive (out of 101).

Their minimum quarterly bill before volume/usage charges:

Fire: \$40.50

Base connection: \$60

\$100.50 *before* their volume rate of **\$6.27/ccf**

PSC chart of class AB water utilities (< 10,000 customers) 80-101, sorted by lowest to highest cost.

A	B	C	D	E	F	G	H	I	J	K	L	M
Utility ID	Utility Name	Rate Schedule	County	Utility Class	Minimum Quarterly Bill (0.625 inch meter)	6000 GAL	12000 GAL	15000 GAL	18750 GAL	75000 GAL	Effective Date	Footnote
5590	South Milwaukee Water Utility	Mg-1	Milwaukee	AB	34.91	68.83	102.75	119.71	140.91	458.91	2/1/24	
3280	Madison Water Utility	Mg-1R	Dane	AB	42	69.6	101.7	120	143.85	783.45	3/1/23	
2310	Town of Grand Chute Sanitary District 1	Mg-1	Outagamie	AB	21	69.84	118.68	143.1	173.63	622.95	7/1/24	
4730	Village of Pleasant Prairie Water Utility	Mg-1R	Kenosha	AB	45.03	70.17	95.31	107.88	123.59	359.28	5/1/22	
2470	City of Hartford Utilities	Mg-1	Washington	AB	40.5	70.2	99.9	114.75	133.31	411.45	1/8/11	1
6300	Wausau Water Utility	Mg-1R	Marathon	AB	25.65	70.29	114.93	137.25	165.15	583.65	7/1/23	
3420	Marshfield Utilities	Mg-1	Marathon	AB	30	71.92	113.84	134.8	161	554	5/1/25	
3420	Marshfield Utilities	Mg-1	Wood	AB	30	71.92	113.84	134.8	161	554	5/1/25	
70	Village of Allouez Water Department	Mg-1R	Brown	AB	34.5	72.6	120.3	144.15	173.96	726.9	1/1/22	
4780	Port Washington Municipal Water Utility	Mg-1	Ozaukee	AB	27	73.16	119.32	142.4	171.25	582.4	9/1/23	
5990	Two Rivers Water and Light Utility	Mg-1	Manitowoc	AB	40.5	75.46	110.42	127.9	149.75	477.5	9/1/23	
4480	City of Oshkosh Water Utility	Mg-1	Winnebago	AB	29.82	78.62	127.42	151.82	182.32	618.62	6/1/23	
2010	Fond Du Lac Water Utility	Mg-1	Fond du Lac	AB	44	81.92	119.84	138.8	162.5	511	1/6/23	
1610	De Pere Water Department	Mg-1	Brown	AB	33	82.08	131.16	155.7	186.38	632	6/1/24	
2800	Kaukauna Utilities	Mg-1	Outagamie	AB	37.8	84.28	130.76	154	183.05	593.86	10/16/23	
2620	Village of Howard Water and Sewer Department	Mg-1R	Brown	AB	50.7	91.8	132.9	153.45	179.14	564.45	1/20/21	
3560	Menasha Electric and Water Utilities	Mg-1	Winnebago	AB	42	99.78	157.56	186.45	222.56	754.65	6/1/24	
1800	Elkhorn Light And Water	Mg-1	Walworth	AB	33	107.24	181.48	218.6	265	937	3/1/24	
6240	City of Waukesha Water Utility	Mg-1R	Waukesha	AB	60	107.88	162.9	193.98	232.83	946.68	10/1/24	
5820	Superior Water Light And Power Company	Mg-1R	Douglas	AB	60	110.16	160.32	185.4	216.75	687	1/1/25	
6240	City of Waukesha Water Utility	Mg-1R2	Waukesha	AB	60	115.98	171.96	199.95	234.94	1058.9	10/1/24	
6240	City of Waukesha Water Utility	Mg-1R3	Waukesha	AB	60	115.98	171.96	199.95	234.94	1109	10/1/24	

Self Sufficient Solutions

Residents of Superior pay SWLP's wages, executive salaries, and shareholder profits; we purchase and maintain their equipment, and open the roads that facilitate their projects.

