



Wisconsin Utility Investors, Inc.

LEGISLATIVE / REGULATORY UPDATE

Issue 6

December 2005

Wisconsin Legislature Meets Well Into December

The year's final legislative floor period is scheduled to begin on December 6 and continue until December 15. With the year nearing an end, the Governor, recently returned from a trade mission to Europe, now has several weeks to consider whether to sign or veto a number of important bills sent to him by the legislature. Doyle has proposed a "Grow Wisconsin 2005" plan which includes a Wisconsin investment initiative. In turn, Republican legislators have announced an "Invest Wisconsin" package with six major economic development themes including tax relief, regulatory reform, tort reform, workforce training and infrastructure enhancement (capital investment). This package contains bills previously introduced, passed and some yet to be introduced. Improving the state's economy is clearly the focus of both sets of proposals.

State Energy Policy Legislation Introduced

On Tuesday, November 22, the State Legislature's Assembly and Senate Energy Committees voted to introduce a state energy policy bill (AB 841) intended to provide long-term economic and environmental benefits to the state. While there is broad-based support for the measure, there are some specific areas of disagreement. The measure is the result of recommendations coming from the Governor's Task Force on Energy Efficiency and Renewables. Among other things, it would require the Public Service Commission of Wisconsin (PSCW) to work more closely with state energy efficiency programs now housed in the Wisconsin Department of Administration. In addition to calling for more energy efficiency on the part of the state government, it calls for utilities to produce at least ten percent of their electricity from renewable sources by 2015. The state government itself would have to increase its own purchase of renewable energy to twenty percent by 2011. Additionally, state building codes would be upgraded, the PSCW could set energy efficiency targets and there would be a number of rural energy initiatives such as small-scale anaerobic digesters (manure-to-energy devices) and wind turbines. Wisconsin utilities and Wisconsin Utility Investors support the bill.

Mandatory Ethanol Measure of Interest to Utilities

A bill relating to tax credits for vehicles that use gasoline and ethanol mixtures as fuel has been recommended for passage by the Assembly Committee on Rural Affairs and Renewable Energy. The bill, AB 809, has been referred to the Joint Committee on Finance. Two other bills, AB 15 and SB 15, would require the use of ethanol in all gasoline sold in the state. These measures have been heavily promoted by agricultural groups since corn is used in the production of ethanol. Utilities and other business interests oppose the mandatory use of ethanol because its increased use will lead to greater air pollution in areas of the state already having air quality problems. A recent Department of Natural Resources study highlighted the dangers of increased ethanol use; however, the

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UPDATE**

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**Wisconsin Utility Investors
10 East Doty Street
Suite 500
Madison, WI 53703-3397
P: 608 663.5813
F: 608 283.2589**

Governor is expected to sign such measures should they be sent to his desk. It is possible that the bills could be considered in the December floor period.

Four Critical Civil Justice Issues Remain Unresolved

Four tort reform issues of critical importance to Wisconsin businesses remain to be dealt with during the final days of the year. Three have passed both houses and await the Governor's signature or veto. The fourth has passed both houses in different versions which must be reconciled. They include:

- AB 766** - Reestablishes medical malpractice caps for non-economic damages (On the Governor's desk)
- AB 778** - "The Job Preservation Act" - Restores the nearly 1000 year-old common law tradition that a plaintiff must prove that a defendant caused harm in order to win a claim. (Awaits final legislative action)
- SB 70** - Incorporates expert opinion evidence standards that are already in place in the federal court system and in 33 other states. (On the Governor's desk)
- SB 58** - Product liability reform for manufacturers, distributors and sellers establishes a new basis for defining liability, bringing Wisconsin in line with practices found in 46 other states. (On the Governor's desk)

If vetoed, they will have a very negative impact both on Wisconsin businesses and those considering doing business in the state.

Wisconsin Utility Investors

10 East Doty Street
Suite 500
Madison, WI 53703-3397

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