

Badger-Coulee: The Case of the Missing Bottom Line

Declining energy use, plunging solar prices, rapid improvements in energy efficiency and conservation techniques -- these are topics one expects utilities to play down when making a case for Badger-Coulee and \$4 billion in transmission expansion before the Public Service Commission (PSC). What was not expected in the legal proceedings held this January was unapologetic side stepping about comprehensive cost, utility bill impacts and evidence that Badger-Coulee could deliver *any* benefits under current conditions of flat energy demand.

In November, 2013, Wisconsin PSC staff asked the transmission builders to re-evaluate need for Badger-Coulee on the basis of the flat energy demand projected by Wisconsin utilities themselves through 2020. In January, 2015, the transmission builders announced they had tested 126 conditions, but when asked under oath why *none* of the tests used a flat projection, their explanation labeled the request as "implausible, unreasonable, and illogical."

The transmission builders' failure to scientifically substantiate potential benefits of under current conditions essentially allows the project to operate at a net loss. Indeed, studies for a similar line south of Madison done in 2007 projected economic losses at today's energy use levels. The builders' current studies for Badger-Coulee estimate potential savings of only a few cents per month and these depend on higher than current energy use. SOUL Engineer Bill Powers studied non-transmission options that create improvements in our homes, farms and businesses and found that much smaller investments in energy efficiency, load management and local solar would

meet all potential reliability needs and insure much greater return on our investments.

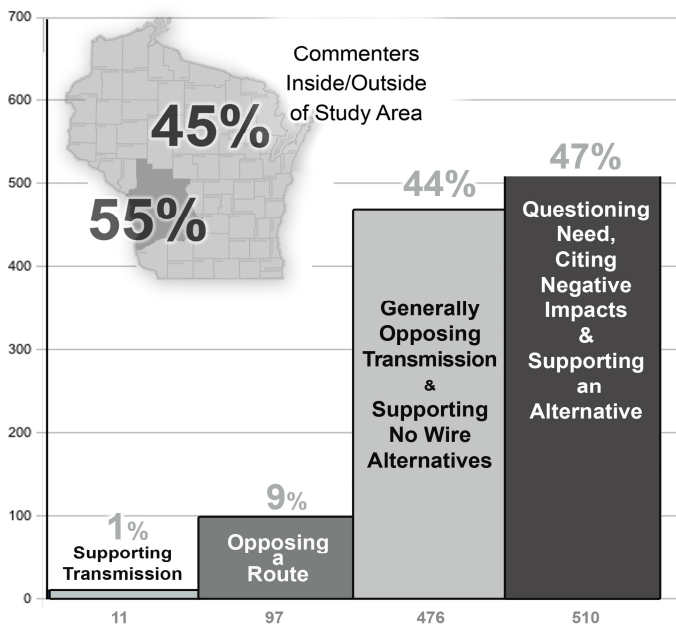
Wisconsin electric customers would assume the debt for Badger-Coulee over 40 years. The builders suggest that after paying regular fixed mortgage commitments, a bit more would be returned in savings. Lacking evidence, the PSC staff asked for numerous clarifications to no avail. At the hearings, CETF/SOUL counsel pressed the utility witnesses to estimate what the potential savings on an average utility bill would be. Again, the builders refused. Finally, an expert for regional utilities testified that such estimates had been provided ratepayers in the past. But in their summary the builders repeated that they were incapable of producing such ratepayer-friendly estimates adding, "there is no statute or regulation requiring the Applicants to do so."

What about the three year-old requests by more than 90 municipalities, 12 state legislators and PSC staff to study the benefits to WI ratepayers that would come if much less ratepayer money was invested in competing energy options like accelerated efficiency and local power? The builders attempted to establish that they had "carefully considered" these requests even when the record showed they had dismissed them as "beyond the scope of the project." Anticipating this inaction, the PSC asked the builders early in process to re-do this entire section of their application but the builders held firm and refused to create any opportunity for Wisconsin ratepayers to evaluate any energy investment options other than transmission.

Potential environmental benefits were equally absent. At no point in the technical hearings did utility interests refute that their master planning assumes that CO2 emissions will increase significantly over time-- even if national renewable energy requirements should be implemented.

It was a record turnout for public hearing comments with less than 1% voicing support. Utilities sought to have SOUL's tabulation of the public comments (below) removed from the record, but the presiding judge ruled the tabulation is fully appropriate.

Access this newsletter at <http://bit.ly/SOUL-March2015> for links to citations and other resources.