We're asking to work towards the best solution for residents who have lead service lines. The utility can continue working on their privately owned service lines in the meantime.

The Revised Lead and Copper Rule advises states exercise flexibility in order to distribute federal money to communities. SWLP is not a community.

SWLP does not work for, account to, or represent the municipality. Their bills SB 56 and AB 59 are in direct opposition to city's voice.

SWLP is not a public entity and is not beholden to public oversight, meeting notices, sunshine laws, elections, or any municipal transparency practices.

Being a private utility is not a disadvantage to the Superior Water Light and Power Company.

The State of Wisconsin has a long history of recognizing this fact to protect public money for public projects.

Thank you for voting no on AB 59/SB 56

We can't afford this bill.



AN ALLETE COMPANY

MEMO

From: Joscelyn Skandel; Zach Martin
To: Assembly Committee on Energy and Utilities
Date: May 28, 2025
RE: Testimony for Assembly Bill 59 (lead line service replacement)

Joscelyn Skandel

My name is Joscelyn Skandel, Director of Compliance, Regulatory & Customer Programs at Superior Water Light & Power.

I want to thank Chair Steffen and the entire Energy and Utilities Committee for holding this hearing on a key issue for our lead service line replacement efforts. I also want to thank Rep. Chanz Green and Sen. Romaine Quinn for their leadership on this critical issue for Superior residents.

Superior Water, Light & Power is a privately held regulated utility providing electricity, natural gas, and water to the City of Superior, WI and the surrounding communities in Northwestern Wisconsin. We have served our customers proudly since 1889. SWL&P employs around 100 people, many are members of IBEW Local 31.

The City of Superior and the customers we serve are a major hub for manufacturing, tourism, shipyards, and port traffic for the state of Wisconsin. While SWL&P is proud to serve all customers, we are here today for one reason, to reduce the cost of replacing lead services lines for our 10,000 water customers.

Like our peer water utilities across the state, initial reviews of our water service lines identified those that contain lead. For reference, the utility owns the water line that runs under the street and up until a customer's curb stop. Customers own the water lines between the curb stop and their home.

While the water we provide today is safe for customers, we know that at least 3,700 utility lines and 800 residential lines contain lead and require replacement. We continue to analyze our data and expect the number of residential service lines will increase as lead is replaced. We take great care in replacing these lines because we know these activities can be disruptive even though they're necessary.

On the customer side, we estimate the cost to replace a lead service line is upwards of \$10,000 per home which will have major financial impacts on Superior families. Today's bill, Assembly Bill 59, can offset these costs with federal dollars up to 75%.



AN ALLETE COMPANY

I also want to recognize the tremendous support we have received in our legislative efforts which include business advocates like the Area Chamber of Commerce, Superior Business Improvement District, and Wisconsin Manufacturers and Commerce; labor interests like IBEW Local 31, LiUNA local 1091, the Northern Wisconsin Building trades and the entire Wisconsin Building Trades Council; ratepayer interests like the Citizens Utility Board of Wisconsin, and over 200 local residential supporters that have signed up on our website to support these efforts. We also believe this bill complements Governor Evers' efforts on lead service line replacement, as well.

My colleague Zach Martin will talk about the funding mechanisms involved.

Zach Martin

Good afternoon and thank you again for considering this important bill today. I am Zach Martin, Government Affairs Manager for Superior Water, Light & Power.

A bit of quick history, the EPA's final Lead and Copper rulemaking in October 2024 requires all water utilities in the United States to replace all water lines that contain lead, a harmful heavy metal. This is a nationwide issue and these water systems are complex.

To help utilities and their customers pay for these replacements, Congress appropriated federal funds to the Water State Revolving Fund through the Bipartisan Infrastructure Law's authorization. These funds are then allocated to the states based on a Needs Survey. Here's how the dollars break down:

The federal funds total \$3.25 billion this year with the state of Wisconsin receiving \$83 million. Wisconsin's water utilities apply for these funds through the Wisconsin Department of Natural Resources. Federal funds for next year are \$3.25 billion as well, and we expect next year's state allocations to be released shortly.

