PUBLIC SERVICE COMMISSION

Budget Change Items

Broadband Provisions

1. BROADBAND EXPANSION GRANT PROGRAM

Governor: Provide one-time funding of $750,000,000 GPR in 2023-24 for the broadband expansion grant program in a new, continuing appropriation. The program has base funding through the state segregated universal service fund (USF) budgeted at $2,000,000 each year. Combined, the total amount budgeted for broadband expansion grants would be $754,000,000 during the 2023-25 biennium. In addition, provide $80,300 PR in 2023-24 and $102,900 PR in 2024-25 with 1.0 position to support administration of the program.

The broadband expansion grant program supports projects that increase broadband access and capacity in unserved and underserved areas of the state. Since its inception in 2013, through February of 2023, approximately $300 million in grants has been awarded, supporting 434 projects statewide. In the 2021-23 biennium, $125 million in general fund-supported bonding, $140 million in one-time federal coronavirus relief funding, and $14 million in USF SEG funding was provided for state broadband expansion grants.

In addition, the federal Infrastructure Investment and Jobs Act (IIJA) created the Broadband, Equity, Access and Deployment (BEAD) Program. $42.45 billion is provided for broadband deployment under BEAD, consisting of a minimum of $100 million for each state, with the remainder allocated based on the state's proportion of unserved locations, determined by maps created by the Federal Communications Commission (FCC), and 10% set aside for certain high-
cost unserved locations. The National Telecommunications (NTIA), the administrator for BEAD, has indicated BEAD's first allocations to states will be made by June 30, 2023. Wisconsin is anticipating a total allocation of approximately $700 million to $1.1 billion.

The bill would require PSC to award no less than 10% of the 2023-24 appropriation amount ($75 million) in each fiscal year beginning in 2023-24. The bill specifies that if PSC does not receive sufficient applications to meet the minimum required allocation, the Commission must award the maximum amount possible in that fiscal year based upon grant applications received. If the appropriation balance is less than 10% of the total amount, PSC must award the entire remaining balance in that fiscal year.

[Bill Sections: 282 and 2433]

2. CHANGES TO THE BROADBAND EXPANSION GRANT PROGRAM

Governor: Make various modifications to the state broadband expansion grant program and certain related provisions, including: (a) consolidating definitions of "unserved" and "underserved"; (b) giving PSC authority to set broadband speed thresholds; (c) changing grant prioritization criteria; and (d) introducing a 30-day grant challenge period for internet service providers (ISPs). In addition, provide $86,700 in 2023-24 and $111,200 in 2024-25 with 1.0 position for administration of the grant program challenge process.

Unserved and Underserved Areas. Under current law, the statutes define "underserved" areas as areas of the state that are served by fewer than two broadband service providers and "unserved" as areas not served by an ISP that is a fixed wireless service or wired service and that provides service at actual speeds of at least 20% of the upload and download speeds for advanced telecommunications capability as designated by the FCC. Currently, the FCC definition of broadband speed is 25 megabits per second [Mbps] download speed and 3 Mbps upload speed (25/3), meaning the minimum speed under the unserved definition for state purposes is 5 Mbps download/0.6 Mbps upload (5/0.6).

The bill would repeal the definition of underserved. Additionally, various statutory references to underserved areas would instead refer to unserved areas, including: (a) easements or rights-of-way granted by the Departments of Natural Resources or Transportation for placement of broadband infrastructure in unserved areas; and (b) the public purpose finding for general obligation bonding authority provided for broadband expansion grants in the 2021-23 biennium.

The broadband expansion grant program would require providing grants to "unserved" areas, and the bill would expand the definition of unserved to specify that service must be available, reliable, and affordable, as defined by PSC. Additionally, the bill would change the speed standard for an unserved area to download speeds of at least 100 Mbps and upload speeds of 20 Mbps (100/20), and PSC would have authority to adjust speed standards on July 1 of each odd-numbered year if it is determined that there is cause to do so to align with technological changes and market conditions. Under current law, PSC uses speed standards set by the FCC to define unserved and inform the grant process.
Broadband Expansion Grant Prioritization. Under current law, PSC is to establish criteria for evaluating grant applications and awarding grants. PSC currently must give priority to projects that: (a) offer matching funds; (b) involve public-private partnerships; (c) operate in an unserved area; (d) impact a large geographic area or large number of individuals and communities; (e) demonstrate potential for broadband network growth or economic development; and (f) minimize competition with other broadband service providers. Grants also may not subsidize expenses of a telecommunications provider, or the monthly bills of customers of such a provider.

