

PUBLIC SERVICE COMMISSION

Budget Summary						FTE Position Summary				
Fund	2020-21	Governor		2021-23 Change Over		2020-21	Governor		2022-23	
	Adjusted Base	2021-22	2022-23	Base Year Doubled	Amount		%	2021-22	2022-23	Number
GPR	\$0	\$77,800,000	\$77,800,000	\$155,600,000	0.0%	0.00	8.50	8.50	8.50	0.0%
FED	2,834,700	2,980,100	2,980,100	290,800	5.1	11.75	11.75	11.75	0.00	0.0
PR	21,071,800	21,570,100	21,375,500	802,000	1.9	139.00	136.00	136.00	- 3.00	- 2.2
SEG	<u>28,518,000</u>	<u>8,520,500</u>	<u>8,520,500</u>	<u>- 39,995,000</u>	<u>- 70.1</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>0.00</u>	<u>0.0</u>
TOTAL	\$52,424,500	\$110,870,700	\$110,676,100	\$116,697,800	111.3%	154.75	160.25	160.25	5.50	3.6%

Budget Change Items

Broadband Provisions

1. BROADBAND EXPANSION GRANTS

GPR	\$147,734,100
SEG	<u>4,000,000</u>
Total	\$151,734,100

Governor: Create an annual appropriation and provide \$74,793,100 GPR in 2021-22 and \$72,941,000 GPR beginning in 2022-23 for broadband expansion grants. Additionally, reestimate the transfer provided from unencumbered amounts in other universal service fund (USF) appropriations at \$2,000,000 USF SEG each year. Combined, the total amount budgeted for broadband expansion grants would be \$151,734,100 during the 2021-23 biennium.

Created in 2013, the broadband expansion grant program supports projects that increase broadband access and capacity in underserved areas of the state. Since its inception through January 1, 2021, the program has awarded \$49.6 million in grants to 221 projects. In the 2019-21 biennium, funding of \$44 million for broadband expansion grants was transferred to the USF on a one-time basis from federal e-rate funds under 2019 Act 9. Additional amounts of \$6.5 million were provided from year-end unencumbered amounts, or "sweeps," transferred from other USF appropriations, and \$5.4 million was awarded from the state's allocation from the federal Coronavirus Relief Fund. Although the bill removes one-time funding of \$44,000,000 SEG as a standard budget adjustment, the statutes provide a minimum of \$2,000,000 each year in ongoing funding for broadband expansion grants from USF sweeps and, if necessary, USF assessments on telecommunications providers. The reestimate would account for this minimum amount of annual funding.

[Bill Sections: 281 and 2421]

2. BROADBAND EXPANSION GRANT ELIGIBILITY FOR MUNICIPALITIES

Governor: Expand eligibility for broadband expansion grants to include municipalities that: (a) lack access to at least two broadband service providers; or (b) lack access to fixed wireless or wired service at speeds of at least 5 megabits per second (Mbps) download speed and 0.6 Mbps upload speed. Under current law, municipalities are only eligible to receive broadband expansion grants if they apply in partnership with a telecommunications utility or other organization.

[Bill Section: 2420]

3. STATE BROADBAND OFFICE APPROPRIATION

Governor: Convert funding for the State Broadband Office from PR to GPR and increase funding and positions for the Office by: (a) creating a new appropriation and providing \$808,900 GPR in 2021-22 and \$870,400 GPR in 2022-23 with 6.5 GPR positions; and (b) deleting \$591,500 PR each year and 5.5 PR positions. Under current law, the State Broadband Office is supported by the Commission's general utility regulation PR appropriation, which is funded by assessments imposed on all utilities in proportion to their gross revenue.

	Funding	Positions
GPR	\$1,679,300	6.50
PR	<u>- 1,183,000</u>	<u>- 5.50</u>
Total	\$496,300	1.00

[Bill Section: 280]

4. BROADBAND LINE EXTENSION GRANTS

Governor: Create a broadband line extension grant program, and provide grant funding of \$1,750,000 in 2021-22 and \$3,500,000 beginning in 2022-23. 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. Provide \$71,900 in 2021-22 and \$91,500 in 2022-23 with 1.0 position to administer the program. Provide funding as part of the State Broadband Office appropriation created in another item.