Postcards to our Legislators

Our three PSC Commissioners will be reaching a decision on Badger-Coulee within a month and, shortly afterwards, on the proposed Bay Lake transmission line north of Appleton. Our goal of stopping these lines is matched only by our resolve to educate and do what is necessary to stop all wasteful and harmful utility expansion no matter what Wisconsin community would be affected.

How is it possible for utilities to roundly dismiss requests for fundamentals like costs and energy investment options-- especially when made by more than 100 local governments, thousands of ratepayers, 12 state legislators and PSC staff?

This is the question posed on the enclosed postcards

to send to your state legislators and two others that have been pre-addressed. Use scissors to separate the four cards, print your name and return address on each and attach a 34 cent or first class stamp. To find the mailing addresses of your State Senator and Assemblyperson, enter your zip code at <http://bit.ly/Enter-Zip> **Add your signature at the bottom of each post card.**

Petition Legislators/PSC

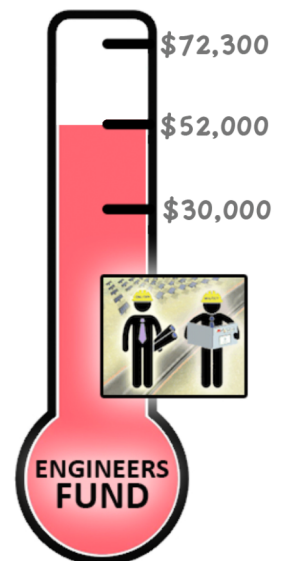
<http://bit.ly/NoTransmission>

SOUL is teaming with CETF and the Energy Planning and Information Committee of Town of Stark to send all state legislators a draft letter for the PSC and a map of Wisconsin showing ratepayer support county by county. Petition signatures are needed from across the state and especially from Adams, Ashland, Calumet, Clark, Columbia, Florence, Forest, Green Lake, Iron, Langlade, Menominee and Taylor counties. After you sign, you will receive an email with a simple way to encourage friends to also sign.

\$20,000 Short on our Engineer and Legal Commitments

<http://bit.ly/EngineersFund>

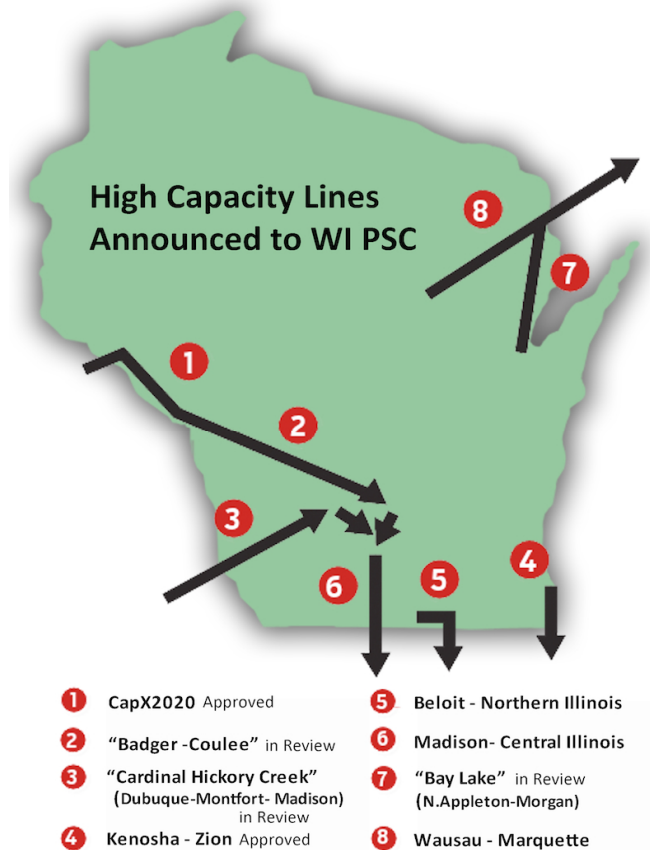
Wisconsin ratepayers and supporters of SOUL and CETF could not have expected a better job from the hundreds of hours our engineers and legal staff dedicated to cross examinations, briefs and reply briefs from mid-December through February. Beside them at every task were officers, board and regular members of CETF and SOUL volunteering hundreds of hours. By all measures of ratepayer and community accountability, our engineers and legal counsel demonstrated that No Wire Alternatives are fully capable of the profitable direction we know exists. Please help us fulfill our commitments to these professionals and these goals by making a tax exempt donation either online at SOULWisconsin.org, or mail to SOUL P.O. Box 146, La Farge, WI 54639. 608-625-4949.