The bill would modify grant priority criteria as follows: (a) give priority to projects with at least 40% matching funds, with higher priority given to projects with higher match; (b) give priority to projects that are capable of offering download speeds of 100 Mbps and upload speeds of 100 Mbps (100/100) or faster, with PSC authorized to adjust this speed threshold on July 1 of every odd-numbered year if there is good cause to do so based on technological changes or market conditions; (c) change criteria from prioritizing projects in large geographic areas to prioritizing projects in geographic areas that are considered difficult to connect; and (d) remove the requirement to prioritize projects that minimize competition between broadband service providers.

Under current law, PSC must consider the following factors: (a) the degree to which projects would duplicate existing broadband infrastructure; (b) a project's impact on the ability of individuals to access health care services from home, and the cost of those services; and (c) a project's impacts on the ability of students to access educational opportunities from home. The bill would add required considerations of: (a) affordability of service; and (b) federal funding for broadband facilities in the project area.

Grant Challenges. In addition, the bill would create a process by which ISPs can challenge grant applications. Within 10 days of the close of a broadband expansion grant application period, PSC would be required to publish on its website information on proposed service areas and service speeds for each application. ISPs would have 30 days to challenge a proposal if it is in, or proximate to, an area where the ISP claims to already provide service. An ISP would be required to demonstrate: (a) current available, reliable, and affordable fixed wireless or wired service of 100/20 in any part of the area; or (b) a documented commitment to providing available, reliable, and affordable fixed wireless or wired service of 100/20 to any part of the area no later than 24 months after the date that PSC would award the grant. The bill would prohibit PSC from funding any area within a project where a challenge is issued and deemed credible. If an ISP issues a challenge and fails to fulfill its commitment to providing service, PSC would be prohibited from awarding grant funding to that ISP, and the ISP would be prohibited from participating in the challenge process, for two grant cycles, unless the Commission were to find the failure to fulfill was beyond the challenger's control. The Commission would then be required to prioritize grants for areas that remained unserved due to an unfulfilled commitment following a challenge.

Initial Applicability. The broadband expansion grant program changes would take effect on publication of the bill. However, the changes would first apply to the first grant cycle beginning after the bill’s enactment.

[Bill Sections: 51 thru 53, 584, 1699, 2423 thru 2426, 2428 thru 2432, 2435, 2436, 9336(1)]
3. **BROADBAND LINE EXTENSION GRANTS**

**Governor:** Create a broadband line extension grant program, and provide grant funding of $1,750,000 in 2023-24 and $3,500,000 beginning in 2024-25 in a new, annual appropriation. Authorize the Commission to make grants of up to $4,000 to residents of properties not served by a broadband service provider to assist in paying customer costs associated with connecting to broadband service. Allow the Commission to establish criteria for evaluating applications and awarding grants, and require the Commission to give priority to grants for properties of primary residence.

[Bill Sections: 281, 283, 284, 2427, and 2434]

4. **DIGITAL EQUITY PROGRAM**

**Governor:** Create a state digital equity program administered by PSC to provide outreach and assistance to promote digital equity, coordinate the administration of federal and state digital equity funding, provide digital navigation services, and implement digital inclusion activities. Define digital equity as all individuals and communities having the information technology capacity needed to fully participate in society. The program would operate within the Bureau of Broadband Digital and Telecommunication Access (BDATA). The program would be funded by an existing appropriation from the state universal service fund (USF), which is funded through assessments on providers of retail intrastate voice telecommunications services. The bill would retain base-level universal service funding of $5,940,000 SEG.

The federal Digital Equity Program, created by the Digital Equity Act (DEA) and funded under IIJA, is a program created to target broadband adoption efforts towards specific communities. Targeted communities include households with low income or low literacy, the elderly, residents of rural areas, people of color, individuals with disabilities, English-language learners, veterans, and incarcerated individuals. Census data indicated the populations covered under the DEA account for 79% of Wisconsin's total population. Funding for DEA will be distributed through three programs over five years: (a) planning grants for states to create digital equity plans that promote broadband availability and access by targeted groups, as well digital literacy and privacy awareness; (b) capacity grants for states to implement digital equity plans; and (c) competitive grants to units of government and nonprofit or community institutions to increase broadband access and availability among targeted populations.

As of September, 2022, NTIA awarded Wisconsin $952,200 for the creation of a digital equity plan and approved PSC to use $335,000 of this amount to conduct outreach for development of the plan. DEA is provided $550 million each year over five years, to be distributed to states based on their proportion of targeted populations, and Wisconsin is expecting an allocation of up to $30 million. PSC intends for the state digital equity program to meet ongoing digital equity needs beyond the one-time allocation of federal funds.

