DEVIN LEMAHIEU

STATE SENATOR

Vice-Chairman Kapenga and Members,

Thank you for hearing my testimony on Senate Bill 475, the 2017 Public Service Commission (PSC) Reform Act, which Representative Kuglitsch and I are introducing at the request of the PSC.

The commission solicited input from both staff and stakeholders on how to update and reform the regulatory process to cut costs and increase efficiency. SB 475 is a comprehensive package of technical changes to streamline agency procedures.

The PSC Reform Act:

- Removes outdated legislative reports that have been completed
- Updates statutes allowing the State Energy Office to fully operate after being transferred from DOA to PSC
- Creates a framework for the settlement of contested matters at the PSC by providing timelines and standards
- Establishes a new framework regarding pipeline safety enforcement that makes Wisconsin compliant with federal Pipeline and Hazardous Material Safety Administration (PHMSA) rules, effective 2016
- Removes an unnecessary utility application fee for issuing securities
- Assures that water utilities may not charge ratepayers for advertising that does not produce a verified, direct and substantial benefit to ratepayers

Thank you for your time and consideration.

OFFICE: State Capitol, P.O. Box 7882, Madison, WI 53707-7882 **PHONE:** (608) 266-2056 **TOLL-FREE:** (888) 295-8750
E-MAIL: Sen.LeMahieu@legis.wi.gov **WEB:** http://LeMahieu.senate.wi.gov

MIKE KUGLITSCH

STATE REPRESENTATIVE • 84TH ASSEMBLY DISTRICT

DATE: October 24, 2017

RE: **Testimony for 2017 Senate Bill 475**

TO: Senate Committee on Elections and Utilities

FROM: Representative Mike Kuglitsch

SUBJECT: 2017 PSC Reform Bill

Thank you Mr. Chair and Members of the Committee for your consideration of Senate Bill 475—The 2017 PSC Reform Bill.

I am here to request your support and ensure Wisconsin continue leading the way in utility regulation by eliminating old and unnecessary statutes, codes and rules.

The PSC solicited input from both staff and stakeholders on how to update and reform the regulatory process to cut costs and increase efficiency in the Commission's review of utility applications and other operations.

The resulting "PSC Reform Bill" is a comprehensive package of technical changes to streamline agency processes by deleting antiquated statutory language and eliminating redundant processes within the agency while allowing the PSC to more accurately bill utilities requiring staff time, to increase certainty and fairness to Wisconsin ratepayers and utilities.

Reforms in the Bill include:

1. Statutory changes necessary to implement Red Tape Review.
2. Revision of statute to delete a reference to a Federal Reserve Statistical Report no longer published.
3. Removal of an unnecessary utility application fee for issuing securities.
4. Assurance that water utilities may not charge ratepayers for advertising that does not produce a demonstrated, direct and substantial benefit to ratepayers.
5. To correct a drafting error in 2015 Act 391, the bill clarifies shoreline zoning is not required for utility projects if the Dept. of Natural Resources has issues all required permits.

Post Office Box 8952 • Madison, Wisconsin 53708-8942
(608) 267-5158 • Toll-Free (888) 534-0084 • Fax (608) 282-3684 • Rep.Kuglitsch@legis.wi.gov

6. Removal of statutory references to legislative reports, and utility reports to PSC, that are completed and have no ongoing requirement.
7. The bill creates a framework for the Commission to review and rule on proposed settlements after appropriate input from the affected parties. Wisconsin would join 39 other states that have some form of a settlement framework for the utility commission to resolve contested issues.
8. Transfer of jurisdictional language associated with the State Energy Office, whose staff was relocated to PSC under the 2015-17 state budget, from DOA to PSC.
9. Strengthens enforcement measures surrounding State One Call statutes in order to enhance public safety, the safety of utility infrastructure, the ability to deliver reliable energy, and comply with new federal Pipeline and Hazardous Material Safety Administration (PHMSA) rules, effective 2016. All this is accomplished without changing the standard that requires hand-digging within 18" of a buried facility.

