



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

February 10, 2016

TO: Members
Joint Committee on Finance

FROM: Rick Olin, Fiscal Analyst

SUBJECT: Assembly Amendments to Assembly Bill 804: Utility Regulation

Three Assembly Amendments were introduced on February 9, 2016, to Assembly Bill 804 (AB 804) relating to Public Service Commission (PSC) and Department of Natural Resources (DNR) regulation of certain utility facilities.

Assembly Amendment 1

Current law requires the state's investor-owned utilities to spend 1.2% of their annual operating revenues on energy efficiency and renewable resource programs, otherwise known as Focus on Energy. AB 804 would limit this calculation to the revenues from retail sales, thereby excluding sales for resale. AA 1 retains this change, but would increase the percentage used in the calculation from 1.2% to 1.5% in 2016, 1.9% in 2017, 2.5% in 2018, and 3.2% in 2019. The 3.2% rate would be used in the calculation for subsequent years, as well.

Under current law provisions, contributions to Focus on Energy total approximately \$100 million annually. AB 804 would decrease contributions to Focus on Energy by an estimated \$7 million annually, beginning in 2016. Relative to current law, AA 1 would increase contributions by an estimated \$16.3 million in 2016, \$47.3 million in 2017, \$93.8 million in 2018, and \$148.0 million in 2019 and subsequent years.

**Focus on Energy Contribution Levels Under Current Law, AB 804 and AA 1
(\$ in Millions)**

	<u>Revenues</u>	<u>Change to Current Law</u>	<u>Change to Bill</u>
Current Law (1.20%)	\$100.0		
Bill (1.20%)	93.0	-\$7.0	\$0.0
1.50%	116.3	16.3	23.3
1.90%	147.3	47.3	54.3
2.50%	193.8	93.8	100.8
3.20%	248.0	148.0	155.0

Assembly Amendment 2

AA 2 would modify current law provisions regarding PSC approval of certain public utility projects.

Currently, state law prohibits public utilities from constructing certain electric generating facilities and transmission lines unless the PSC has granted a certificate of public convenience and necessity or a certificate of authority. However, current law specifies several exceptions to this requirement based on the estimated gross cost of the proposed project. The amendment would create an additional exception to the requirement for projects involving the rebuilding of an existing transmission line and associated facilities to increase the line's capacity to carry the same voltage. The rebuilding would include conductors, insulators, transformers, or structures. In addition, the following conditions would be required:

- the existing transmission line and associated facilities are designed for operation at a nominal voltage of less than 345 kilovolts;
- the centerline, as defined under current law, of the rebuilt electric transmission line is located within 60 feet on either side of the centerline of an existing electric transmission line operating at a nominal voltage of 69 kilovolts or more;
- the project requires the acquisition of one-half mile or less of rights-of-way from landowners from which rights-of-way were not required to be acquired for the existing electric transmission line; and
- the project will not have undue adverse environmental impacts on any new rights-of-way required for the rebuild.

Assembly Amendment 3

First, AA 3 would modify the membership requirements for the one-call system panel created by the bill to resolve complaints. AB 804 specifies that the panel would consist of seven to nine members appointed by the system. The amendment would set the number of panel members at seven and specify the membership as the following:

- one Public Service Commission staff member;
 - one transmission facility owner;
 - one employee of the one-call system operational center;
 - one excavator;
 - one member who represents the interests of a city, village, town, or county;
 - one member who represents the interests of the Department of Transportation (DOT);
- and
- one person employed as an underground line locator.

Second, the amendment would modify the conditions under which a forfeiture can be imposed for violation of the one-call system statutes. Under current law, a forfeiture is imposed by circuit court provided the person "willfully and knowingly" commits a violation. AB 804 would change this procedure by authorizing the PSC to impose forfeitures and deleting the requirement that violations be willful and knowing. The amendment would restore the willful and knowing requirement.

Third, the amendment would limit the individuals or organizations who could file a complaint with the one-call system panel created under the bill. Under the amendment, only the following individuals could file a complaint:

- a PSC staff member;
- the one-call system;
- DOT, or a city, village, town, or county if property under the jurisdiction of DOT, city, village, town, or county is affected by an alleged violation; and
- a transmission facility owner, excavator, or underground line locator whose property or activities are affected by an alleged violation.

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