



Wisconsin Utility Investors, Inc.

LEGISLATIVE / REGULATORY UPDATE

Issue 1

February 2004

Governor Signs "Job Creation Act"

On Thursday, January 29, Wisconsin Governor Jim Doyle signed the bill that will provide sweeping regulatory reform, helping businesses to expand and create new jobs in the state. WUI, along with many other business groups, had strongly endorsed the measure. The Governor, Senate Majority Leader Mary Panzer, Assembly Speaker John Gard, all legislators who voted for passage, and all WUI members who made contacts in support of the measure deserve congratulations on a job well done. The "Jobs Bill" is the ninth major pro-business bill passed by the legislature and signed by Doyle. Since last fall, the legislature has cut business taxes by enacting a single factor sales tax, created incentives for communities to accept new power plants, streamlined the process for siting and building power plants and transmission lines, and created a sales tax exemption for electricity used in manufacturing.

Coalition of Consumer & Environmental Groups Support Black "Reliability" Bill

Representative Spencer Black of Madison has announced he intends to introduce legislation that would resurrect something closely resembling the Utility Advance Plan, which was eliminated in "true" utility reliability legislation in 1997. A three-year Strategic Energy Assessment replaced that twenty-year planning process which was abandoned because it was cumbersome, unreliable, expensive and generally out-of-date before it was completed. More recently, the utilities have agreed to extend planning to seven years. Representative Black's bill, supported by the Citizens Utility Board (CUB) and a collection of other groups often hostile to the utilities, promotes actions that will be harmful to ratepayers and shareholders alike.

ACTION SUGGESTED: The state should not revert to a failed system. In addition to reviving the Advance Plan, the bill contains a number of other objectionable features. For example, the costs of building generating plants and transmission lines could not be recovered in the rate-base if they had not been anticipated in the new Advance Plan (renamed the Strategic Energy Plan). The bill would create unacceptable new risks for shareholders and result in higher rates. Let your legislators know this bill is bad public policy and should be killed.

"Stray Voltage" Bill Has Contentious Hearing

On January 6, a long and contentious hearing was held for Assembly Bill 529, which purports to address the issue of "objectionable flows of current." The session, which lasted for over seven hours, pitched an angry group of farmers, environmentalists, and others against utility experts, electrical engineers, university professors and business representatives. For a more detailed description of the bill, see the back page of the January Investor's Voice.

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UPDATE**

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ACTION SUGGESTED: WUI is strongly opposed to this measure. Let your legislators know that its implementation would cost stockholders and ratepayers hundreds of millions of dollars and would do nothing to resolve the problems the bill's supporters perceive.

Hearing Held on Additional Shared Utility Tax Changes

On Wednesday, January 28, Representative Scott Jensen, Chair of the Assembly Energy and Utilities Committee, held a public hearing on a measure he plans to introduce as a follow-up to plant siting incentives passed earlier in the session. The earlier bill contained a number of provisions designed to make it easier to site new generating plants by increasing state payments to municipalities and counties hosting the facilities. The new bill would make changes in the way municipalities and counties are compensated for hosting existing plants and places sub-stations and general structures (office buildings, etc.) back on the local property tax roles. The bill is not intended to increase the taxes utilities pay. However, its actual impact is unclear. Although the utilities are generally supportive of the intent of the measure, there are a number of technical issues that need to be addressed in the draft.

ACTION SUGGESTED: Because of the problem areas, WUI has not taken a position on the bill at this time.

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