The Substitute Amendment includes:

1. Applies the new enforcement process only to facilities transporting natural gas and other hazardous materials.
2. In the forfeiture section, remove "aids in a violation" and insert "knew or should have known" as the standard applied by the PSC with respect to contested proceedings.
3. Cap of $500,000 imposed on civil forfeiture for anyone who is found in violation of safe digging practices.
4. A "presumption of validity" to PSC determinations that mirrors the language in Wis. Stat. § 196.40, which applies to all orders from the Commission. That section states: "After the effective date every order or determination shall be on its face lawful and reasonable unless a court determines otherwise under s. 227.57."
5. Clarifies a residential property owner or tenant whose violation of the excavation practices resulting from an excavation on property owned or leased by the residential property owner or tenant is exempt from the complaint process established in the bill.
6. The Substitute Amendment also exempts a person or an employee engaged in agricultural activity, as defined in s. 101.10(1)(a) from the complaint process. Residential property owners, tenants and those engaged in agricultural activity on their own property still must call Digger's Hotline before performing excavation activities.

I ask for your support of this legislation and I am happy to take any questions.

Public Service Commission of Wisconsin

Ellen Nowak, Chairperson
Mike Huebsch, Commissioner
Lon Roberts, Commissioner

610 North Whitney Way
P.O. Box 7854
Madison, WI 53707-7854

PUBLIC HEARING
Senate Committee on Elections and Utilities
October 24, 2017

Testimony of Ellen Nowak
Chairperson
Public Service Commission of Wisconsin

Chairperson LeMahieu, and members of the Senate Committee on Elections and Utilities, good afternoon and thank you for allowing me to testify on behalf of the Public Service Commission in support of SB 475 and its Substitute Amendment.

I have had the opportunity to meet with some of you and many of you have also met with my Executive Assistant Bill Jordahl regarding the bill. As you know, I am the Chairperson of the PSC. The PSC's mission is to oversee and facilitate the efficient and fair provision of quality utility services in Wisconsin. With me is Attorney Andrew Cardon, who serves in the Office of General Counsel at the PSC and consulted on the drafting of this bill. Andrew is here to assist in answering questions on the legislation before you today.

As part of the Commission's ongoing efforts to improve our processes and reduce red tape, I asked our staff how the agency could operate more effectively and efficiently. I am here today with a number of collaborative proposals from both PSC and stakeholders that seek to streamline and bring greater consistency to our processes, while at the same time ensuring that the Commission has the tools to get our job done.

Many of the issues we address at the PSC are highly technical, and understanding those issues requires an investment of time. We appreciate legislators on both sides of the aisle being willing to make that investment in developing this bill—especially the legislative authors.

Telephone: (608) 266-5481
Home Page: http://psc.wi.gov

Fax: (608) 266-3957
E-mail: pscrecs@wisconsin.gov

This bill contains several changes that were identified in the Assembly Committee's Red Tape Review. First, consistent with the PSC's presentation to the Assembly Committee on April 18th of this year, we suggest removal of references to several outdated legislative reports and filing requirements that are completed and have no ongoing requirement. Everyone here knows the Legislature often requires reporting on any number of initiatives. However, once those reports have been completed and the information fully evaluated, the statutes should be modified accordingly. We have carefully reviewed all the statutes applicable to the PSC and found several reports that have been completed related to small-scale electric generating facilities and the impact of horizontal market power on creating a competitive retail electricity market. Both of these reports were required to be submitted to the Legislature in the year 2000. There is no longer a need for a statutory mandate for these reports.

We also identified a provision requiring each investor-owned electric utility to file market based pricing options no later than March 1, 2000. This filing requirement is more than 17 years old, and all the investor-owned electric utilities now have such market based pricing options. This bill would eliminate the outdated filing requirement while retaining the ability of utilities to file these options and retaining the existing standards the PSC uses to approve them.