However, Superior Water, Light & Power's water utility is the only utility in the state that cannot apply for these funds because of existing state statute. Current law says a privately-held water utility cannot apply for public financing. Privately-held electric and gas utilities do not have this restriction.

This means our 10,000 water customers stand at a unique disadvantage amongst all other Wisconsin water customers when it comes to lowering the cost on lead line replacement. Assembly Bill 59 provides a simple, targeted language fix which would allow privately-held water utilities to apply for principal forgiveness on loans which are meant for lead line replacement.

We are here today to advocate for that solution. Thank you again for holding this hearing and we will standby for any questions.

To The Members of the Assembly Committee on Energy and Utilities.

My name is Nicholas Ledin and I am a City Councilor in Superior Wisconsin representing District 1. I am writing today to voice my opposition to AB 59.

The use of new lead water lines was banned in the United States in 1986. According to the Wisconsin DNR, SWL&P has been eligible for SDWLP for the last 10 years and has never applied, why? One of two reasons or both, lead line remove wasn't a priority, or they didn't want to use their own money to replace them. SWL&P has been our utility company for over 100 years, they were the ones that put these lead lines in the ground, now they want tax dollars to remove them. The use of new lead water lines was banned in the United States in 1986. According to the Wisconsin DNR, SWL&P has been eligible for SDWLP for the last 10 years and has never applied, why? One of two reasons or both, lead line remove wasn't a priority, or they didn't want to use their own money to replace them. What have they been doing the last 39 years since lead has been banned SWL&P done nothing to remove these lead lines. Again, why? To me the answer is simple. They don't want to pay for it. They want the citizens of Superior to pay for it through taxpayer funded grants and rate increases.

SWL&P has raised rates in Superior in 2017, 2019, 2023 and 2025. These rate increases have taken \$39.9 million out of the hands of hard-working Superior residents during that time. That's almost enough money to cover the cost of lead line replacement. But \$39.9 million isn't enough for SWL&P. They want access to taxpayer dollars, with no plan in place.

This is one of the reasons the Superior City Council rejected a resolution of support for AB 59. SWL&P has no plan for how they are going to replace these lines. They have no plan for how much residents of Superior will pay to have their lines replaced, or what interest rates will be if residents cannot afford the upfront cost of replacement. They just say "give us the money and trust us." After years of taking money away from our residents I simply cannot trust them to do the right thing for the residents of Superior. (Although they are doing right by their investors)

It is my hope that this committee rejects AB 59. It would make SWL&P, a private for-profit utility company, a subsidiary of Allette a multi-billion-dollar utility conglomerate, soon will be owned by a multi-trillion-dollar private equity firm Blackrock, eligible for federal taxpayer dollars when there is no need to provide them with this money. SWL&P has been our utility company for over 100 years, they were the ones that put these lead lines in the ground, now they want tax dollars to remove them. Its high time that they pay for something themselves and not put it on the shoulders of the citizens of Superior, or the taxpayers of Wisconsin. I thank you for your time.

Nicholas Ledin

City Councilor, City of Superior Wisconsin

District 1

WMC

Wisconsin's Chamber

TO: Members, Assembly Committee on Energy and Utilities

FROM: Adam Jordahl, Director of Environmental & Energy Policy

DATE: May 28, 2025

SUBJECT: Support for 2025 Assembly Bill 59

Chair Steffen and Members of the Committee:

Wisconsin Manufacturers & Commerce (WMC) appreciates the opportunity to provide testimony on Assembly Bill 59, which would allow a privately-owned community water system to access federal capitalization grants for the purpose of replacing lead service lines. We thank Representative Green and Senator Quinn for introducing this simple, commonsense change to state law.

WMC is the largest general business association in Wisconsin, representing approximately 3,800 member companies of all sizes, and from every sector of the economy. Since 1911, WMC's mission has been to make Wisconsin the most competitive state in the nation to do business. This mission includes advocating for policies that allow businesses to operate on a level playing field.

