

Wisconsin Municipal Utilities Legislative Day

January 27, 2010

Inn on the Park, Madison, Wis.



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Agenda

- 8:30 a.m.** Coffee and pastries available
- 8:55 a.m.** Welcome and Introductions
- 9:00 a.m.** State Sen. Jeff Plale, Chair, Commerce, Utilities, Energy & Rail Committee *Clean Energy Jobs Act update*
- 9:15 a.m.** State Rep. Louis Molepske, Jr. *Groundwater legislation overview*
- 9:30 a.m.** Panel: Wisconsin DNR Secretary Matt Frank and PSC Chairman Eric Callisto *Why SB450/AB649 makes sense for Wisconsin*
- 10:00 a.m.** *Break*
- 10:15 a.m.** Paul Kent, MEG-Wastewater - *Phosphorus rulemaking and its impact on municipal wastewater utilities*
- 10:45 a.m.** Issues Update
Electric – David Benforado
Water – Ken Blomberg, Lawrie Kobza
Wastewater – Paul Kent
Telecom – Scott Meske
- 11:15 a.m.** Municipal Utility Open Forum *What issues are most pressing to your utility/community?*
- 11:30 a.m.** Peter Fox, Executive Director, Wisconsin Newspaper Association
- 11:45 a.m.** Questions/concluding remarks
- 11:50 a.m.** *Lunch provided*
- 1:00 p.m.** Legislator and staff visits

HAVE SAFE TRAVELS HOME!!

ENERGY ISSUES



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Support - SB450/AB649 Clean Energy Jobs Act

The Governor's Global Warming Task Force (GWTF) Report issued in July 2008 provided a strong policy framework to begin mitigating impacts. In June 2009, the MEUW Membership passed a resolution supporting the recommendations in the Final Report of the Governor's Global Warming Task Force, with particular support for cost mitigation measures that will serve to protect customers.

SB450/AB649 encompasses the intent of the Task Force Report and represents a balanced compromise to move from climate change discussions toward action.

Support - SB321 - Neighborhood Electric Vehicles

The bill clears up problems in the current enabling law that makes it difficult for NEVs to be used in many communities that have adopted an NEV ordinance. It expands municipal authority to allow operation of NEVs on state and county as well as municipal roads within the municipality. Under the bill (**which passed the Senate on Jan. 19 on a voice vote**), a municipal ordinance may allow the use of NEVs on any roadway within the municipality that has a speed limit of 35 miles per hour or less, regardless of roadway jurisdiction. The key point is local control – for each municipality to determine the best use of NEVs – and not be restricted by state or county roadways within municipal boundaries. **MEUW supports passage of Senate Bill 321.**

Oppose - AB404 – Landlord Protection Bill

The law provides that municipal utilities may place a tenant's unpaid municipal utility bill on the landlord's property tax bill at year end if the utility has, upon the landlord's request, copied the landlord each month with each delinquent bill notice sent to the tenant. Municipal utilities have used the ability to place unpaid utility bills on the property tax roll for the past one hundred years. This tool has helped municipal utilities keep their costs to a minimum. We believe current law provides landlords with sufficient notice such that they will become aware of problem tenants with ample time to correct the situation. Eliminating this collection tool will mean one thing – **higher utility rates for all of the other customers in the community.**

MUNICIPAL ELECTRIC UTILITIES OF WISCONSIN MEMBER COMMUNITIES

Algoma, Arcadia, Argyle, Bangor, Barron, Belmont, Benton, Black Earth, Black River Falls, Bloomer, Boscobel, Brodhead, Cadott, Cashton, Cedarburg, Centuria, Clintonville, Columbus, Cornell, Cuba City, Cumberland, Eagle River, Elkhorn, Elroy, Evansville, Fennimore, Florence, Gresham, Hartford, Hazel Green, Hustisford, Jefferson, Juneau, Kaukauna, Kiel, La Farge, Lake Mills, Lodi, Manitowoc, Marshfield, Mazomanie, Medford, Menasha, Merrilan, Mount Horeb, Muscoda, New Glarus, New Holstein, New Lisbon, New London, New Richmond, Oconomowoc, Oconto Falls, Pardeeville, Plymouth, Prairie du Sac, Princeton, Reedsburg, Rice Lake, Richland Center, River Falls, Sauk City, Shawano, Sheboygan Falls, Shullsburg, Slinger, Spooner, Stoughton, Stratford, Sturgeon Bay, Sun Prairie, Trempealeau, Two Rivers, Viola, Waterloo, Waunakee, Waupun, Westby, Whitehall, Wisconsin Dells, Wisconsin Rapids, Wonewoc.