Another item we suggest removing based on the Red Tape Review is an unnecessary $1,000 fee investor-owned utilities are required to pay when requesting authority to issue securities. This fee is completely unnecessary as the PSC already has assessment authority to recover the costs of processing such an application. This reduces costs to utilities and ultimately the customers who pay for service.

Next, the bill also transfers specific authority on energy related matters from the Department of Administration to the PSC. Each state has a State Energy Office (SEO). In the 2015-17 session, the Legislature transferred Wisconsin's State Energy Office from the DOA to the PSC. However, this was a non-statutory transfer, so while staff came to the PSC, the statutes enabling them to take various actions were not transferred. We have worked closely with DOA

on outlining the statutes necessary to realign SEO responsibilities with SEO staff at PSC. This includes taking actions during energy emergencies, maintaining data for state energy planning, administering federal energy grants, preparing contingency plans for energy shortages, providing technical energy related assistance to local governments and compiling energy use information about public schools. There are no change in responsibilities or authority with this transfer–this is merely a change in numbering of the statutes.

The bill also makes necessary updates to existing laws to enable the PSC and utilities to operate effectively. Under current law, water utilities can increase rates through a simplified water rate case that allows increases similar to inflationary increases. This is a very efficient process at the PSC, and the entire case is generally completed within 30 days. The statute which sets the rate of return for simplified water rate cases references a Federal Reserve Statistical Release on state and local bond rates. However, the Federal Reserve stopped publishing this report on October 11, 2016. This bill removes the reference to this report while still ensuring the PSC considers the interest rates for state and local bonds.

This bill also applies consistency in the statues by allowing the PSC to regulate advertising by water public utilities to the same extent that the PSC regulates advertising by other public utilities under current law. Under current law, a public utility may not charge its ratepayers for advertising that does not produce a demonstrated, direct, and substantial benefit for the ratepayers. For example, think of the "goodwill advertising" and sponsorships you see from Wisconsin utilities. The PSC ensures that these advertising expenses are not charged to customers. However, the current definition of public utility for purposes of advertising does not include water utilities. This bill updates the definition to ensure a consistent approach is applied to all utilities.

The PSC also worked with stakeholders on technical clean-ups regarding the standards for rebuilding transmission lines. This change will allow a transmission owner to make minor

modifications that accommodate the landowner or are necessary for engineering purposes while still meeting the exemption for PSC approval that exists under current law.

Under current law, a utility rebuilding an electric transmission line with a voltage level below 345 kV is not required to obtain PSC approval if the rebuilt line is operated at the same voltage, the project will not have undue adverse environmental impacts on any new rights-of-way, the project requires less than one-half mile of new rights-of-way, and the centerline is within 60 feet of an existing electric transmission line. This bill retains existing requirements regarding voltage, environmental impacts and new rights-of-way, but clarifies that not more than one-half mile of the centerline can be more than 60 feet from the centerline of an existing transmission line.

Next, the bill includes a provision providing that the construction and maintenance of a utility facility is considered to satisfy a shoreland zoning ordinance if the Department of Natural Resources has issued all required permits or approvals authorizing the construction or maintenance or, if no such permits or approvals are required, if the construction and maintenance is conducted in a manner that employs best management practices to infiltrate or otherwise control storm water runoff from the facility. The PSC reviewed the issue with the DNR, which did not have concerns with the provision.

The bill also contains language that provides a framework for the process regarding the settlement of contested matters at the Commission. Thirty-nine states have settlement procedures in statute or rule. Placing such a framework in statute provides all parties clarity and transparency with respect to the processes necessary for participation in and fair resolution of contested matters. Importantly, this bill maintains existing statutory requirements for approval or review of contested proceedings–in other words, nothing is diminished with respect to what parties must demonstrate in order to satisfy the public interest standard or other statutory requirements for approval of projects. Also, this bill does not shift the burden for approval of any matter before the Commission.

