

ENERGY ISSUES



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Economic Development Electric Rates

Ensuring affordable, reliable electricity remains one of the staples of a solid economic development climate for Wisconsin communities. Wisconsin's municipal electric utilities have done exactly that for more than 100 years, even into today's challenging economic times.

We are cautious though about providing electricity at reduced rates for special circumstances or for select customers. These are sometimes called "special contracts" or "economic development rates." While there is little argument that providing special rates to a commercial or industrial customer would benefit that particular customer, the difference between what it costs to provide that electricity and what is actually being paid for by the customer must be paid by another source, usually another class of customer.

We believe that if special rates are to be offered by an electric provider, the rate should not be subsidized by other customers from other classes, which for instance, could result in raising residential rates to subsidize an industrial customer's special electric rate. We urge caution and fairness on any special electric rate design so as to not adversely impact existing customers' electric bills.

Preserve Existing Municipal Utility Collection Tools

The law that allows a municipal utility to place a tenant's unpaid municipal utility bill on the landlord's property tax bill (§66.0809) has been effectively used by municipalities across Wisconsin for the better part of the last 100 years to help keep local utility rates low. At the request of landlord groups and after months of negotiation and compromise, that law was modified 15 years ago. We support current law and believe that it provides landlords with sufficient notice and tools to prevent significant utility bill arrearages by tenants.

Municipal utilities continue to work with landlords, to the fullest extent that state law and Public Service Commission rules allow, to ensure that utility bills are paid for by those that use those services.

Eliminating this municipal utility collection tool will mean one thing – higher utility rates for every other customer 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, Merrillan, 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.

Wisconsin Municipal Utilities Legislative Day, April 5, 2011

WATER ISSUES



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PROTECT THE ABILITY TO COST EFFECTIVELY COLLECT DELINQUENT MUNICIPAL UTILITY BILLS

For over 120 years, municipal water utilities have had the ability to place delinquent utility bills on the property tax rolls. (§66.0809) Under long existing Wisconsin statutes, municipal water service must be paid for, and if it is not, the property receiving service will be subject to tax collection and tax delinquencies proceedings. Municipalities throughout Wisconsin rely upon this authority for the efficient and cost effective collection of taxes, special assessments, special charges and delinquent utility bills. This authority limits costs related to the collection of delinquent taxes, assessments and utility bills, and helps to ensure all property owners pay their fair share for these items.

Municipal utilities stand ready to assist owners of rental property to limit delinquent utility bills that could be placed on the property tax rolls. Indeed, negotiated legislation adopted in 1996 codifies the procedures municipal utilities will take -- like providing early notice of a delinquent utility bill -- to help owners of rental property limit delinquent utility bills. (§66.0809(5)) However, any proposal to eliminate or restrict a municipality's ability to place delinquent utility bills on the property tax rolls goes too far in providing an unfair benefit to one group of property owners at the expense of higher costs to everyone else.

LIMIT WATER SUPPLY PLANNING TO STATUTORY REQUIREMENTS

Under § 281.348, Wis. Stats., all public water supply systems that serve a population of 10,000 or more and that withdraw water from either surface waters or groundwater must have an approved water supply plan by December 31, 2025. A public water system that seeks an approval for a new or increased withdrawal from the Great Lakes Basin prior to 2025 would need to have an approved plan at the time it requests approval for the new or increased withdrawal.

The DNR is currently working to promulgate administrative rules for the water supply planning process. These rules should not go beyond what is required by statute. For example, an assessment of environmental impacts for each water supply alternative considered should not be required. The rules should also not go beyond what is necessary or reasonable for a planning process. A public water system should also not be required to plan for areas that the municipality is unwilling to serve.

Furthermore, the DNR should not adopt rules that would take control away from local elected officials on decisions related to acceptable growth and planning. To put such decisions in the hands of regional planning entities, other governing bodies in the area and the DNR goes beyond what is needed to implement effective water supply planning.

WATER ISSUES cont'd

REJECT UNFUNDED MANDATES AND PRESERVE LOCAL CONTROL

Compliance with most utility laws and regulations always trickles down to the lowest denominator, usually the local communities and those that live in them. While this is difficult to deal with financially even in the best economic conditions, it's extremely difficult in the economic environment we find ourselves in recently.

Wisconsin's public utilities are subject to a variety of regulations from a number of state agencies. Virtually every aspect of our finances, operations and facilities are regulated. These regulations deal with such areas as public health & safety, protection of natural resources, employee safety, facility installation & upgrades, maintenance, funding, customer relations and utility rates. While every law and regulation has merit, there has to come a time where the flow of unfunded mandates to communities has to stop.

Public utilities are run by appointed and elected local officials who are directly affected by compliance with any state law or regulation. We ask that the state legislature give local utilities, and the communities that own them, more say on regulatory development, prioritization of regulatory compliance and options on how to pay for such compliance.



WASTEWATER ISSUES



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State Budget – DNR – Clean Water Fund Program (CWFP)

The Governor's proposed increase to the percentage of market rate from 60% to 80% for Clean Water Fund Program (CWFP) loans for wastewater project needs in the 2011-13 biennium will result in millions of dollars of increased borrowing related costs to municipalities. At the same time, many communities across Wisconsin are struggling to address the growing demands on their aging sewer and treatment plant infrastructure. Sewage projects are often not optional projects that municipalities can delay, due to state regulatory requirements and their importance to public health and the environment. The new thermal and phosphorus rules are the latest examples of new high cost requirements.

The CWFP has long provided a critical source of funding for municipalities seeking to construct wastewater treatment and urban storm water projects. This is important, since in 1991 the CWFP was established to replace grant funding that had been used as the primary funding source for construction of sewers and treatment plants.

While we understand that budget cuts need to be made, we urge the Legislature to consider the State's special responsibility under the Public Trust Doctrine in the Wisconsin Constitution to promote and protect the waters of the State. Local governments are willing to do their share but the State needs to be a partner in this process of keeping the waters of Wisconsin clean. This is a budget cut the State cannot afford to make. MEG is opposed to the proposed CWFP funding shift and urges the legislature to maintain current law.

State Budget – DNR – Phosphorus Water Quality Standards

Phosphorus water quality standards remain a significant issue for municipalities. The water quality standards adopted by DNR last June could require filtration be added to many municipal wastewater facilities at a cost in the billions of dollars state wide. At the same time, only about 20% of phosphorus loadings statewide come from point sources, like municipalities, while 80% comes from non-point sources. This is an area subject to the federal clean water act and Wisconsin is one of a few states where regulators have been forced to act under threat of legal action by environmental groups and regulatory over-ride by EPA.

In the face of threatened EPA action, MEG worked with other stakeholders and DNR in the development of a phosphorus implementation rule, NR 217, as a companion rule to the water quality standards. In that process we were able to obtain extended schedules (up to 15 years) and innovative compliance options (such as adaptive management) that could greatly reduce costs and result in better water quality. For example, one option being developed is watershed based trading that will allow phosphorus standards to be achieved through collaborative arrangements with non-point sources.

Originally the budget proposed to suspend the phosphorus rules until other states in our region had adopted similar measures. That presented several potential legal issues under the clean water act. Instead, an amendment has been proposed that delays implementation of the state rule for two years. This will allow other states to "catch up" and allow municipalities to work with DNR and other stakeholders to develop trading protocols and guidance for implementation of the phosphorus rules. MEG supports this proposed change.