[Bill Sections: 280, 2404, 2410, and 2437]
5. **MUNICIPAL BROADBAND FACILITIES IN UNSERVED AREAS**

**Governor:** Modify provisions relating to municipal broadband facilities to create separate requirements for broadband facilities that are intended to serve areas defined as unserved under broadband expansion grant program eligibility criteria.

Under current law, no city, village, or town may enact an ordinance or adopt a resolution authorizing the municipality to construct, own, or operate any facility for providing video service, telecommunications service, or broadband service to the public unless certain public hearing, notice, revenue and cost reporting, and cost-benefit analysis requirements are met. Specifically, municipalities are to provide personnel costs and costs of acquiring, installing, maintaining, repairing, or operating any plant or equipment. Additionally, municipalities are to include an appropriate allocated portion of costs of personnel, plant, or equipment that are used to provide jointly both telecommunications services and other services. The bill would specify that a municipal broadband facility that serves an unserved area would not have to provide information on these specific costs.

Also under current law, the public hearing, notice, revenue, and cost reporting requirements do not apply to cases in which the municipality in writing solicits responses from area broadband providers as to whether the provider offers service in the municipality's boundaries, or intends to offer service in the area within nine months, and one of the following occurs: (a) no persons respond to the municipality's request within 60 days; (b) all respondents who purport to offer service are found not to offer service; or (c) a person intending to offer service within nine months does not meet such a time limit. The bill would specify: (a) for unserved areas, a provider would have to expect to offer service within three months; and (b) a person must actively plan to offer service within either the nine- or three-month limit.

Further, current law provides public hearing, notice, revenue, and cost reporting requirements are not required for a broadband service facility if the following apply: (a) the municipality itself does not use the facility to provide service to end users; and (b) the municipality determines at the time the facility is authorized that the facility does not compete with more than one broadband service provider. The bill would amend the provisions to specify facilities intended for unserved areas would not have to meet these requirements. The bill would not change a requirement that a municipality must offer use of the facility on a nondiscriminatory basis to persons who provide broadband service to end users of the service.

[Bill Sections: 1181 thru 1188]

6. **BROADBAND CONSUMER PROTECTIONS**

**Governor:** Create a requirement for broadband service providers to register with the Commission if providing broadband service in the state. The registration requirement would be in addition to other standards under the bill for low-income subscribers, discrimination, advertising standards, adequacy of service, notices for interruption of service, and billing practices. [See "Agriculture, Trade and Consumer Protection-- Regulatory Programs."]

[Bill Sections: 2438 and 9436(1)]
1. **STANDARD BUDGET ADJUSTMENTS**

   **Governor:** Provide adjustments to the agency base budget for the following: (a) reductions for staff turnover (-$301,600 PR annually); (b) full funding of continuing position salaries and fringe benefits ($369,900 PR, $519,000 FED, and $48,300 SEG annually); (c) reclassifications and semi-automatic pay progression ($26,800 PR annually); and (d) full funding of lease and directed moves costs (-$37,700 PR, -$3,500 FED, and -$1,600 SEG annually).

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2. **WATER UTILITY TRAINING AND DATA REPORTING**

   **Governor:** Provide $773,400 in 2023-24 and $612,500 in 2024-25 with 2.0 positions from the PSC's general utility regulation appropriation to support PSC oversight of water utilities. The administration indicates funding is intended to support a water conservation training program for utilities serving greater than 3,300 residents, and to support modernization of water utility data reporting for use in oversight activities.

3. **CYBERSECURITY POSITIONS**

   **Governor:** Provide $173,400 in 2023-24 and $222,500 in 2024-25 with 2.0 positions in the Division of Business Operations and Office Management for supporting cybersecurity activities at PSC. The positions would document and implement processes and procedures for securing PSC's users, applications, computers and servers in compliance with state and national standards. In addition, the positions would focus on data governance to protect agency and utility data.

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4. **ENGINEERING MODELING SOFTWARE**

   **Governor:** Provide $170,000 each year in ongoing budget authority for licensing and associated costs of advanced engineering modeling software. PSC intends to use the software to improve review of application materials from utilities applying for various construction projects or rate changes. The software would also be used to review long-term transmission planning projects and resource shifts to renewable energy or battery systems, and to perform independent studies.

| PR | $340,000 |

5. **FOCUS ON ENERGY CONTRIBUTION RATE AND ENERGY EFFICIENCY PROGRAMS**

   **Governor:** Increase from 1.2% to 2.4% the required energy utility contribution of annual
operating revenues to fund statewide energy efficiency and renewable resource programs. Wisconsin investor-owned utilities, and select municipal utilities and cooperatives, collectively operate a statewide energy efficiency and renewable resource program known as Focus on Energy (Focus). Focus provides incentives, technical resources, and information to help residential and business customers reduce energy consumption and its resulting environmental impacts through conservation, energy efficiency practices, and implementation of new technology.

