

# WISCONSIN COUNTIES UTILITY TAX ASSOCIATION

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## May 6, 2016 MEETING MINUTES

The meeting was called to order at 10:30 by Chair Larry Willkom. The minutes from the October 9, 2015 were approved on a motion by Supervisor Goehring, seconded by Nick Osbourne.

Attendance: The following members were present: Larry Willkom, Chippewa County; William Goehring, Sheboygan County; Rick Gundrum, Washington County; Jim Schroeder, Jefferson County; Chuck Hoffman, Manitowoc County; Robert Keeney, Grant County; Linda Sinkula, Kewaunee County; Bob Yeomans, Rock County; John Tramburg, Columbia County; Nick Osborne, Rock County.

Via Phone: Kurt Gibbs, Marathon County Guest: Walt Christiansen, former Jefferson County Supervisor.

### **President's Report: Chair Larry Willkolm**

Chair Willkolm welcomed new Supervisors and thanked Walt Christiansen for his service and his testimony before the Assembly Utility Committee and our discussions with Rep. Thiesfeldt on AB 490. He also again thanked Supervisor Chuck Hoffman for his testimony and said he believed that if the counties and the towns could work together it might be possible to change the 87 percent the Department of Revenue currently retains after it assesses and then collects payments in lieu of taxes. He added that testimony presented by WCUTA Executive Director Alice O'Connor also suggested that towns and counties should not be fighting with one another but rather, the state should be sharing more of the dollars in collects from power plants who don't pay local taxes back to local governments

Chairman Willkolm appointed an Audit committee that looks at WCUTA's books since last year. Supervisor Goehring will chair this committee with two other members, Supervisor Sinkula and Tramburg also serving.

### **Treasurer's Report - Supervisor Linda Sinkula**

Supervisor Linda Sinkula said the balance as of February 2016 was \$36,863.97 with a CD (#7379279) that matures July 31, 2016 and is now valued at \$40,303.07 for a total balance of \$77,167.04 Expenses since February 2016 were as follows: February 2016-\$ 2,048.25; January and March total 2016 \$4,650.50. Linda pointed out that Alice had made a mistake on a check for payment of her services, but it was caught so the April 2016 retainer payment was reduced by \$760 so the net payment of \$1,205.00 has the books back on track. Total expenses were \$7,903.75.

### **Executive Director Report- Alice O'Connor**

Alice reported that in the 2017-2018 session, the legislature will have to deal with a \$1.2 billion hole left in the transportation fund from the 2015-2016 session, another \$300 million in proposed cuts to the Medicaid programs and implications for local governments and the neediest among Wisconsin's population. Revenue from wind is expected to remain relatively flat. Electric companies are starting to give tax credits and they are weighing how to balance the utility tax with tax credits. Brown County Health Dept. said they have no specific findings that the siting setback provisions caused by wind turbine noise cause different health issues. Alice said it will be important for Supervisors to let their own elected officials know how important the utility tax is to their county. Supervisor Jim Schroeder said to provide him with contact information for Rep. Cody Horlacher. Supervisor Gundrum said his state offices are Reps Born, Kremer, Strobel and Gannon.

Supervisor Linda Sinkula said Dominion paid \$7 million in taxes owed, but it was a two year battle. The village of Cassville lost \$700,000 of its tax rolls. The question is what is a shut down power plant worth. Dominion now wants to have tax exempt status. Outside assessors were hired by the Dept. of Revenue who said they did not have qualified assessors, Supervisor Sinkula stated.

Alice said the presidential election is such a wild card that the impact on state elections is unclear. Some aid there isn't a lot to show up to vote for on the ballot and that may keep people home.

Speaker Elise Nelson: Public Service Commission- As Communications and Legislative Director at the Public Service Commission of Wisconsin (PSC), Elise serves as spokeswoman for the agency. She manages and directs all external relations with the media and is the primary liaison between the agency and legislative offices, legislative support agencies, and the Governor's policy, legislative and communications teams.

Elise presented a power point and said this is the seventh biennial Strategic Energy Assessment (SEA) issued by the Public Service Commission of Wisconsin (Commission), an independent state regulatory agency whose authority and responsibilities include oversight of electric service in Wisconsin. She said it is important to know the docket number if you want to follow this. It is PSC number 176432. Her email with any questions is elise.nelson@wisconsin.gov.

She said the SEA provides a picture of past and future electric energy needs and sources of supply. It brings to light issues that may need to be addressed to ensure the availability, reliability, and sustainability of Wisconsin's electric energy capacity and supply. She said while the Commission is required to prepare this technical document for comments by parties involved in the electric industry, the recommendations are not mandatory. It is designed also help the general public who have an interest in reliable, reasonably-priced electric energy. The last hearing before issuing the final SEA was August 28, 2012. A second hearing will take place May 11, 2016. The Commission must also make an environmental assessment on the draft SEA before the final report is issued. The environmental assessment is available on the Commission's website. Public comments will be used to prepare the final SEA.

