



Citizens Utility Board of Wisconsin, Inc.  
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Public Service Commission of Wisconsin  
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March 20, 2024

VIA ERF

Mr. Cru Stublely  
Secretary to the Public Service Commission of Wisconsin  
4822 Madison Yards Way  
Madison, WI 53705

Re: Construction Cost Reporting for the Cardinal-Hickory Creek Transmission Project, Docket No. 5-CE-146

Dear Secretary Stublely:

The Citizens Utility Board (“CUB”) writes to again raise questions about the prudence of construction spending on the Cardinal-Hickory Creek Transmission Project (“the Project,” “the line,” or “CHC”).

On September 26, 2019, the Commission granted a Certificate of Public Convenience and Necessity (CPCN) for the Project to applicants American Transmission Company LLC (“ATC”), ITC Midwest LLC (“ITC”), and Dairyland Power Cooperative (“Dairyland”) (collectively, “the Utilities”), based on findings that pursuant to Wis. Stat. § 196.491(3)(d)3t the benefits to Wisconsin customers of CHC *as proposed* were “reasonable in relation to their cost”<sup>1</sup> and that pursuant to Wis. Stat. §§ 196.491(3)(d)5 and 196.49(3)(b) “[c]ompletion of the project *at the estimated cost*. . . will not add to the cost of service without proportionately increasing the value or available quantity thereof.”<sup>2</sup> The Commission further found the Project to be the most cost-effective technically feasible option among alternatives.<sup>3</sup>

The Final Decision orders the Utilities to provide, once per year in their quarterly reporting, “a revised total cost estimate for the project.”<sup>4</sup>

According to the Utilities’ most recent quarterly report, expenditures for the Project so far are \$649,061,042,<sup>5</sup> a 31.9 percent increase over the estimated and approved total cost of \$492,216,000, as shown in Attachment A. The Utilities continue to attribute the ballooning costs to inflationary pressures since they developed their 2018 Project cost estimates, to ongoing litigation, and to the need for exceptional amounts of construction matting.<sup>6</sup> As with previous quarterly reports, these cost increases are described in qualitative terms, with no accounting of when the Utilities incurred excess costs or of their dollar amounts.

<sup>1</sup> Final Decision at 7, *Joint Application of American Transmission Company LLC, ITC Midwest LLC, and Dairyland Power Cooperative, for Authority to Construct and Operate a New 345 kV Transmission Line from the Existing Hickory Creek Substation in Dubuque County, Iowa, to the Existing Cardinal Substation in Dane County, Wisconsin, to be Known as the Cardinal-Hickory Creek Project* (Sept. 26, 2019) ([PSC REF#:376391](#)).

<sup>2</sup> *Id.* (emphasis supplied)

<sup>3</sup> Final Decision at 6, 37.

<sup>4</sup> *Id.* at 99, order point 39e.

<sup>5</sup> “Progress Report for 4<sup>th</sup> Quarter of 2023” (Jan. 30, 2024) ([PSC REF#: 490010](#)).

<sup>6</sup> *Id.* at 3-4.

This is CUB’s fifth attempt to raise the issue of prudent spending on the line. In the first quarter of 2022, CUB twice wrote the Commission requesting review of the Utilities’ ongoing construction activities.<sup>7</sup> On May 20, 2022, the Utilities notified the Commission that cost for the Project may exceed approved cost by more than 10 percent<sup>8</sup> but provided no revised estimate of total Project cost. Since then, the Utilities have filed quarterly reports that show costs increasing steadily beyond 110 percent of approved costs but still have provided no revised total cost estimate for the Project. CUB twice wrote the Commission to raise the prudence concern that the Utilities appear to be building, and spending, without a budget and to request a review of the Utilities’ construction activities.<sup>9</sup>

The Utilities’ most recent Progress Report, which indicates that construction work remains to be done before CHC is complete, does not resolve CUB’s concern. The report notes that the Utilities “are actively working on determining a total project cost estimate” but offers no such estimate.<sup>10</sup> In fact the Utilities have *never* provided a revised total cost estimate for the Project, in violation of the Commission’s order requiring annual reporting of estimated total project cost.

The Utilities’ lack of accountability with respect to cost reporting should not go unchecked. The Commission should order the Utilities to estimate and file a detailed explanation of expected total project cost so that the public may be informed and so that the Commission may regulate based on complete information.

Respectfully,



Cara Coburn Faris, CUB General Counsel



Thomas Content, CUB Executive Director

Cc: Parties (via electronic mail)

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<sup>7</sup> “CUB Letter Requesting Reopening of Docket” (Jan. 28, 2022) ([PSC REF#:430102](#)); “CUB Response to Utilities and MISO” (March 7, 2022) ([PSC REF#:432174](#));

<sup>8</sup> “Co-Owners Cost Update” (May 20, 2022) ([PSC REF#:438410](#)).

<sup>9</sup> See “CUB Letter Requesting Reopening of Docket” (Jan. 28, 2022) ([PSC REF#:430102](#)); “CUB Response to Utilities and MISO” (March 7, 2022) ([PSC REF#:432174](#)); and “CUB Letter Concerning Cost Overrun” (June 2, 2022) ([PSC REF#:439595](#)) and “CUB Letter Concerning Construction Costs” (Apr. 12, 2023) ([PSC REF#:464093](#)).

<sup>10</sup> “Progress Report for 4<sup>th</sup> Quarter of 2023” at 4 (Jan. 30, 2024) ([PSC REF#: 490010](#)).

## Attachment A

**Cardinal-Hickory Creek Cost Overruns as of December 31, 2023**

<u>PROJECT COST CATEGORY</u>	<u>Approved</u>	<u>As of December 31, 2023</u>	<u>Excess</u>
Transmission Lines			
Mississippi River Crossing to Hill Valley Substation	\$133,697,000	\$189,496,884	41.7%
Hill Valley Substation to Cardinal Substation	\$191,851,000	\$240,532,169	25.4%
<b>TRANSMISSION LINES TOTAL</b>	<b>\$325,548,000</b>	<b>\$430,029,053</b>	<b>32.1%</b>
Substations			
All Substation Costs	\$38,274,000	\$34,502,052	-9.9%
<b>SUBSTATIONS TOTAL</b>	<b>\$38,274,000</b>	<b>\$34,502,052</b>	<b>-9.9%</b>
Other Project Costs			
One-time Environmental Impact Fee	\$14,082,000	\$14,082,000	0.0%
Annual Impact Fee (during construction)	\$1,914,000	\$1,830,500	-4.4%
Pre-certification Costs - ATC	\$16,000,000	\$18,628,000	16.4%
Pre-WI Order Costs - ITC	\$10,490,000	\$4,059,400	-61.3%
Pre-WI Order Costs - DPC	\$1,577,000	\$1,864,808	18.3%
AFUDC-ITC	\$18,779,000	\$34,676,111	84.7%
AFUDC-DPC	\$626,000	\$1,975,059	215.5%
Post-WI Order Costs - DPC	\$2,035,000	\$3,955,229	94.4%
<b>OTHER PROJECT COSTS TOTAL</b>	<b>\$65,503,000</b>	<b>\$81,071,307</b>	<b>23.8%</b>
PROJECT COST - WISCONSIN	\$429,325,000	\$545,602,412	27.1%
PROJECT COST - IOWA	\$62,891,000	\$103,458,630	64.5%
<b>TOTAL PROJECT COST</b>	<b>\$492,216,000</b>	<b>\$649,061,042</b>	<b>31.9%</b>