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WATER ISSUES



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UPCOMING LEGISLATION ON WATER USE AND CONSERVATION

Water quantity legislation is expected to be proposed this session, as a product of the groundwater work group chaired by Sen. Miller and Rep. Black. Although the proposed legislation is not yet available for review, the legislation is expected to have a significant impact on public water systems and the customers who rely upon them for potable water. Some issues that should be considered when evaluating this legislation include the following:

Priority For Water Used For Drink, Sanitation And Public Safety Should Be Explicitly Recognized In Statute

Any water quantity legislation should be based upon the principle that water use for drinking, sanitation and public safety must be given priority over other water uses. This bedrock principle should be explicitly set forth in Wisconsin statutes.

Fair Representation Of Public Water Systems On Water Planning Committees Should Be Ensured

Current law establishes two groundwater management areas, and it is expected that the proposed legislation will provide a process for establishing additional groundwater management areas and perhaps groundwater attention areas. These areas will be required to develop a groundwater management plan. Wisconsin utilities in these designated areas would then be required to:

- Complete a water supply plan which meets, and is consistent with, the requirements of the groundwater management plan established for their area;
- Implement minimum water conservation measures as specified by the Department of Natural Resources;
- Impose any community growth, water pumpage and customer use restrictions necessary to meet state established water budget amounts for that area; and
- Meet new requirements on existing and future high capacity well permit approvals.

The groundwater management plans developed will have a significant impact on a community's well-being and future. Public water suppliers should be guaranteed fair representation on any committees formed to develop these plans. Counties should not have the sole discretion to establish the committees and appoint committee members.

Water Conservation Should Not Be Limited To Public Water Systems

Efficient use of water should be a goal for all water users, not just those who take water from a municipal water system or a high capacity well. Legislation should not inadvertently encourage the installation of more non-high capacity wells that would not be subject to conservation requirements.

Public Investment In Existing Wells Should Be Protected

The legislation is expected to give the Department of Natural Resources the authority to limit an owner's ability to use an existing high capacity well if the Department determines the water use has become unsustainable due to changing climatic conditions, cumulative impacts of water withdrawal, or the addition or removal of other high capacity wells. This would be a significant change from existing law and would have the potential to substantially harm a community's investment in its water supply.

AB 404- PROHIBITING MUNICIPAL ELECTRIC OR WATER UTILITIES FROM COLLECTING CERTAIN UTILITY ARREARAGES FROM OWNERS OF RENTAL PROPERTIES AS PROPERTY LIENS

The rules and procedures by which all municipal utilities in Wisconsin operate under relating to the billing for service provided to their customers, are promulgated and enforced by the Wisconsin Public Service Commission. Under these rules utilities may, in some cases, place unpaid utility bills on the tax rolls at the end of each year. In situations where customers in rental units are in arrears, utilities follow PSC regulations for notification of the owners and occupants of rental properties throughout the year to keep them informed of unpaid balances before being placed on the tax rolls. AB 404 would prevent municipal utilities from this practice and force them to absorb unpaid rental balances through higher rates to their other bill-paying customers.

WASTEWATER ISSUES



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PHOSPHORUS RULES AND FUNDING

The Department of Natural Resources (DNR) is in the process of establishing water quality standards for phosphorus that would be applicable to point sources including municipal wastewater facilities. Public hearings on a proposed rule are expected in a few months.

Nature of the Problem.

- Municipal wastewater treatment plants are already subject to phosphorus limits and as a result the vast majority of phosphorus in our lakes and streams is from other sources. For example, in the Rock River basin, phosphorus from all point sources including municipal sources is less than 20% of the phosphorus loading in the watershed.
- Under the proposed rule, many communities could be required to reduce their phosphorus discharge by a factor up to 10 times which will necessitate significant capital improvements. Based on an engineering cost analysis we have estimated that implementation of these rules could cost **between \$1 and 2 billion dollars or more state wide**. The cost per pound of phosphorus removed would be \$100s of dollar per pound which is the least cost effective way to reduce phosphorus.
- **It does not make sense to spend \$2 billion on plant upgrades for 20% of the phosphorus problem. Nor does it make sense to spend public money in the least cost effective manner to address phosphorus.**

Potential Solutions.

- Municipalities are urging DNR to include watershed based compliance programs in the rule package that would provide allow enough time for municipalities to work with non-point sources on watershed solutions. Under this proposal municipalities would make reductions from current limits, but would avoid major capital improvements if water quality could be improved through reductions in non-point.
- Municipalities are looking for support to broaden the water pollution credits trading statute, Wis. Stat. §283.84, and the development of a trading protocol by DNR to enable more cost effective solutions to be considered.
- Municipalities are looking for support to provide meaningful funding of the required cost-share dollars to the agricultural community so that cost-effective reductions in phosphorus can be implemented.