Environmental Law & Policy Group: Need Unproven, Impact of Solar Ignored

After reviewing the Badger-Coulee application, counter-proposals prepared by CETF/SOUL engineers Peter Lanzalotta and Bill Powers and cross examination of the expert witnesses, the Environmental Law and Policy Center formally observed that unless ATC and XCEL “conduct a reasonable economic and reliability analysis that uses near-zero or negative load growth... the Commission cannot fulfill its statutory responsibility to determine whether or not the proposed new Badger- Coulee transmission line will, in fact, bring economic and reliability benefits that outweigh the line’s very high costs.” The group also found, “Applicants have not adequately accounted for the potential for distributed solar resources to reduce load growth... If solar power panels on homes or at utility or rural cooperative installations expand over the next decade, distributed solar would reasonably have significant impacts in reducing load growth.”

Expansion costs exceed \$6 Billion, 3-4 times Focus on Energy Investments



Two submissions in Badger-Coulee materials estimated financed costs for regional transmission expansion including lines 2-4 would cost Wisconsin ratepayers between \$3.4 and \$4.2 billion. Construction costs for the remaining lines (which do not include considerable financing costs) are [1] \$220M; [5] \$137M [6] \$184M; [7] \$327M and [8] \$423M. The total is well over \$6 billion when financed over 40 years, producing an average up-front cost per Wisconsin ratepayer in excess of \$4 per

month. WI’s Focus on Energy efficiency and solar rebate program is currently budgeted at just over \$1 per month. The No Wire Alternatives (NWA’s) designed by CETF/SOUL engineers meet all reliability needs with energy efficiency and solar and would cost less than 25 cents per month. In addition to dramatically lower home, farm and business operational costs, NWA’s reduce utility debt by prolonging the lifespan of our low voltage transmission and distribution lines.

Myth #1 Transmission Expansion is for Wind

RENEW Wisconsin, which receives funding from American Transmission Company, is recommending an unlimited budget approach to WI energy spending. The organization cites “minimal costs” for Badger-Coulee to “increase our use of clean renewable energy here in Wisconsin... [and] put downward pressure on customer rates.”

Facts in the application contradict these assertions: the few, *potential* pennies per month in savings would be fully dependent on contrary and unnecessary energy use increases and Wisconsin ratepayers opting for out-of-state verses in-state investment in renewable energy development. No changes in renewable energy consumption are claimed and expansion costs are at least 5-7 times greater than RENEW estimates. Complete SOUL/RENEW exchange: <http://bit.ly/Facts-Mam>

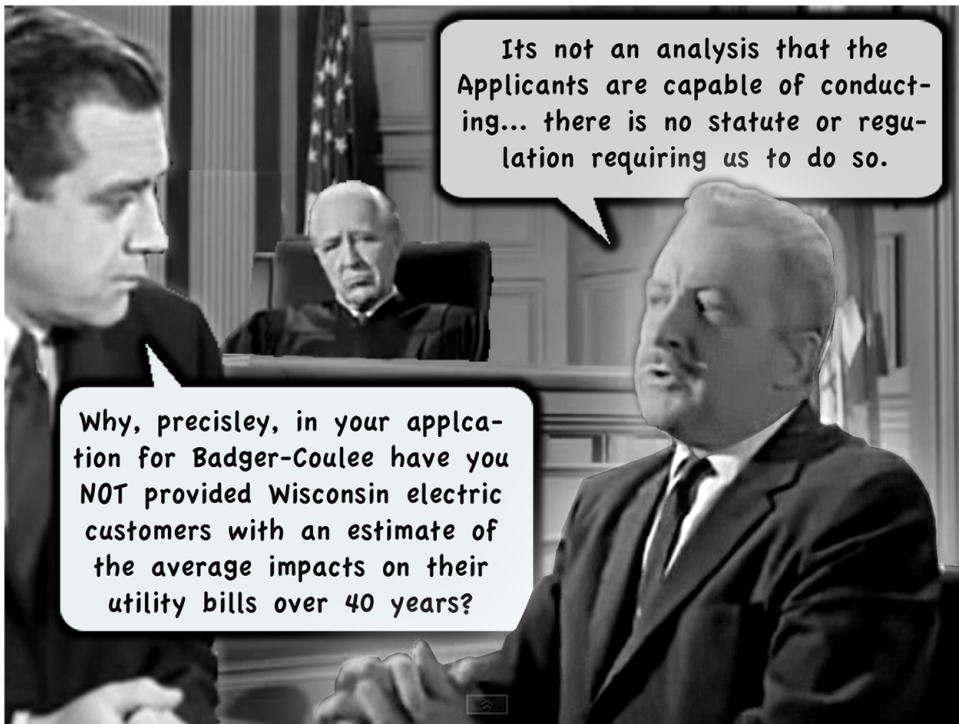
Myth #2 Fee Hikes Due to Solar Grid Costs