The last section of the bill is the most substantive and relates to the pipeline safety requirements in existing law. The PSC and Bill Jordahl, in particular, have spent a great deal of time and effort on this issue, working with many stakeholders including utilities, excavators and the Department of Transportation to ensure that the changes included in this bill reflect current industry best practices, are enforceable, and, most importantly, improve safety. The initial version of the bill would have applied to all underground utility facilities (water, telecommunications, natural gas, etc.). The Substitute Amendment narrows the scope of the complaint process in the bill so as to only apply to underground facilities that transport natural gas and other hazardous materials. The PSC is committed to working with all impacted stakeholders to establish a task force or other mechanism to study in more detail the issues surrounding digging near all underground transmission facilities. I do not believe this question has been examined in its entirety, and the task force should consider, among other things, the changing technology in equipment used in identifying the location of underground facilities, and the costs and benefits and safety issues that come into question when changes to digging technology are considered.

Construction projects involving underground facilities can be very complex and challenging for both utilities and excavators, and this legislation recognizes that complexity. Underground infrastructure, including natural gas transmission mains, are critical assets for the delivery of fuels necessary to heat our homes and make our economy function. This legislation is intended to ensure that construction projects can be efficiently completed in a timely manner and at a reasonable cost while still protecting the safety of workers, first responders, and the public.

For instance, this bill requires excavators to promptly call 911 upon discovering that flammable, toxic, or corrosive gas or liquid that may endanger life, cause bodily harm, or result in damage to property has escaped from damaged transmission facilities. It also requires transmission facility owners to mark their facilities in a reasonable manner, consistent with national standards.

The current mechanism for ensuring safe excavation is through Wisconsin's Digger's Hotline, referred to as the one-call system. This nonprofit organization is responsible for communicating with excavators and utilities to ensure marking of underground utility facilities at job sites is expeditiously completed. This bill utilizes the expertise of this organization to create a process to investigate and resolve complaints between utilities and excavators regarding whether excavation requirements with respect to natural gas or hazardous materials were satisfied.

The bill creates a seven-member panel within the one-call organization to address such complaints. The panel would be composed of a balanced mix of individuals that have on-the-ground experience including: excavators, transmission facility owners, an employee of the one-call system, a member of a political subdivision, and a person employed as an underground line locator. It is important to emphasize that the purpose of this panel is to investigate issues and foster greater compliance. It can recommend additional educational courses, but does not have enforcement authority. To that end, complaints can be dismissed at the request of the person who filed the complaint or for lack of probable cause.

When violations of the law do occur, or if the complaint is against a state agency, the panel can refer complaints to the PSC. I would note that only specific organizations that have standing in the issue can file complaints. When a complaint is referred to the PSC, the PSC would investigate the matter to determine if there is sufficient cause to warrant a hearing. If the PSC determines there are grounds for a hearing or if the party filing the complaint disputes the Commission's initial finding, the PSC will treat the complaint as a contested case under the state's administrative procedure law. The PSC already uses this same process for many of its other proceedings.

If the PSC determines a violation has occurred based on a finding that the person knew or should have known about safe practices with respect to digging, the bill allows the PSC to require educational courses or assess a forfeiture of no more than $25,000 for each violation,

with each day of violation constituting a separate violation. The maximum forfeiture that can be assessed is $500,000. While this is significantly less than the federal limit of more than $200,000 per day, we believe it is sufficient to ensure safe excavation practices will be followed.

The bill also allows the PSC to enter into a consent agreement, if appropriate. A surcharge on all forfeitures is included, which would help fund a Damage Prevention Fund, administered by the one-call system, to produce educational courses, heighten utility damage public awareness, and to promote proper use of the one-call system by excavators for underground facility location prior to digging.

Finally, the substitute amendment exempts landowners that are performing work on their own property from the complaint process. Landowners performing work on their own property still must use the one-call system before digging, which is current law, but we cast a narrower net with respect to who may be subject to the complaint process with this change.

