

Wisconsin Utility Rate Redesigns Overwhelmingly Unpopular

Analysis & Synthesis of Public Comments in Three Wisconsin Utility Rate Cases

Prepared by:



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Executive Summary:

RENEW Wisconsin reviewed all of the public comments offered during the 2014 rate cases initiated by Wisconsin Public Service, We Energies, and Madison Gas & Electric. Of the more than 3,500 comments submitted, over 90% of them indicate opposition to the utility proposals to redesign their billing structures that would increase “customer charges,” the fixed monthly fee paid by each customer, or change how customers with their own renewable energy systems are treated. In the WPS proceeding, only two commenters were identified in support of the utility’s proposal, with over 350 commenters opposed.

Background:

Three of Wisconsin's largest investor-owned utilities—Wisconsin Public Service (WPS), We Energies, and Madison Gas and Electric (MGE) —filed rate change requests with the Public Service Commission (PSC) this year. ***These utilities asked the PSC for permission to increase fixed customer charges and decrease variable energy rates beginning in 2015.*** The most dramatic changes were proposed for residential and small commercial customers. Additionally, We Energies' proposal included changes that would affect distributed generation, such as photovoltaic solar panels.

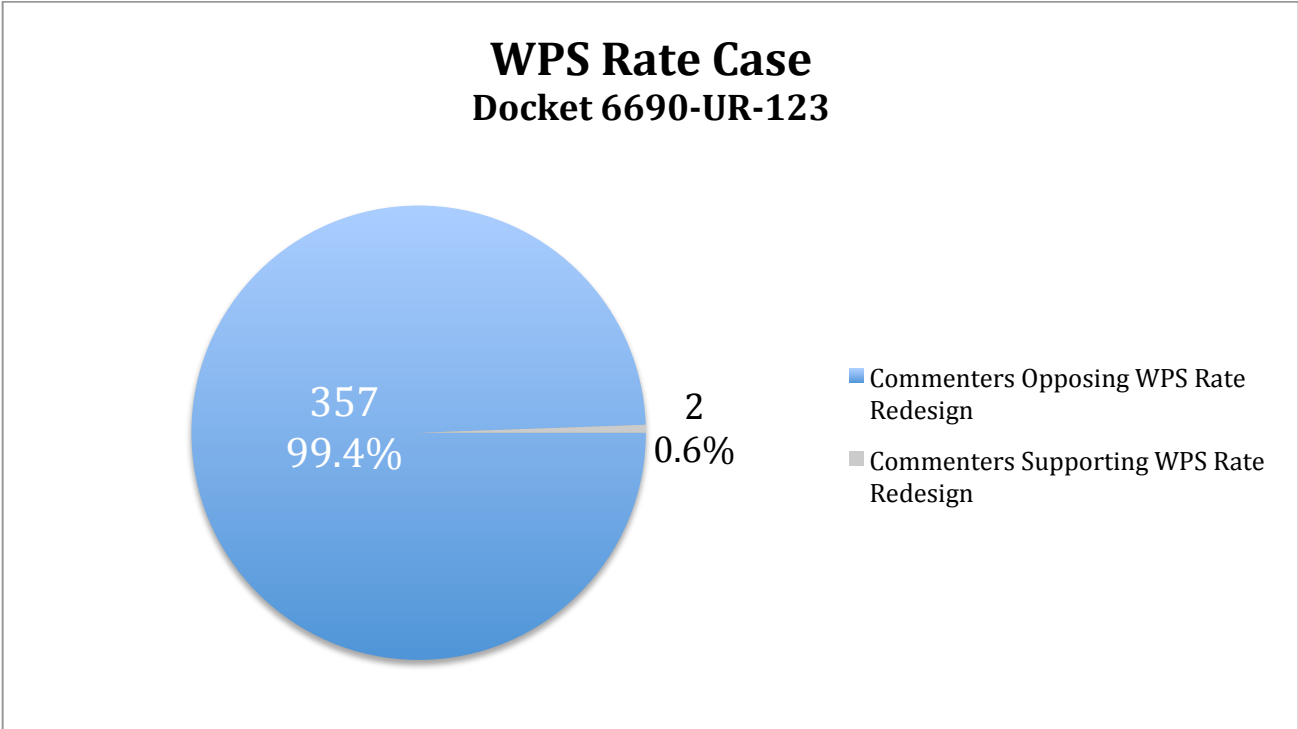
As part of the rate change request process, public citizens are allowed to make formal comments on the proposed rate change requests for a period of time leading up to and including the public hearing. These comments are included in the official docket that is considered by the PSC Commissioners, who make the final decision regarding the cases. ***This year's rate cases generated an exceptionally large amount of comments and attention from the public.*** RENEW Wisconsin staff, interns, and volunteers reviewed the comments, counting approximately 360 for WPS, 1,950 for We Energies, and 1,250 for MGE who indicated their position on these proposed changes. To put this level of engagement in perspective, consider that another Wisconsin utility which is not proposing major changes, Xcel Energy, has an ongoing rate case as well in which only 29 people have publicly commented.