The PSC clearly states that WI’s soaring fees and rates are due to a continuing transmission and generation “construction cycle” starting in the late 90’s. Though energy use is flat, utilities continue to pile on high interest, 40-year mortgages and they want to add more. The result: about 40% or \$40 of a typical utility bill has nothing to do with energy or utility operation costs, it’s sheer debt that provides no benefits.

The goal of current fee “restructuring” is to hide this exploding debt within larger fixed fees as it was becoming very apparent in rate increases—especially as declining use forced the mandatory debt payments to be spread over fewer units of energy sold. Before transmission expansion began, Wisconsin’s rates were below the national average. Today they have crept into the top ten.

Germany has 20% solar saturation with no added grid costs. Any possible need for grid changes is decades and many technical advances away. To reach 20% solar by 2040, WI would need to increase our current resources 25% each year. Visit your elected representatives and help them understand how we can start capping energy costs by avoiding unnecessary utility debt.

EARTH DAY IN ONTARIO, WI - APRIL 18, 10-4 pm
Join SOUL, Crawford Stewardship Project, Valley Stewardship Network & Echo Valley Hope at the Community Center for Food, Education, Music & Celebrating the Land We Love. 608-337-4578.



Its not an analysis that the Applicants are capable of conducting... there is no statute or regulation requiring us to do so.

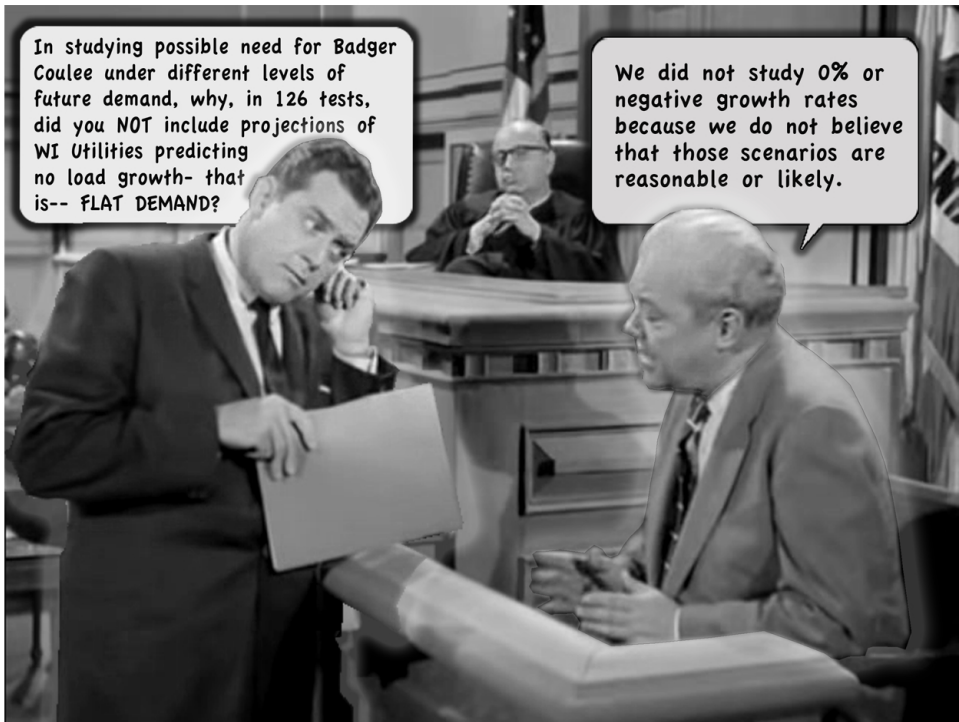
Why, precisley, in your applcation for Badger-Coulee have you NOT provided Wisconsin electric customers with an estimate of the average impacts on their utility bills over 40 years?