As I mentioned previously, the PSC has worked extensively with both excavators and utilities to carefully review the issue and ensure those complying with the law are able to efficiently complete their projects while putting in place a fair, consistent process to enable education and, ultimately, enforcement for those who do not follow safe practices.

The substitute amendment reflects some additional changes after meeting with interested stakeholders. The PSC believes that these updates to the one-call system are necessary to ensure compliance with federal standards and most importantly, maintain safety. The PSC respectfully requests the Committee to support his bill. Again, thank you for your time and your consideration of these suggested reforms.

DL:01594905

cleanwisconsin

your environmental voice since 1970

To: Members of the Senate Committee on Elections and Utilities
Date: October 24, 2017
From: Sarah Barry, Director of Government Relations
Re: Opposition to SB 475, Settlement Changes for PSC Dockets

Clean Wisconsin is a non-profit environmental advocacy group focused on clean water, clean air and clean energy issues. We were founded forty-seven years ago as Wisconsin's Environmental Decade and we have 20,000 members and supporters around the state.

Clean Wisconsin objects to specific provisions in Senate Bill 475 related to Public Service Commission docket settlements (beginning on Page 20, Line 11).

The bill codifies the settlement process in Public Service Commission cases dealing with energy rates, power lines, and utility construction. A settlement is a process that can promote efficiency and save resources in PSC dockets by allowing all the parties to a case to come to an agreement. By its very nature, an agreement should be between all parties. That is the very definition of a settlement agreement.

SB 475 allows a "settlement" to happen without all parties agreeing. Requiring unanimous agreement incentivizes all parties to share all the information requested prior to a settlement. This provides a robust record for the PSC to consider. They will have all the information they need to determine everything outlined in the bill: presentation of evidence, the agreement is in the public interest, it is a fair and reasonable resolution, it complies with applicable law, and resulting rates are just and reasonable.

Without unanimity, important information may not be disclosed. This new process shifts the burden of proof onto the party that objects to a settlement because they must provide the evidence to support their position. Currently, Chapter 196 requires the applicant to present clear and convincing evidence to support their position. The settlement process in the bill is a big change, and one that Clean Wisconsin objects to because it is not in the public interest.

Clean Wisconsin will support the proposal with an amendment that requires any settlements to be unanimous prior to presentation to the Public Service Commission.

Clean Wisconsin supports fair Public Service Commission procedures that ensure all stakeholders have a voice and that the burden of proof remains with applicants in cases related to energy rates, power lines, and utility construction.

Statement of the Citizens Utility Board

Senate Committee on Elections and Utilities

October 24, 2017

Mr. Chairman, members of the committee, good afternoon. My name is Tom Content, and I am the Executive Director of the Citizens Utility Board of Wisconsin, or "CUB". I'm here this afternoon to outline CUB's concerns regarding SB 475, specifically the provisions in the bill proposing a regulatory framework for the evaluation and approval of settlements proposed by utilities in Public Service Commission dockets.

As many of you know, CUB was created by the Wisconsin legislature in 1979 to give utility ratepayers a voice before the PSC. CUB has participated in cases before the PSC for the last 35 years representing the interests of residential and small business ratepayers. CUB supports proposals by Wisconsin's utilities that promote the construction, operation, and maintenance of an adequate, safe, and reliable electric power system at the lowest possible cost, consistent with sound business principles. CUB employs three staff members in addition to me -- one utility analyst, one lawyer, and an office manager.

Let me make clear from the start: CUB supports settlements in PSC dockets that result in the fair and reasonable resolution of issues, and that protect the interests of residential and small business utility customers. CUB has participated in numerous settlements with utilities and other parties over the years that meet these standards. I fully expect that CUB will continue to do so in the future, regardless of this proposed legislation.

There are three things that parties such as CUB must have to evaluate whether a settlement is in ratepayers' best interests: first, a reasonable amount of information regarding the issues included in the proposed settlement; second, a reasonable amount of time to evaluate that information, and third, experts qualified by education and experience to evaluate the issues germane to the proposal. Information, time, and expertise are especially important in cases where CUB is not a party to the negotiations that result in the settlement proposed by the utility and settling parties. In fact, it is mainly these non-unanimous settlement proposals that this bill addresses.

