WISCONSIN LEGISLATURE
P. O. Box 7882 Madison, WI 53707-7882



November 3rd, 2022

Public Service Commission of Wisconsin
Comments on Dockets 5-UR-110 and 6690-UR-127
P.O. Box 7854
Madison, WI 53707-7854

**Re: Joint Legislative Comments on Rate Cases by WEC Energy Group Utilities**

Commissioners and Staff,

In 1904, the Supreme Court of the United States issued an opinion in the Northern Securities Co. v. United States case (193 U.S. 197, 1904) which in part pushed back against the excesses of government-backed monopolies and the role they would have in the American experiment. Writing for the majority, Justice John M. Harlan stated "(i)t is the history of monopolies in this country and in England that predictions of ruin are habitually made by them when it is attempted, by legislation, to restrain their operations and to protect the public against their exactions." It's our belief Wisconsin Public Service Corporation, We Energies, and Wisconsin Gas are using the same arguments today that Northern Securities used nearly 120-years ago in hopes that the public and regulators won't question the assertions they make in pursuit of a rate increase.

Thanks to modern technology, ratepayers today have a greater opportunity to both learn about the proposals and contentions of their regulated utility and form their opinion. As legislators representing portions of the service territories for Wisconsin Public Service Corporation, We Energies and Wisconsin Gas, we've seen a number of our constituents raise their voice in this ongoing process to convey their displeasure and even fear of the impact of a rate increase. Constituents also question the necessity of a rate increase for these utilities' ongoing operations.

Surely one reason for the questions constituents raise is the, arguably, deceptive practice we've seen the utilities utilize in this rate case. They sent a bill insert notice to ratepayers signaling an estimated rate increase of around 6% for the largest rate class. Now those ratepayers are met with an approximately 14% proposed increase for the largest rate class without comparable subsequent notice. Ratepayers should know what to expect.

The first issue that concerns us is incorporating association dues into rates. A significant function of the relevant trade associations is intervening on behalf of utility members and lobbying public officials about energy policy. Arguments may be made over the recovery percentage and how much of an organization's duties are government affairs or legal. It is problematic, however, to have ratepayers underwrite membership dues when the organizations' most potent public image is lobbying against what some argue is in the public interest. We request the Public Service Commission of Wisconsin ("Commission") conduct a more in-depth evaluation to ensure any ratepayer funds underwriting a trade association be truly beneficial to ratepayers and not primarily beneficial member utilities.

We also request the Commission evaluate the crucial questions raised by Wisconsinites over reliability expenses with a more critical eye. For example, the filing utilities spend millions of dollars annually on tree trimming in addition to the tens of millions of dollars they otherwise spend regularly on what's marketed as reliability improvement projects. Wisconsin Public Service Corporation's April 29th, 2022 reliability report (for calendar year 2021), however, stated the average customer experienced 1.4 outages that year with those outages lasting an average of more than six and a half hours. This is a massive jump over historic trends. Ratepayers should count on the Commission to ensure that reliability investments made, both upfront and ongoing, should produce measurable results. Where the Commission cannot confidently conclude that they have, additional costs which utilities request in this area ought to be discounted accordingly unless and until the Commission is confident in the promised increased reliability.

Another reason the filing utilities have cited to justify a rate increase is greater alternative generation capacity. We acknowledge infrastructure costs money, and we appreciate the important work of ratepayer advocates to help shield ratepayers from the impacts of early retirements of other generation sources. However, we request the Commission consider whether the utilities have truly reviewed all options available for new electric capacity before approving massive rate increases, in part for new utility-scale renewable generation owned and operated by the filing utilities. For example, Alliant Energy announced cost savings of approximately $138 million due to recent federal action. Much of the capital projects they bring online will be for generation in their service territory, not out-of-state generation for credit purchase. We request the Commission ensure that the filing utilities have identified and maximized any and all cost savings available.

Additionally, we request the expenses incurred for increased transmission capacity by American Transmission Company, of which WEC Energy Group utilities hold significant interest, be accounted for and incurred responsibly in approved project costs. In 2019, the Joint Finance Committee did not adopt a proposal to strip the implementation of FERC-set transmission rates from rate cases the Commission reviews. As an author of this letter recalls, the intent of this rejection was to continue the Commission's authority to consider profit from a utility's owned transmission assets when considering other rate decisions. The potential for cost increases to ratepayers via MISO-approved transmission projects, particularly if some form of a "right of first refusal" as was rejected in 2021 Senate Bill 838 were to become law, is significant. While transmission capacity is important, approvals from MISO continue while hundreds of millions of dollars of unaccountable spending on a 'utility line to nowhere' continues. Please exercise the Commission's authority to consider these factors.

Continuing, We Energies has proposed massive growth in its distributed solar energy initiative known as Solar Now. This proposal should be considered alongside its efforts with other groups, which it sometimes funds, to oppose initiatives that would grow distributed energy generation outside of its ratepayer-assessed 10% profit margin. The Commission need not be willfully blind to forthcoming policy developments from the legislature when approving a multi-year, prospective rate case. Moreover, considering all of the new proposed generation is one of the primary rationales in support of the proposed rate increase, the Commission should insist on better long-term resource planning in support of any utility assertions.

Many other questions can and should be raised regarding the appropriateness of this sizable rate case. We submit that the current return on equity need not be sacrosanct in an environment of substantial, possibly persistent, inflation that heightens responsibility on the Commission to properly weigh competing interests. These include, but are not limited to: 1) ensuring a return sufficient to draw investment; and 2) promoting the public interest in rates that are reasonable, affordable, and as low as possible.

We understand that inflation of fuel costs and supply chain shortages of critical goods are causing financial burdens on the utility which require adjustments to the current rates. It is possible utility operations are precisely streamlined and utility capital expenses are expertly adapted to filling generation needs and ensuring reliability, but our constituents do not take any such assertions at face value, and we agree. We request the Commission scour the books to analyze whether such drastic rate increases, at a time of increased government assistance to renewable energy simultaneous to decreased fuel cost and operational expenses with newer generation sources, are justified. We are living in a time when costs are already too high for too many Wisconsin residents and businesses. Our constituents are making difficult decisions every day to help pay the bills and balance the checkbook.

We ask the Commission to reject the application and require the utilities to refile at a later date with a much more considered and thorough process, prescribed by the Commission in its rejection order, to examine the validity of: association dues, reliability expenses, infrastructure costs, and an appropriate return on equity.

In the alternative, we ask the Commission, to delay action on the rate cases until the following transparency measures are taken: 1) the utilities send a new bill insert notice to their ratepayers reflecting the changes to the proposed rate increase; 2) the Commission extends any and all public input opportunities; and 3) the Commission holds a new hearing in both service territories after the new notice reflecting the changes to the rate proposal referenced above has been disseminated.

In closing, as state Senators representing portions of the service territories of Wisconsin Public Service Corporation, We Energies, and Wisconsin Gas, we believe you should not approve a crushing rate increase without a much stronger foundation addressing all of the factors mentioned in this letter.

Sincerely,

Senator Robert Cowles
2nd Senate District

Senator Duey Stroebel
20th Senate District

Senator Jerry Petrowski
29th Senate District