Our analysis indicates that over 90% of these public comments oppose the utility companies' proposed rate changes. Citizens who wrote in opposition to the rate changes represented many different stakeholder groups. Senior citizens, low-income residents and local businesses all voiced concern regarding the potential impacts the rate change will have on their financial well-being. Citizens who invested in solar panels and energy efficiency upgrades also expressed their opposition because the billing changes erode the financial benefits of solar ownership and energy efficiency. Other commenters were concerned about the potential environmental impacts this policy change would create if it becomes a precedent for utilities across the nation.

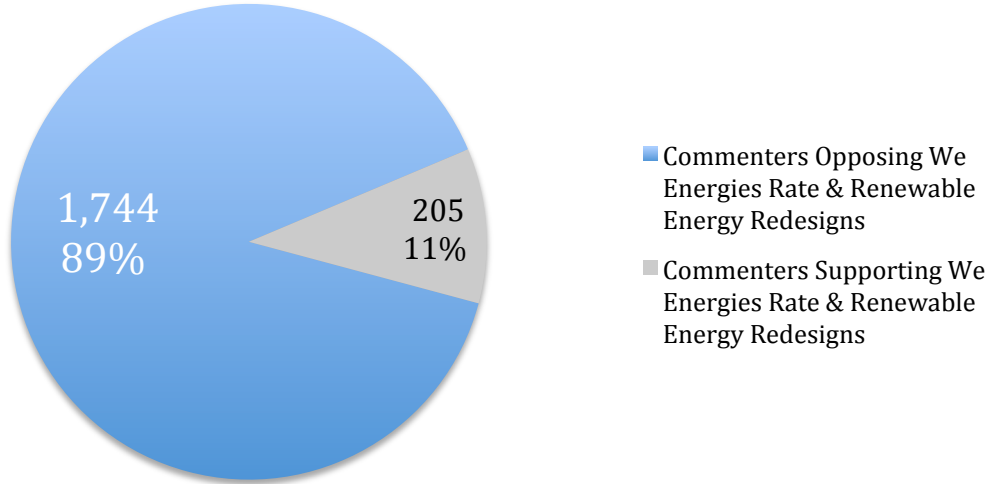
What follows is a brief analysis of the public comments submitted to the PSC regarding the WPS, We Energies, and MGE rate cases. The analysis includes a breakdown of comment content, excerpts of comments to show the variety and intensity of concerns, in the commenters' own words, and a list of businesses and organizations opposed to the rate changes.

Analysis:

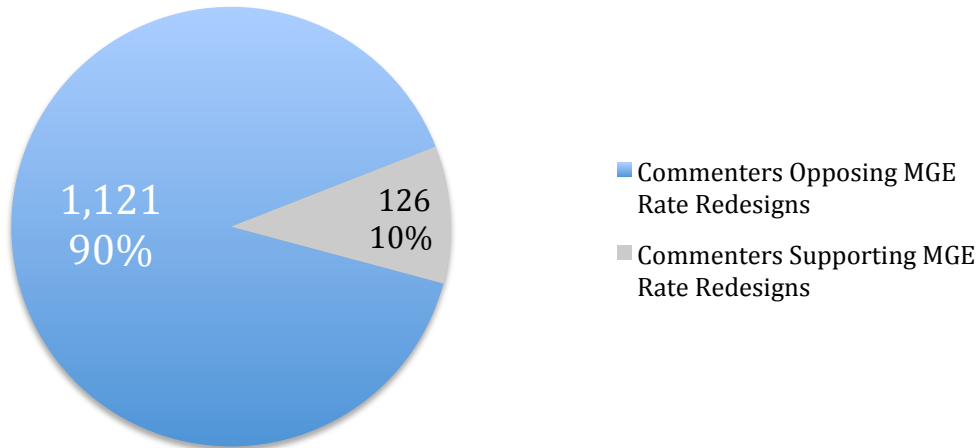
The following graphs show the breakdown of commenters' positions regarding the rate changes. Each comment was read and coded either "oppose the rate redesign" or "supports the rate redesign." A very few comments were neutral or undecided, or on unrelated topics to the overall rate redesign. Nearly all of the opposing comments provided original statements and many were of considerable length. In contrast, most of the supporting comments were identical, consisting largely of simple one-line responses about utility rate fairness.



We Energies Rate Case Docket 5-UR-107



MGE Rate Case Docket 3270-UR-120



Example Comments

Citizens, organizations, and businesses that commented on these rate cases represented many different stakeholder groups. Provided below are some excerpts from the public comments. Note: portions bolded below were done so by RENEW Wisconsin for emphasis of key points.

"I'm strongly against the proposed rate increases requested by WPS for 2015. I'm one of the small users of electricity and natgas, about 1/2 of what they call average. These proposed increases will have a much greater effect on me and other small users (percentage wise) than on the larger users. They know this of course, but they manipulate the numbers to try to mask that fact. I fight to save every cent on my utility bills that I can. I've replaced most light bulbs with energy efficient ones and suffer in the winter while I maintain an in-house temperature that averages in the low 60s F. **If I get a 2% increase in my Social Security this year (would be about \$21), all of that would go to WPS. Is this the "reward" we as consumers get for trying to conserve energy as they keep requesting?** About time for them to cut some costs themselves. The last few years have shown huge increases in their "monthly fixed charges.""

-- Kelvin T.

"Do not increase the MGE rates for gas and electric. **I am senior retiree on fixed income and barely have enough to pay all of my bills especially. An increase of rates would cause hardship and probably would not be able to pay the bill.** I am not getting increases in my pension and live on a strict budget. I do need heat and electricity and can afford it now but I cannot afford an increase."

--Patricia E.

Organic Valley's farmers and employees are proud that our cooperative headquarters is in Wisconsin, a state that has for decades led the nation's movement toward sustainable agriculture and renewable energy. In fact, Organic Valley has been at the forefront of those movements in Wisconsin since 1988. Today we are 500 organic family farms in Wisconsin alone, and, in partnership with Gundersen Health System of La Crosse we have installed two 2.5 megawatt wind-turbine electrical generators at our warehouse & office facilities in Cashton. These generators offset most of our electrical needs at all Organic Valley Wisconsin business facilities, and annually keep tons of carbon out of our shared atmosphere.

We Energies' proposed rate restructuring would benefit the "big users" at the expense of the little, and it places outrageous financial burden on any conscientious individual or business that seeks to create cleaner energy options for tomorrow. It will, in effect, stifle private participation in much of our state's sustainable energy production in order to deepen our state's dependence on coal-burning, greenhouse-gas-emitting power--AND set up the public power companies as the only entities who can feasibly invest in (and profit from) more sustainable options, if they so choose. **The proposed rate restructuring is, at best, a short sighted, gross disincentive for future investment in self-generated wind and solar power in our beloved state. At worst it is a veiled attempt to keep everyone else out of the sustainable energy business--the perverse action of a bully monopoly afraid to lose its golden eggs--goose and all.**

-- Jonathan Reinbold, Sustainability Manager, CROPP Cooperative/Organic Valley

“The proposal greatly diminishes the economic benefits of investing in energy efficiency and renewable energy in the future and devalues investments we’ve made in the past and plan for the future. **As a business owner, we believe that this proposal does not reflect our community’s values. We would like MGE to advance those values by becoming a leader in promoting a fair rate structure, energy efficiency and renewable energy production. We would like to help Madison Gas and Electric transition to a sustainable future.** Please reject the proposal prior and ask MGE to work with us and others in the community to draft a better plan.”