SB 475 applies to nearly all PSC dockets and to any kind of utility settlement proposal. This includes a settlement proposal regarding the rates a utility proposes to charge all customers, including customers represented by non-settling parties. Rate cases are, in general, the most important and consequential of all dockets at the PSC. In simplest terms, rate cases determine how much revenue, including how much profit the utility may collect from its customers, over a period typically spanning two or more years.

The burden rests with the utilities to demonstrate to the PSC that their rate case proposals result in just and reasonable rates. Consequently, utilities seeking to adjust their rates file an application and supporting financial, accounting, and other information needed for PSC staff to, among other things, audit a utility's request for higher revenues. In addition, the utilities will submit written testimony and respond to other standard information requests that explain and support every major element of their application. They also will respond to discovery from intervening parties. In general, this is all information, some of it confidential in nature, that only the utility possesses.

All this information is generally available to each party in the docket. It is provided in almost all cases, including cases that are settled in whole or in part early in the proceeding. It is no exaggeration to say that this information is indispensable to making informed decisions about the utilities' proposal. And – that without it -- parties would be flying blind.

Unfortunately, this bill codifies a new settlement framework that requires no information exchange, and provides very little time to non-settling parties. It leaves to the utility's discretion how much information, if any, it provides to non-settling parties. In fact, the only thing SB 475 requires the utility to provide is the settlement agreement itself. And even if a utility voluntarily provides information supporting its proposal at the time it files a settlement, the bill provides non-settling parties just 30 days to evaluate the proposal. In addition, the default time period is insufficient for parties like CUB to retain outside experts, as needed.

SB 475 also does not require utilities to respond to requests for information about the settlement from non-settling parties. And again, even if the utility is required to respond to such requests, the 30-day deadline would make such a right largely useless, as under PSC practice utilities have 21 days to respond to requests for information.

Consequently, the bill creates a settlement phase that shifts the burden from utilities to other parties. Instead of a utility showing why a settlement proposal should be adopted, non-settling parties must show – "with particularity" as the bill states, and in 30 days or less -- why it should not be adopted. For intervenors, this would have to be done without the benefit of outside experts, and possibly with little or no information upon which to make their case. Instead of providing a baseline of information that must be made available to non-settling parties, SB 475 puts the burden on those parties to file motions with the PSC to obtain needed information and extensions of time.

The stated purpose of this legislation is to encourage settlements. As written, however, the bill provides no incentives to utilities to structure settlements that are unanimous. In fact, it may do just the opposite -- actually encourage take-it-or-leave-it settlement proposals, and non-unanimous settlements. In general, unanimous settlements are not only more legally durable, but are more likely to resolve more issues in a docket. CUB respectfully proposes that the Committee consider two simple changes, amendments, contained in Attachment A to my written statement, that will encourage unanimous settlement. These changes would establish: 1) a minimal baseline of information the utility must provide regarding any non-unanimous settlement proposal, and 2) longer deadlines for non-settling parties to respond. Please note that these provisions would be applicable only in cases of non-unanimous settlement proposals, and could be waived by the PSC when good cause is shown. Good cause could include evidence that a non-settling party was acting unreasonably. Thus, utilities and parties will have incentives to enter into unanimous settlements for the PSC's consideration.

I want to conclude by emphasizing that CUB is not averse to settlements, and expects to continue to participate in settlements after negotiations that allow for plenty of give and take. The challenge with this legislation is that it creates a framework that puts the utilities in the driver's seat. And this new process is being proposed at a time when Wisconsin is rated as having one of the most utility shareholder-friendly regulatory structures in the country -- *and* among the highest electricity rates in the country – making it one of the least customer-friendly. This proposal should be improved to ensure it doesn't put utility customers in a worse position than they already are in today.