	Funding	Positions
GPR	\$5,413,400	1.00

[Bill Sections: 280, 282, 283, 2405, 2421 thru 2423, and 2425]

5. BROADBAND CONNECTOR PROGRAM AND BROADBAND PLANNING GRANTS

Governor: Provide \$300,000 each year for broadband planning grants of up to \$50,000 per recipient to municipalities, school districts, tribal governments, regional planning commissions, nonprofit organizations, and local economic development organizations to conduct planning activities related to broadband, including feasibility engineering, adoption planning, and digital inclusion activities. Additionally, authorize the PSC to provide training, technical assistance, and information related to broadband engineering and deployment. The bill terms the combined grant

GPR	\$600,000
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and technical assistance components the broadband connector program. Grant and technical assistance funding would be provided under the State Broadband Office appropriation.

[Bill Sections: 280, 282, 283, 2405, and 2421 thru 2424]

6. REPORTING OF BROADBAND SERVICE BY LOCATION

	Funding	Positions
GPR	\$173,200	1.00

Governor: Require each internet service provider in Wisconsin to report to the PSC by April 1 each year the properties it serves, the average minimum download and upload speeds at which it provides service to those properties, and a description of its service territory. Direct the PSC to use information collected to compile maps of broadband service and facilitate access to broadband service. Specify that competitive information collected be exempt from disclosure under the state open records law if the Commission determines that public disclosure is not necessary to compile broadband maps and facilitate access to broadband service. Additionally, provide \$76,100 in 2021-22 and \$97,100 in 2022-23 with 1.0 position to administer this provision.

Currently, data on broadband service and speed is reported by internet service providers to the Federal Communications Commission. Service reporting reflects the highest speed offered to any single property in a census block, which may not be universally available in that block. The provision is intended to generate data for the PSC's mapping and programmatic purposes that would offer greater resolution for determining broadband service coverage and grant eligibility.

[Bill Section: 2426]

7. MUNICIPAL BROADBAND FACILITIES IN UNDERSERVED OR 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 underserved or 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 underserved or 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 or underserved 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 or underserved 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: 1138 thru 1146]

8. USE OF ELECTRIC TRANSMISSION EASEMENT FOR BROADBAND SERVICE

Governor: Specify that an electric provider may use an easement it holds to install or maintain broadband service infrastructure, including allowing a broadband service provider to use that easement, except if the easement applies to property owned by the state or a municipality, or if the easement expressly prohibits use of the property for broadband purposes. Further, allow an electric provider to lease or otherwise provide to a broadband service provider any excess capacity in the electric provider's broadband infrastructure. Specify that these allowances do not exempt providers from state or federal law requirements related to siting or provision of broadband service.

Definitions. Define electric provider as a public utility or cooperative that generates, transmits, or distributes wholesale or retail electric energy to its customers or members. Define broadband infrastructure as property that can be used to facilitate, originate, send, and receive high-quality voice, data, graphics, and video communications, including only the following: (a) materials; (b) wires; (c) cables, including optical fiber or copper and regardless of whether they are currently in use; (d) conduits; (e) antennas; (f) equipment; (g) fixtures; (h) multiplexors (analog/digital switches); (i) poles; (j) routers; (k) switches; (l) servers; (m) appurtenances; (n) facilities; and (o) ancillary or auxiliary equipment. For the purposes of this proposal, exclude from the definition of broadband infrastructure new poles or towers used exclusively for the provision of broadband service.

Providing Notice. Require that an electric provider must make a reasonable effort to provide notice to the property owner at least 30 days prior to using an easement for broadband service purposes. Specify that the notice include: (a) identification of the property subject to the easement; (b) a statement that the provider intends to install or use broadband infrastructure consistent with this provision; (c) an estimate of when the installation or use of the easement will begin; (d) notice

that the electric provider may record the authorized use of the easement for broadband services with the register of deeds; and (e) notice that the property owner may not bring an action against the electric provider for use of the easement consistent with this provision more than one year after the date of notice. After 30 days of providing notice, allow the electric provider to record with the register of deeds its authority to use the property for broadband service purposes. Specify that the record include information about the easement and the authority to use the easement under this provision.