-- Ian’s Pizza

“AARP opposes this plan to dramatically increase fixed customer charges. This is a change that may benefit large residential energy users, but at the expense of the smallest residential users. In fact, the smaller a particular customer’s electric usage, the greater the negative impact would be from this proposal. Any rate increase is a struggle; imagine a senior citizen living alone having to pay more than \$25 each month before using any energy at all!

...

Many older consumers diligently dedicate themselves to conserving home energy usage, trying to keep their energy bills more affordable. It would be hard to explain to those consumers why they should not be receiving the full economic benefit of their careful conservation efforts. It is frustrating to them when they see the rewards of their frugality minimized. The We Energies customer charge proposal would send price signals that erode the economic incentives for conservation and energy efficiency.”

-- Wisconsin AARP

The Public Service Commission of Wisconsin (PSCW) has received a rate application from We Energies in Docket 5-UR-107 that contains an increase in risk to third-party investment in renewable energy in Wisconsin.....**The monopolistic overreach seen in the We Energies rate case requests shows a stunning arrogance on the part of We Energies and should not be rewarded. The very idea that We Energies believes it can reach into the private property of a customer and restrict the ability of the private property owners from entering into a legal contract of their choosing is mind-boggling and an affront to the long standing American ideal that all rights begin and end with personal property rights!** What’s next? Consumers can only buy and have We Energies install water heaters, furnaces and other appliances that We Energies wants and the PSCW has approved?

--New Chester Energy Management Partners

We Energies' request before the Public Service Commission would effectively halt all renewable energy and energy efficiency developments in their territory. The power purchase rate proposed for biogas projects is so low a project could not cash flow. Farmers would not be allowed to lease an engine, or have a third party own the engine, taking away financing options for the farmer. Should the farmer wish to install an anaerobic digester and only power the farm and not sell any power back to We Energies, they would be charged a tax simply for producing their own power. **If We Energies is granted its request, the prospects of building an anaerobic digester in its territory are slim at best.**

DVO has built its anaerobic digester technology in 17 US states. We see utilities in other states like New York, Vermont, Massachusetts, California, and Indiana embrace biogas and renewable energy projects. We are also building projects abroad, receiving inquiries from all over the world. Outside our state, governments and utilities are realizing they need to adjust and adapt and change to respond to the demands of their customers. In a capitalistic society, every industry must be flexible and respond to a changing marketplace. It would be a terrible shame if Wisconsin allowed a monopoly like We Energies to continue to stifle economic growth in the state.

--DVO, Inc.

“MG&E's rate structure proposal is out of touch with the values of this community and works against common sense energy policy. **Those who use less energy should be rewarded for their conservation efforts. Likewise, those who consume more energy should be required to bear the costs of that consumption.** I urge you to reject this proposal and keep the base cost low while adjusting the per kWh rate and keep high energy users paying their fair share.”

--Chris B.

“**I am a shareholder and customer of MGE. I believe in investing in my local community, which is one reason I invest in MGE, but MGE's proposal is making me second-guess this philosophy.** I believe (1) the policy is a definitive regressive policy (charging smaller customers more) and (2) it is a short-sighted business decision (snubbing renewable energy sources will be monetarily costly and not a viable long-term policy).”

--Berry R.

Gundersen opposes the We Energies cost-driven proposal because we believe it would:

- Increase the economic disincentives in Wisconsin that exist for rate payers to be good stewards by investing in renewable energy production and conserving energy.
- Fail to fully account for the financial, conservation and health benefits to average consumers from capital investments in consumer-driven energy efficiency and renewable projects.
- Insufficiently honor existing renewable energy purchase agreements between utilities and consumer-driven projects.
- Undermine the likelihood that consumer-driven energy efficiency and renewable projects can recoup their investment--as utilities do through rate cases--by changing marketplace incentives mid-stream.
- Force consumer-driven renewable energy projects into an all-or-nothing proposition from the standpoint of capital investment in energy efficiency and renewable projects by requiring production of higher levels of energy to protect against needing stand-by capacity.