In your written testimony supporting Badger-Coulee you state that you "carefully considered" input from municipalities. Does this include the municipal resolutions asking for cost-benefit comparisons with energy efficiency and local power?

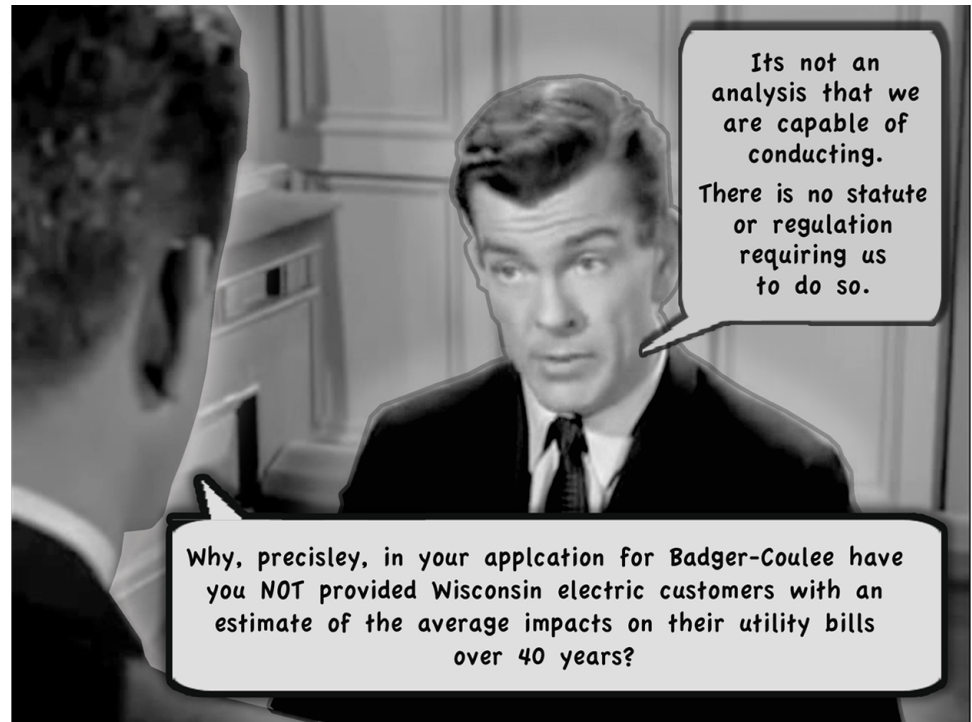
I said we considered inputs from municipalities. I never said we responded to the several hundred resolutions that came in.

Then what do you mean by... "we carefully considered municipal input?"



In studying possible need for Badger Coulee under different levels of future demand, why, in 126 tests, did you NOT include projections of WI Utilities predicting no load growth- that is-- FLAT DEMAND?

We did not study 0% or negative growth rates because we do not believe that those scenarios are reasonable or likely.



Its not an analysis that we are capable of conducting. There is no statute or regulation requiring us to do so.

Why, precisley, in your application for Badger-Coulee have you NOT provided Wisconsin electric customers with an estimate of the average impacts on their utility bills over 40 years?

34
cents
min.

Distinguished Legislator-

Due to lack of substantive information, I encourage you to write the Public Service Commission and request that the Badger-Coulee proposal be denied. Twelve state legislators, more than 90 municipalities, the PSC staff and thousands of electric customers, like me, have asked the applicants to provide cost benefit analysis of alternatives.

This would consider energy efficiency and local power, estimated impact on average utility bills, and need based on current, zero growth in energy demand.

Please investigate how the applicants can fully ignore providing this information and contact me.