On behalf of CUB I want to thank the Committee for the opportunity to be heard today on this important issue. I'd be glad to answer any questions you may have.

Attachment A To the Written Statement of CUB on SB 475

Proposed Amendment #1

196.026 Settlements.

In subsection (4) add the following new paragraph following existing paragraph:

"The service of a non-unanimous settlement agreement may not serve as a substitute for the standard filings required by the commission in dockets wherein the applicant seeks an order regarding the reasonableness of its rates. This requirement may be waived by the commission for good cause shown."

Proposed Amendment #2

196.026 Settlements.

In subsection (6) make the following underscored insertions:

"Within 30 days of service of a unanimous settlement agreement or 60 days of service of a non-unanimous settlement agreement under sub. (4), each party to the docket shall respond in writing by filing and serving on all parties the party's agreement, objection, or nonobjection to the settlement agreement. Failure to respond in writing within 30 or 60 days of service, as applicable, unless a different time is set by the commission for good cause, shall constitute nonobjection to the settlement agreement. A party objecting to a settlement agreement shall state all objections with particularity and shall specify how the party would be adversely affected by each provision of the settlement agreement to which the party objects."

MEG
Water Division
Municipal Environmental Group

P.O. Box 927
Madison, WI 53701-0927
Telephone (608) 283-1788
Facsimile (608) 283-1709

October 24, 2017

Senate Elections & Utilities Committee
Senator LeMahieu (Chair)
Senator Kapenga (Vice-Chair)
Senator Wanggaard
Senator Miller
Senator Risser

RE: Opposition to Advertising Language in SB 475

Dear Chairman LeMahieu and Committee Members:

The Municipal Environmental Group - Water Division (MEG - Water), an association of 61 municipal water systems that advocates on issues involving municipal water supply, opposes the advertising language contained in SB 475 and asks that Section 51 of SB 475 be deleted.

Wisconsin Statute § 196.595 currently prohibits electric and gas utilities -- but not water utilities -- from including "advertising" expenditures (which is defined very broadly and includes customer information and education) in utility rates unless the advertising produces a "demonstrated, direct and substantial benefit for ratepayers." Advertising which produces a demonstrated, direct and substantial benefit for ratepayers ***is limited*** by § 196.595(2)(b) to advertising which (1) demonstrates energy conservation methods; (2) conveys safety information on the use of energy; (3) demonstrates methods of reducing ratepayer costs; (4) otherwise directly and substantially benefits ratepayers; or (5) is required by law.

Section 51 of SB 475 would extend this broad prohibition to water utilities but ***would not*** expand the criteria for defining when "advertising" produces a demonstrated, direct and substantial benefit for ratepayers to cover water utility issues.

MEG - Water's municipal water utility members are opposed to this change as it would take away water utility funding to provide customer education and public information. Water utilities should be providing customers and the public with more information and education, not less.

Some of the types of information which water utilities may provide to their customers and the public which would not clearly fall within the § 196.595(2)(b) exceptions to the advertising expenditure prohibition include information on:

- Where the utility's water supply comes from, how it is treated, how it is delivered, and what is done to keep it safe and reliable;
- Why and when utility construction is needed, including the cost of construction;
- The need to replace aging infrastructure (including lead services);
- The need for private lead service line replacement;

- The need for and benefits of source water protection and wellhead protection;
- Protections against cross connections;
- Information on hydrant flushing;
- The need for shoveling hydrants; and
- Information on how to prevent water laterals from freezing including requests to run water during periods of cold weather.

This is all important information that municipal water utilities should be providing to their customers. There is no reason that the cost of providing this information should be excluded from utility rates.

MEG - Water asks that Section 51 of SB 475 be deleted and municipal water utilities be allowed to continue recovering the cost of providing customer information and public education in rates.

Thank you for your consideration of these comments.

MUNICIPAL ENVIRONMENTAL GROUP
-- WATER DIVISION

Lawrie J. Kobza
Legal Counsel

cc: MEG - Water Members (via e-mail)

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