The SEA must also consider the public interest in economic development, public health and safety, protection of the environment, and diversification of energy supply sources. Under statutory and administrative code requirements, every electricity provider and transmission owner must file specified historic and forecasted information. The draft SEA must be distributed to interested parties for comments. Subsequent to hearing(s) and receipt of written comments, the final SEA is issued. In addition, an Environmental Assessment,

The seventh SEA covers the years 2012 through 2018. During the past year, eleven large Wisconsin-based investor owned utilities, cooperatives, municipal electric companies, and other electricity and transmission providers submitted historic information regarding statewide demand, generation, out-of-state sales and purchases, transmission capacity, and energy efficiency efforts. In addition, these entities provided forecasted information through 2018.

The SEA is an informational report that provides the public and stakeholders with information about relevant trends, facts, and issues affecting the state's electric industry. The SEA is not a prescriptive report, meaning that the ideas, facts, projects, and policy discussions contained in this report will not be used as the exclusive basis for ordering action by the Commission. She said, should a specific topic warrant further attention with the intent of Commission action, the Commission must take additional steps as authorized by law.

She provided a more in depth discussion of the demand and supply of electricity and said Wisconsin's primary energy source remains coal. The increased presence of renewable projects in Wisconsin continues to change the generation mix proportions in the state. She said in the 1990s, reserve margins had been a concern. Actual reserve margins fell to less than 10 percent on multiple occasions in that decade, prompting the Commission to mandate that utilities maintain a higher planning reserve margin. The recent economic downturn, coupled with the state's generation construction in the past several years, created additional capacity; however, planning reserve margins have declined slightly since the last SEA. Wisconsin's planning reserve margins are forecasted to remain above 11.6 percent through <sup>1</sup>**018**. She said moving energy from the generation source to customers – is an ongoing challenge. The Commission is currently participating in multiple regional transmission initiatives focused on transmission planning.

She said, energy rates continue to increase across customer classes both in Wisconsin and the Midwest. Rate increases are generally driven by sales decline, transmission, generation, distribution and renewable investments, increased federal regulation of pollutants, fuel price volatility and purchased power costs, as well as the high fixed-cost nature of the utility business. In Wisconsin this particularly is the case because the state is at the end of a major generation construction cycle. Some of these increases, however, have been, and are expected to continue to be, offset by the lower cost of natural gas.

She said state law requires Wisconsin's electric providers to sell a certain percentage of renewable energy. Approximately 10 percent of all electricity sales in Wisconsin must be from renewable resources by 2015. Wisconsin is well on its way toward achieving this goal. RPS goal of 10 percent by 2015 was met in 2013.

She said federal policy proposals are more dicey. Wisconsin utilities may have to respond with new or retrofitted generation facilities that meet all emission restrictions, and the Commission will give these impacts careful consideration when reviewing upcoming rate and construction cases. The Midwest Independent Transmission System Operator, Inc. (MISO) has indicated compliance region-wide in its footprint may be as high as \$33 billion.

Major retail electricity providers and/or transmission owners that submitted demand and supply data for this SEA include: American Transmission Company LLC (ATC), Great Lakes Utilities (GLU), Madison Gas and Electric Company (MGE), Manitowoc Public Utilities (MPU), Northern States Power-Wisconsin (NSPW) (d/b/a Xcel Energy, Inc. (Xcel)), Superior Water, Light and Power Company (SWL&P), Wisconsin Electric Power Company (WEPCO) (d/b/a We Energies), Wisconsin Power and Light Company (WP&L) (d/b/a Alliant Energy), and Wisconsin Public Service Corporation (WPSC).

These providers were required to include supply and demand data for any wholesale requirements that they may have under contract. This action streamlined data reporting and reflected current market activities. Demand and supply data were also provided by Dairyland Power Cooperative (DPC) and

She said major transmission line projects will be coming before the PSC next year. She said ATC plans to build a 125 mile transmission line starting Hokinson, IA.

She said they found rates are higher in Wisconsin even though consumption by consumers declined and the reason is utilities have invested in pollution upgrades and great efficiencies. This has resulted cost differentials. Charging more using less is the net effect.

She said PSC needs better information for distributed energy resources, biogas, fossil fuels hydroelectric, windmill, solar, landfill gas, etc. A future issue for the PSC will be storage capacity.

She said it takes usually 5 months to approve a rate request to allow time for the intervenor and other stakeholders to comment PSC likes to start in fall and finish by December so rates the following year can be set. Charging more using less. A while back the court struck down the issue of a surcharge if you use solar. Court said PSC can't charge surcharge for solar panels. PSC is basically a regulated monopoly. There is not much change in coal but as power plants age out they may be replaced with wind and natural gas. PSC will write a regulation for anything that is over 100 megawatts. This will come before the PSC. MGE and We Energy and Dairy Coops are doing wind community projects. The wind farm in St Croix County is still two years from being done. They are now issuing sound measurements studies.

Chairman Willkolm thanked her for her excellent information.

The meeting adjourned at 1:15 on a motion by Supervisor Sinkula, seconded by Supervisor Hoffman.

Next board meeting date: August 19, 2016, 10:30 at the Madison office.