Although virtually all community water systems in Wisconsin are municipally owned, some Wisconsin homes and businesses receive water service from a privately-owned utility, namely the Superior Water, Light & Power company, which provides water service to about 10,000 customers.

We are all aware of the detrimental health effects of lead poisoning. Before those effects were well understood, lead was commonly used as a material for plumbing pipes, and some of those pipes are still in use today. Now, with the help of federal, state, and local governments, water utilities around the country are working to replace the remaining lead service lines that are still in use by the water utilities and their customers.

Many water systems and individual homeowners depend on state support to finance lead service line replacement projects. In this context, it makes little sense for the state to differentiate between publicly and privately owned community water systems. This is not about profit or financial gain; this simple change to state law will benefit the 10,000 water customers served by Superior Water, Light & Power. Regardless of whether a community water system is publicly or privately owned, the benefits of replacing lead service lines are the same, and those important benefits accrue to all Wisconsin residents.

For the foregoing reasons, WMC respectfully asks the members of this committee to support AB 59. Thank you for your consideration of this testimony, and I am happy to answer any questions.



WISCONSIN STATE REPRESENTATIVE

Angela Stroud

73RD ASSEMBLY DISTRICT

From: Representative Angela Stroud
To: Assembly on Committee on Energy and Utilities
Re: Testimony on Assembly Bill 59
Date: May 28, 2025

Thank you for the opportunity to submit testimony on Assembly Bill 59. As the representative for the 73rd Assembly District, which includes the City of Superior, I want to express my deep concern about the implications of this legislation for my constituents.

It is with regret that I cannot appear before you in person today. My father's funeral is taking place this week, and I must be with my family. However, I feel it is important that you hear directly from me, as this issue impacts only one community in the state, and it is in my district.

AB59, as currently written, would allow the privately owned Superior Water, Light and Power (SWL&P) to access Safe Drinking Water Loan Program funds, including principal loan forgiveness that is typically reserved for public utilities. While the goal of lead pipe replacement is one I fully support, the current structure of this bill raises serious concerns about the use of public dollars to subsidize private infrastructure owned by a for-profit utility.

SWL&P is owned by Allete, which is in the process of being sold to two private investment firms: Canada Pension Plan Investment Board and Global Infrastructure Partners; Global Infrastructure Partners is now owned by BlackRock. This ownership transition is taking place as the City of Superior has begun the process of exploring municipal ownership of its water utility. The timing of this legislation raises legitimate questions about whether access to public funds would be used to increase the value of the utility ahead of potential acquisition, driving up costs for ratepayers and taxpayers.

Critically, SWL&P already has access to public programs to replace lead laterals. They have been eligible for extremely low-interest loans for ten years. In the last year, the rate for these loans has dropped to 0.25%. Meanwhile, Superior residents pay the second highest water rates in the state; rates that are not temporary or tied to a capital project but instead are permanent and rising, with double-digit increases every two years. It is difficult to accept that a for-profit company should have access to a limited pot of public dollars when they have turned down already generous state subsidies for over a decade.

Another significant concern is that the utility has cited the cost of customer-side lead lateral replacement at double the state average. Even with principal forgiveness at 75%, customers could be stuck paying \$2,500 while residents of other municipalities would have average costs that are half that amount. Superior residents are already paying more and getting less, with no public control or accountability over the utility's decisions. We must ensure that we are not making matters worse.

Given these concerns, and my duty to represent the interests of my constituents, I cannot support AB59 in its current form. I urge the committee to take seriously the unique circumstances facing my district and to consider the long-term consequences of extending public dollars to a private utility.

Thank you for your time and consideration.

A handwritten signature in cursive script that reads "Angela Stroud".

WISCONSIN STATE CAPITOL P.O. Box 8953, Madison, WI 53708 | TELEPHONE (608) 237-9173



30% POST-CONSUMER FIBER

I'm writing tonight to let you know that as both an elected official and resident of the City of Superior, I **strongly object** to the language of Senate Bill 56 and **Assembly Bill 59** to award public tax dollars to a private corporation. I really wish I could join the mayor down in Madison, but I'll be holding down the fort here in Superior this time, so I hope you'll take a moment to consider my email.