PSC estimates the proposal would increase funding for Focus programs by $100 million annually. While mandated by statute, Focus is administered directly by a nonprofit constituting participating utilities, and any revenue generated from the contribution requirement is not subject to the state budget process. In calendar year 2021, Focus collected revenues of $99.9 million.

Additionally, the bill would expand the definition of energy efficiency program to include programs that deploy electric technology to meet the energy needs currently served by other fuels in order to: (a) reduce the usage of energy, increase the efficiency of usage of energy on a fuel-neutral basis, or reduce adverse environmental effects; and (b) reduce costs for electric public utilities and retail electric cooperatives or their customers or members.

[Bill Sections: 2415 thru 2417]

6. LEAD SERVICE LINE GRANT ASSISTANCE

Governor: Eliminate the maximum cost share that may be provided as principal forgiveness by utility-managed private lead service line replacement programs. Under current law, if a water utility provides financial assistance to customers to replace private lead service lines, no more than 50% of the financial assistance may be offered as a grant or principal forgiveness. Any additional costs must be provided through loans. The bill would authorize utilities to provide grants that would cover 100% of the cost of lead service line replacements.

[Bill Sections: 2413 and 2414]

7. LOW-INCOME ADVOCATE INTERVENOR COMPENSATION

Governor: Modify the intervenor compensation program to establish a set-aside of $50,000 annually for intervenors in Commission proceedings dedicated to advocating for low-income populations on economic and environmental issues. The intervenor compensation program provides financial assistance to organizations and individuals who choose to become an intervenor for a Commission proceeding. Organizations or individuals granted intervener status may submit testimony and exhibits at hearings, which become part of the record considered by the Commission in making decisions. Intervenor financing is provided through assessments on utilities involved in a given proceeding.

[Bill Section: 2411]
8. **EQUITY OFFICER POSITION**

**Governor:** Provide $35,900 in 2023-24 and $46,000 in 2024-25 and 0.5 position annually to create an agency equity officer position. The agency equity officer would be responsible for collaborating with the chief equity officer in the Department of Administration and with other agency equity officers to identify opportunities to advance equity in government operations. [See "Administration -- General Agency Provisions."]

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9. **TRIBAL LIAISON POSITION**

**Governor:** Provide $60,800 in 2023-24 and $81,100 in 2024-25 and 1.0 position annually to create an agency tribal liaison position. The agency tribal liaison would be responsible for working with Native American tribes and bands on behalf of the agency, as well as coordinating with the Director of Native American Affairs in the Department of Administration. [See "Administration -- General Agency Provisions."]

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10. **STATE OPERATIONS ADJUSTMENTS**

**Governor:** Provide $1,900 utility public benefits fund SEG annually to increase agency supplies and services funding. According to the Administration, the amounts represent a 5% increase to supplies and services funding for certain annual GPR and SEG state operations appropriations. The proposed increases would be provided to appropriations that meet the following criteria: (a) in 2021-22, the agency expended 95% or more of the amount budgeted for supplies and services; and (b) for the 2023-25 biennium, no other additional supplies and services funding is being proposed for a similar purpose.

| SEG      | $3,800 |

11. **TRANSFER TRANSMISSION OF HIGH-VOLTAGE IMPACT FEES**

**Governor:** Transfer administration of one-time environmental impact fees and annual impact fees paid by persons granted certificates of public convenience and necessity for construction and operation of high-voltage transmission lines from the Department of Administration (DOA) to the PSC.

Under current law, owners of high-voltage transmission lines make a one-time payment equal to 5% of the cost of the transmission line, and annual payments equal to 0.3% of the cost of the transmission line to DOA, which then distributes the amounts in a proportional manner to local governments affected by the transmission line. [See "Administration -- Energy and Environment."]

[Bill Sections: 170 thru 175, 491, 493, 2422, and 9101(1)]
12. **INCREASE PIPELINE SAFETY PENALTY**

   **Governor:** Increase the penalty for violation of PSC regulations on the safe production, transmission, and distribution of natural gas from a maximum of $25,000 to a maximum of $200,000 per instance (or each day of violation). Further, increase the cap on penalties for a single persistent violation from $500,000 to $2,000,000. Clarify that such penalties are to be deposited into the common school fund.