Our experience working with the Public Service Commission and Wisconsin utilities gives us confidence that a mutually-beneficial resolution can be reached. To that end, please feel free to contact us if you would like to discuss what a positive resolution would look like from our perspective.

--Michael D. Richards, Gundersen Health System

“Please reconsider this fixed rate hike. I am a Dane County Social Worker, working with people who have developmental disabilities. **Our budget has been cut well through the bone over the past many budget cycles and my clients, all of whom have cognitive disabilities, can barely afford to live on their benefits and pay their bills now.**

...

There is no way that my clients can absorb ANY increase, especially one that is outside of what planning and preparation can control. There are ways these cost increases get passed on to the taxpayer in forms of service provider rate hikes due to health and safety issues and this is no different, however, in times like these when budgets are balanced on the backs of the most vulnerable, everyone just suffers.”

--Maggie T.

“As a UW-Madison student looking at renting a house with a separate utility bill next year, I am extremely opposed to this proposal. As a student, I am part of a large portion of Madison's population, and, from talking to my peers, I know I am not alone in these views. In fact, every student I talked to expressed the same revolt for this plan. I also know that MG&E's customer base is almost completely made up of Madison residents. I cannot afford this raise in prices.”

--Tazmin K.

Businesses & Organizations Are Concerned

Many businesses and organizations have expressed opposition or concern, including:



Broken out by rate case, businesses and organizations opposed or concerned:

WPS

AARP
American Council for an Energy Efficient Economy
DVO, Inc.
Oneida Tribe of Indians of Wisconsin
Union of Concerned Scientists - *Steve Frenkel*

MGE

AARP
A Woman's Touch - Ellen Barnard
A-A Exteriors
Accipiter Properties
Achten Building Solutions
Alpha Group
American Council for an Energy Efficient Economy
Anthology
Arbor House
Associated Housewrights
Chad's Carpentry
Checo Foods
Clifford & Raihala, S.C.
Come Back Inn
Crossroads Community Farm, LLC
Degree Days
designCraft Advertising
Employment Connections
Essen Haus
EZ Office Products
Full Spectrum Solar – *Burke O'Neal*
Ginko House Architects
Helwig Auto Clinic LLC
Ian's Pizza
Isthmus Engineering and Manufacturing
Isthmus Trust & Financial
John Marshall C.P.A.
Just Coffee Cooperative
Lakeview Research
Last Wilderness Conservation Association
Leonardo Academy Inc.
MadCity Bazaar
Madison Community Apartments
Madison Computer Works
Madison EcoBroker LLC

Midwest Solar Power
New Way Remodeling
Organic Valley - *Jonathan Reinbold*
Pasta Passion Inc. DBA Tutto Pasta State Street
Planet Bike - *Jay Ferm*
Pure Sweet Honey Farm Inc.
shu shu design
Skot Weidemann Photography
Stonehouse Development
SunPeak Inc.
Sustainable Engineering Group LLC
TDS Custom Construction- *Sam Breidenbach*
Union Cab - *Kate Schachter*
Versa Studio LLC
WES Engineering - *Wes Slaymaker*
Wisconsin Business Alliance - *Lori Compas*
With Gusto

We Energies

AARP
American Council for an Energy Efficient Economy
Ascension Lutheran of Navarino - *Darrel D Klemp*
Cedar Community - *James Williams*
Coenen Properties and Fox Valley Industrial Controls, Inc. - *Matt Coenen*
DVO, Inc.
Energize LLC - *Jim Funk*
Gundersen Health System
Jobs4WI, Inc.
Ken's Furniture and Bedding - *Keith Bargender*
Lac Lawrann Conservancy - *Paul De Chant*
Lake Country Unitarian Universalist Church- *Frances Bills*
Lakefront Brewery - *Chris Ranson*
Layton Blvd West Neighbors - *Charlotte John-Gomez (Executive Director)*
League of Wisconsin Municipalities
Marshall Auto Body - *Scott Marshall*
New Chester Energy Management Partners
Organic Valley - *Jonathan Reinbold*
Orihula Sanitary District
Outpost Natural Foods
Washington Heights Green Committee - *Richard Gaeta (Chair)*
Wisconsin Business Alliance - *Lori Compas*

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