Dispute of Appraisal and Damages. Within one year of the original filing of notice or recording of the amended easement, allow an owner of property with an easement used for broadband service purposes to provide the easement holder with an appraisal from a licensed appraiser reporting the value of property lost due to its use for broadband service purposes. Require the easement holder to pay the owner for the lost value, as determined by the appraisal, unless it disputes the appraisal within 90 days and provides an alternative appraisal. If an alternative appraisal is offered, allow an owner 30 days to bring action against the easement holder for that appraised difference. Limit damages allowable for loss in real property associated with this provision to only the difference in appraised value immediately before and after installation of broadband service using the easement.

Prior Use of Easements. Specify that no use of an easement for broadband service purposes prior to the effective date of the bill, or a lease of excess capacity by the electric provider to a supplier of broadband services, may be disputed by a property owner more than one year after the effective date of the bill.

[Bill Sections: 2394 and 9151(2)]

9. INTERNET SERVICE PROVIDER REGISTRATION

Governor: Require that any person providing internet service in Wisconsin register with the PSC by December 31, 2021.

[Bill Sections: 2427 and 9436(1)]

10. BROADBAND CONSUMER PROTECTIONS

Governor: Create certain requirements for broadband service providers related to access for low-income subscribers, discrimination, advertising standards, adequacy of service, notices for interruption of service, and billing practices. These consumer protections would be administered by the Department of Agriculture, Trade and Consumer Protection.

Departmentwide and Energy Programs

1. STANDARD BUDGET ADJUSTMENTS

PR	\$34,400
FED	290,800
SEG	<u>- 43,995,000</u>
Total	- \$43,669,800

Governor: Provide adjustments to the agency base budget for the following: (a) reductions for staff turnover (-\$282,800 PR each year); (b) full funding of continuing position salaries and fringe benefits (\$298,200 PR, \$133,700 FED, and -\$5,100 SEG each year); (c) reclassifications and semi-automatic pay progression (\$19,500 PR each year); (d) full funding of lease and directed moves costs (-\$17,700 PR, \$11,700 FED, and \$7,600 SEG each year); and (e) removal of noncontinuing elements from the base (-\$22,000,000 USF SEG each year).

2. FOCUS ON ENERGY CONTRIBUTION RATE

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 2019, Focus collected revenues of \$101.8 million.

[Bill Section: 2415]

3. FOCUS ON ENERGY PROGRAMS FOR LOW-INCOME HOUSEHOLDS

Governor: Require programs administered as part of Focus on Energy to promote energy efficiency and renewable energy activities for low-income households, defined as those with income below 60% of statewide median income (currently estimated at \$57,500 for a family of four), including initiatives and market strategies to address the energy needs and decrease the energy burden on such households. Further, require the Commission to promulgate rules establishing minimum requirements for Focus programs for low-income households, including eligibility requirements for such programs.

[Bill Sections: 2410 thru 2412, 2414, and 2416]

4. WATER UTILITY TRAINING AND DATA REPORTING

	Funding	Positions
PR	\$2,476,500	2.00

Governor: Provide \$1,342,200 in 2021-22 and \$1,134,300 in 2022-23 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.

5. INTERVENOR COMPENSATION FOR CITIZENS UTILITY BOARD

PR	- \$600,000
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Governor: Delete \$300,000 each year of the biennium typically provided as a grant under the intervenor compensation program to the Citizens Utility Board (CUB) to support its operating costs related to advocating for the interests of utility ratepayers. Instead, establish a statutory process under which CUB would annually submit a budget of up to \$900,000 to the PSC for modification and approval.