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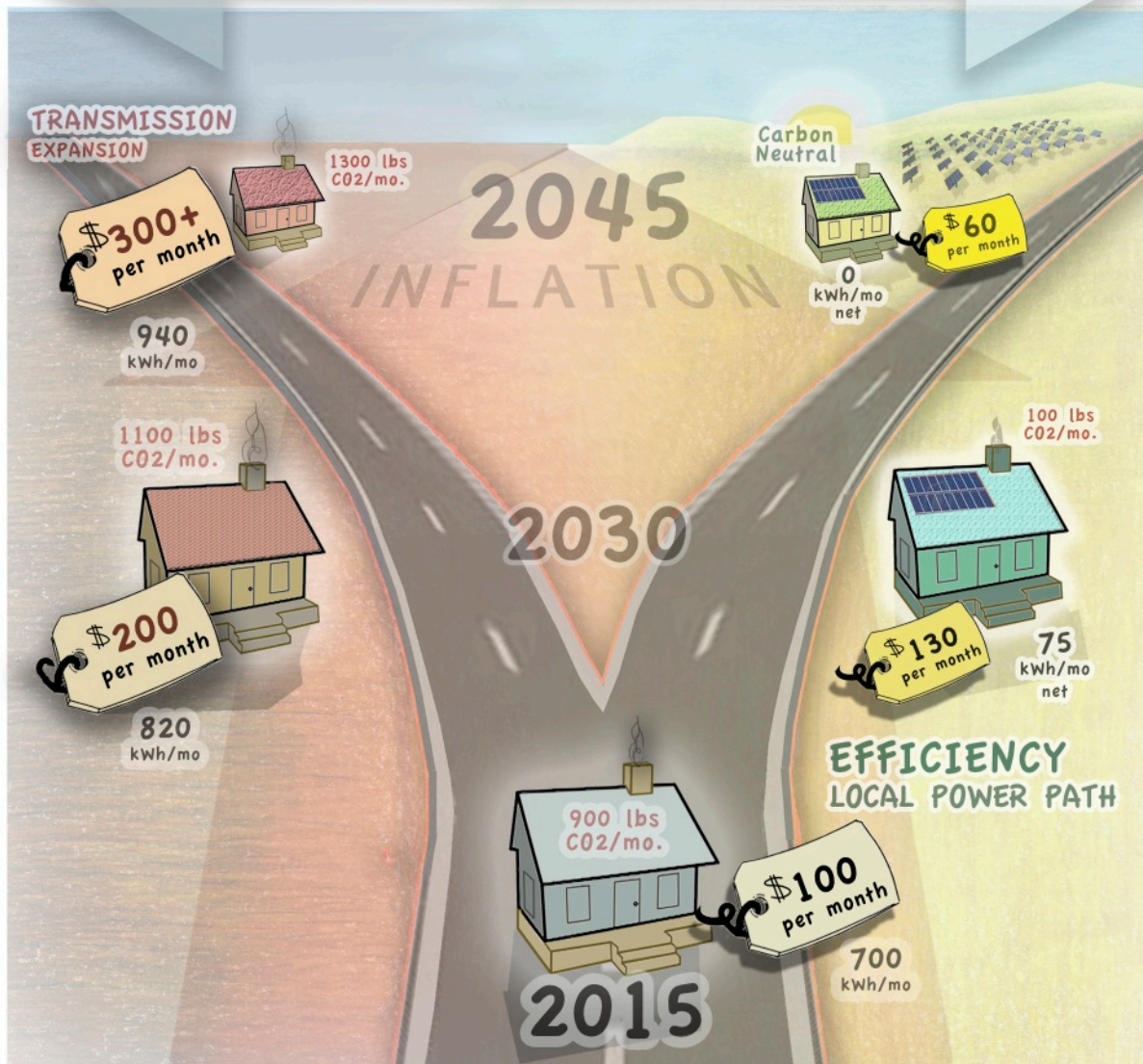
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FORK IN THE ROAD

Steadily Increase Use

Steadily Reduce Waste



Regional utility transmission expansion planning that features many large lines in Wisconsin and surrounding states ignores the option of comparable dollars being invested in energy efficiency and local power. The omission allows utilities to assume a rise in use of 1% per year averaged across their six energy future scenarios.

In contrast, a household energy taking the Efficiency-Solar path based on successful programs in other states can easily lower consumption at the rate of 1.5% per year.

In this illustration, a Wisconsin household with average use in 2015 invests \$9000 in efficiency improvements and 15 community solar panels as recently offered in Vernon County. (Smaller investments in solar will also produce savings.) The solar panels which offset electricity costs initially at 50% are paid for by 2030. From 2031 to 2045, the monthly utility bills for the increasingly efficient, solar and nearly carbon neutral home drop from \$70 per month to just the \$60 facility fee.

The savings returned over 30 years from the Efficiency-Solar path is about \$40,000 with \$20,000 gained from Energy Efficiency alone. An industry accepted inflation rate of 3.5% per year has been applied to both paths.



SOULutions →



P.O. Box 146 La Farge, WI 54639

SOUL OF WISCONSIN

Restoring Ratepayer and Local Energy Priorities to Wisconsin



Used with permission of the artist, Ken Stark

Act Now