   [Bill Section: 2439]

13. **SOCIAL COST OF CARBON**

   **Governor:** Require PSC to consider the social cost of carbon in approving utility construction projects, such as those for electricity generation facilities and transmission lines. Define social cost of carbon as a measure of the cost in dollars of economic and other harm resulting from the emission of one ton of carbon dioxide in the atmosphere. Require PSC to consult with the Department of Natural Resources to determine biennially the social cost of carbon using integrated assessment models and appropriate discount rates. Require that the determined social cost of carbon be consistent with international consensus. Require PSC to submit a report biennially to relevant standing committees of the Legislature that describes the Commission's evaluation and established price. Specify that this provision first applies to applications for PSC approvals filed on December 31, 2023.

   [Bill Sections: 2406 and 9336(2)]

14. **FINANCING FOR RETIREMENT OF NONRENEWABLE GENERATING FACILITIES**

   **Governor:** Allow energy utilities to issue bonds to finance costs related to retiring a generation facility that uses nonrenewable combustible resources, such as coal or natural gas. Under the bill, the utility would apply to the Commission to issue such bonds, and repay them with the future revenues from its services. Under current law, a utility may issue bonds to finance costs related to retiring, or installing equipment at a generation facility to prevent or control environmental pollution produced by that facility.

   [Bill Sections: 2407 and 2408]

15. **UTILITY RATE SETTING**

   **Governor:** Modify current law to allow public utilities to implement low-income assistance programs if rates are approved by the Commission, through review of program eligibility criteria, credits, or rebates, and are published in the utility's schedule or tariffs. The provision would specify that establishing low-income customer assistance does not qualify as rate discrimination and is not unreasonable.

   [Bill Section: 2412]
16. NONUTILITY ELECTRIC VEHICLE CHARGING STATIONS

Governor: Exempt from the definition of public utility those persons that provide electricity only at electric vehicle charging stations for use in an electric vehicle. Under current law, such provision of electricity would be subject to the same regulation as a utility providing electricity service.

[Bill Section: 2405]

17. UTILITY FINANCING OF ENERGY IMPROVEMENTS

Governor: Allow PSC to create a program by which a utility may offer financing for energy improvements at a residential location it serves, and collect repayments through a surcharge on that customer's utility bill. If the PSC intends to implement such a program, require it to promulgate rules to do so, and require rules to specify: (a) the surcharge is assigned to a location, not an individual customer; (b) energy improvements are eligible for financing only if they are estimated to save an amount that exceeds the surcharge; and (c) financing offered to a customer may not increase the person's risk or debt.

[Bill Section: 2418]

18. ELECTRIC UTILITY INTEGRATED RESOURCE PLANS

Governor: Require investor-owned and municipal electric utilities to file integrated resource plans with PSC. Define integrated resource plan as a plan that describes the resources an electric utility may use to provide service to their customers over the next five-, 10-, and 15-year periods, including the considerations of supply and demand that would dictate the use of each resource. Resource options may include: (a) using, refurbishing, and constructing electric generating plants and equipment; (b) buying electricity generated by other entities; (c) controlling customer loads; or (d) implementing customer energy conservation.

Require that plans contain: (a) data regarding the electric utility's current generation portfolio; (b) forecasts of electricity sales and peak demand under various scenarios and plans, and plans for meeting current and future capacity needs; (c) estimates of the amount of peak demand reduction to be achieved and the proposals for achieving such a reduction, including through load management and demand response; (d) for plans proposing generation facility construction as a resource option, the type of generation technology proposed for the generation facility, the proposed capacity of the generation facility, and anticipated costs; (e) details regarding the impacts of energy efficiency programs on utility sales and peak demand under various reasonable scenarios; (f) projected energy and capacity purchased or produced from renewable or cogeneration resources; (g) an analysis of potential new or upgraded electricity transmission options; (h) an analysis of the cost, capacity factor, and viability of all reasonable options available to meet projected energy and capacity needs, including existing electric generating facilities in this state, or costs of long-term natural gas transportation contracts for gas facilities, if applicable; (i) projected total costs for each scenario reviewed; and (j) any other information required by
Commission order. Require that if a utility projects the total level of electricity purchased or produced from a renewable energy resource to decrease, the electric utility must describe why the decrease is in the best interests of ratepayers.

Provide PSC the authority to approve, reject, or modify a utility's integrated resource plan based upon what is deemed to be in the interest of the public. Require PSC to use electric utility's integrated resource plans to inform the Commission's biennial Strategic Energy Assessment (SEA), which evaluates the adequacy and reliability of the state's current and future electrical supply. Each SEA covers a seven-year period and must identify the projected demand for electric energy and assess whether sufficient electric capacity and energy will be available to the public at a reasonable price.

[Bill Sections: 2419 thru 2421]