Create a legislative declaration that it is in the public interest to have an independent, nonpartisan advocate for residential, small commercial, and small industrial utility customers, and that the advocate be sufficiently funded to represent those customers' interests before the PSC. Require the Commission to approve the CUB budget if it is consistent with the legislative declaration, and if the budget would cover salaries, fringe benefits, overhead expenses, and other necessary costs of representing the interests of energy utility customers. Specify that if the Commission does not take action on the request within 60 days of submittal, the request is considered approved. Prohibit use of funds provided to CUB under this process for costs related to lobbying or participation in proceedings related to only municipal utilities, and require CUB to maintain records of expenditures for at least three years after receipt of funding. Require the Commission to review the use of funds provided under this provision.

Specify that if the budget were approved by the Commission, within 60 days of approval, investor-owned utilities in Wisconsin would provide payment directly to CUB for their proportionate share of the budget based on the number of residential, small commercial, and small industrial meters served, and that those contributions are to be recovered by utilities from ratepayers. In addition to funding under the general operations grant, CUB has regularly applied for and received reimbursement for costs accrued intervening in specific cases before the Commission. The proposal would cap funding provided to CUB for participation in specific cases at \$100,000 annually.

The Citizens Utility Board was originally created under Chapter 199 of the statutes, but later converted to a nonprofit corporation. Under current law, the Commission may provide grants of up to \$300,000 each year to nonstock, nonprofit corporations with a history of advocating on behalf of ratepayers to cover a portion of the corporations' operating costs. While other entities are eligible, only CUB has received funding under the provision, which has totaled \$2.4 million since its enactment in 2009-10.

[Bill Sections: 2406, 2407, and 2409]

6. 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 intervenor 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: 2408]

7. EQUITY OFFICER POSITION

	Funding	Positions
PR	\$74,100	0.50

Governor: Provide \$30,400 in 2021-22 and \$43,700 in 2022-23 with 0.5 position to create an agency equity officer funded from the Commission's general utility regulation appropriation. The agency equity officer would be responsible for coordinating with other agency equity officers and identifying opportunities to advance equity in government operations. [See "Administration -- General Agency Provisions."]

8. 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 into the atmosphere. Require PSC, in consultation with the Department of Natural Resources, to biennially determine 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, 2021.

[Bill Sections: 2400 and 9336(1)]

9. UTILITY FINANCING OF ENERGY IMPROVEMENTS

Governor: Allow the PSC to create a program by which a utility may offer financing for energy improvements at a 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.

[Bill Section: 2417]

10. MODEL ORDINANCE FOR PROPERTY ASSESSED CLEAN ENERGY PROGRAMS

Governor: Require the PSC to create a model ordinance for municipalities to use in implementing property assessed clean energy (PACE) programs. PACE programs allow a municipality to offer loans for investment in property improvements that are repaid through special assessments by the municipality on the improved property. PACE programs allow financing associated with improvements to remain assigned to a property, regardless of owner. Require that the ordinance address making loans or other agreements for installation of energy efficiency improvements, water efficiency improvements, and use of renewable resources at a premises. Further, allow Focus on Energy program offerings to include advertising PACE programs.

[Bill Sections: 2401 and 2413]

11. 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: 2402 and 2403]

12. VOLUNTARY INNOVATIVE TECHNOLOGY PROGRAM

Governor: Authorize an energy utility, with approval from the PSC, to operate an innovative technology program from rates charged by the utility, or another financing method approved by the Commission. Prohibit the Commission from requiring a utility to operate such a program. Require the PSC to include a pilot period for any approved innovative technology program, after which the Commission would evaluate the program to establish or modify performance criteria for the program. Allow a utility that begins an innovative technology program to request, at any time, PSC approval for modification or discontinuation of the program. Require the Commission to promulgate rules to implement programs under this provision.

The bill does not specify what would constitute innovative technologies, although the administration indicates the program is intended to support development of electricity storage technology and microgrids to pursue the Governor's goal that utilities in Wisconsin invest \$100 million in such technology over the next five years.

[Bill Section: 2418]

13. 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: 2428]

14. 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: 2399]

15. TRANSFER ADMINISTRATION 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.

[Bill Sections: 163 thru 168, 454, 456, 2419, and 9101(2)]