According to Superior Water Light and Power's (SWLP) Literature:

*"• Customers are responsible for replacing service lines from the curb stop to their home and the replacement cost is estimated to average about \$10,000.
• Principal forgiveness from the DWSRF could save customers approximately 50% of this cost.
• Under the current statute, s.281.61(2r)(e), SWL&P customers can't access the financial benefit available to customers of the state's other drinking water providers.
• Without DWSRF funds, the cost to offset a portion of service line replacement would be recovered through rates, resulting in higher water rates for customers. "*

However, this misleading information leaves out some very important details:

- SWLP is a subdivision of MN Power, a subdivision of Allete, soon to be a subdivision of a partnership between a Canadian Pension Fund and Global Infrastructure partners, which is owned by Private Equity Firm BlackRock. Yes, that BlackRock. Should tax dollars be given as a gift for one of the wealthiest companies on the planet and a foreign-owned pension fund? I'd like to argue "no".
- Lead lines have been known to be dangerous for 100 years and illegal to install since 1986. SWLP has done nothing for 100 years and then brought this bill forward in 2025. Why? The city has initiated a purchase process so that the citizens can be brought up to the same basic standard as every other resident in the state. The purchase process is laid out in state chapter 197:
<https://docs.legis.wisconsin.gov/statutes/statutes/197>

Because this process lists the primary way to determine value of the utility as the install cost minus depreciation, the utility is working overtime suddenly to install new pipes to drive the value of the assets up to make it harder for the city to finance the acquisition. They've also worked to rapidly depreciate their assets every year, except now, when they just filed an adjustment to slow their depreciation schedule. This makes their utility appear more valuable in the acquisition formula.

- Residents in Superior already pay the some of the highest water rates in the state. These rates weren't spent on fancy equipment and we're located on Lake Superior, an inexpensive, unlimited, and relatively clean water source. The rates go out as profit to the shareholders and officers of the state's only private water utility. You could easily make the evaluation that the residents here already paid money to have the

pipes replaced, but SWLP paid it to shareholders instead of doing this work. They have a goal to make as much money as possible while working within WI law. The city has a very different goal of providing the best water at the best possible cost to residents. The goals are not compatible.

- This bill won't save residents any money. The projected costs are far larger than other cities that are tackling lead lines already. If the state average is \$5000 for municipal utilities and SWLP's estimate is \$10,000 and the grant covers half the \$10k, the resident still pays \$5k, but SWLP snuck out extra tax dollars as a giveaway to their owners. Need more info here? Call you local city engineer and ask them about replacement costs for your community; they're not \$10k a house....

We don't want to delay lead lines replacement, but let's be real: SWLP has already delayed the work for a hundred years. Here's what the city of Superior is already doing on this issue without cooperation from SWLP:

- The city is replacing lead lines this year as we do road repairs, at no cost to the individual owners; SWLP will be required by law to replace their portion as we do the work.
- The city is already eligible for the grants if we buy the utility and handle the work SWLP has ignored for a century.
- The city is already working with the DNR to access grant funding and looking at other sources to expand the pace of this work without SWLP.
- The city is interviewing consultants to help us prepare detailed plans for voters to review about this important issue.
- The city already runs a garbage dump, a sanitary and storm water system, a municipal fiber optic utility, and easily manages grants. Water utility acquisition is well within our skill set, plus every other Wisconsin city also does this, we can too.

Our voters will get to decide on an acquisition, and they deserve that opportunity, not the state Assembly. Please vote against this bill and allow us to have what everyone else in the state already does: a water utility that works for the residents and not a private company maximizing profit for foreign investors over the health of our residents. Would you want your local water utility to have to fight BlackRock for public tax grant dollars? If this passes, they will be competing for the same funds. The League of WI Municipalities opposes this bill for that reason. This is bad for all public water utilities in the state, including yours.

-Garner Moffat
320-292-5675
Superior City Councilor

1702 N 21st St
Superior WI 54880