



ROB SUMMERFIELD

STATE REPRESENTATIVE • 68th ASSEMBLY DISTRICT
MAJORITY CAUCUS CHAIR

May 14, 2025

Representative Swearingen, Chair
Members of the Assembly Committee on State Affairs

Testimony on 2025 Assembly Bill 254

Chairman Swearingen and Committee Members:

Thank you for providing me with the opportunity to testify at today's public hearing on Assembly Bill 254. I appreciate your time and consideration of this legislation.

This bill is designed to update the current statute regulating the Chippewa and Flambeau Improvement Company (CFIC), by creating a technical correction as well as modernizing its regulatory framework.

CFIC has been around since 1911, helping manage river flow, reduce flooding, and support hydroelectric power along the Chippewa and Flambeau Rivers. These rivers and reservoirs are not just critical for energy—they're also treasured places for fishing and recreation for thousands of Wisconsinites.

Wisconsin only has two such improvement companies—CFIC and the Wisconsin Valley Improvement Company, or WVIC. Over time, the Wisconsin statutes that govern the WVIC's have been modernized, but CFIC's statute still had an outdated section due to a drafting error that creates several minor differences in the improvement companies.

This legislation corrects that error and updates CFIC's statute to reflect today's standards—bringing it in line with WVIC's framework while ensuring CFIC can continue its work safely and effectively. One of the major changes that this bill would make is it would allow CFIC to pay for the necessary improvements to these vital Wisconsin water resources over a longer period of time – an ability that WVIC has through statute. The dams and reservoirs under CFIC's care are vital to the local economy, public safety, and our outdoor way of life.

I ask that you join me in supporting this bill.



May 14th, 2025

Representative Swearingen, Chair
Members of the Assembly Committee on State Affairs

Testimony on 2025 Assembly Bill 254

Relating to: regulation of the Chippewa and Flambeau Improvement Company

Thank you, Chairman Swearingen, and other members of the committee for allowing me to testify today.

Assembly Bill 254 updates the statute governing the Chippewa and Flambeau Improvement Company (CFIC), one of only two Improvement Companies in the state of Wisconsin. Originally established in 1911, the CFIC plays a critical role in improving navigation, managing flood risk, and maintaining consistent water flow along the Chippewa and Flambeau Rivers. These efforts continue to benefit hydroelectric facilities, recreational users, and entire communities across Northern Wisconsin.

This legislation makes a technical correction to the CFIC statute and modernizes its regulatory framework, aligning it more closely with the Wisconsin Valley Improvement Company (WVIC) statute.

Assembly Bill 254 makes several key changes:

1. Toll Flexibility – It allows tolls collected from hydroelectric operators to be used not just for maintenance, but also for acquiring and improving CFIC's reservoir system.
2. Cost Recovery – Tolls may also now cover taxes, depreciation, and provide a reasonable working capital allowance.
3. Toll Period Clarification – A water power operator active for at least two months of a six-month toll period will now be responsible for tolls for the full period.
4. Financing Flexibility – The bill removes a cap that limited bonds to funding no more than half the cost of acquiring dams and reservoirs.
5. Dividend Policy Update – It eliminates the restriction that prohibited dividend payments while bonds are outstanding, and removes the requirement to invest earnings into a sinking fund under those conditions.

These sites play a vital role in flood control, wildlife habitat, and year-round recreation for thousands of Wisconsinites. CFIC oversees dam and reservoir operations, while costs are covered by hydroelectric operators like Xcel Energy and Dairyland Power Cooperative, under the oversight of the Public Service Commission—ensuring safe, sustainable water management.

By passing AB 254, we're making a helpful update that supports better water management and maintains important infrastructure in Wisconsin. Thank you for your time and consideration.

Respectfully,

A handwritten signature in black ink, appearing to read 'Jesse James'.

Senator Jesse James
23rd Senate District
Sen.James@legis.wisconsin.gov

**Assembly Committee on State Affairs
Testimony in Support of Assembly Bill 254 Chippewa and Flambeau Improvement
Company Modernization Bill**

Good morning, thank you Chairman Swearingen and committee members, for hearing this bill today and allowing me to testify. My name is Karen Everson, and I am the Director of Utility Accounting at Xcel Energy. I also serve as the Secretary and Treasurer of Chippewa and Flambeau Improvement Company. Today, I am here to ask for your support of Assembly Bill 254, the Chippewa and Flambeau Improvement Company Modernization Bill. During my brief testimony, I will first explain what the Chippewa and Flambeau Improvement Company is and then I will address why the statute governing it needs to be modernized.

The Chippewa and Flambeau Improvement Company, or CFIC, was created in the early 1900s. Under the statute, Wisconsin Statutes section 182.71, CFIC is charged with producing a flow of water as uniform as practicable on the Chippewa and Flambeau rivers. CFIC does this by storing surplus water in four reservoirs—the Chippewa Flowage, Moose Lake reservoir, the Turtle-Flambeau Flowage and Rest Lake reservoir—and then discharging it downriver when water supply is low. For over 100 years, hydroelectric facilities down river have benefited from the operations of CFIC, including some owned by Xcel Energy. The reservoirs of CFIC have also provided a place for tens of thousands of people to fish and enjoy other recreational activities.

When improvements are needed for safety or otherwise, the entities owning hydroelectric facilities down river, including Xcel Energy and Dairyland Power Cooperative, cover the costs of those improvements since they are beneficiaries of the reservoir operations. CFIC is created and governed by state statute and its rates and tolls are regulated by the Public Service Commission of Wisconsin.

With that background, I want to address the need for Assembly Bill 254. There is a similar improvement company called Wisconsin Valley Improvement Company, which offers comparable benefits to the Wisconsin River Reservoir System. However, the statutes for Wisconsin Valley Improvement Company and CFIC have several differences. This bill brings the statutes for the two improvement companies into closer alignment with each other. In drafting this bill, we worked closely with the Public Service Commission of Wisconsin to make sure they were comfortable with the language. By making the statutes more uniform, the bill makes regulation more streamlined across both improvement companies. Importantly for Xcel Energy and the other toll payers of CFIC, this effort to bring the statutes into closer alignment permits the entities owning hydroelectric facilities down river to pay for necessary improvements to these water resources over a longer period of time—something that has long been available under the Wisconsin Valley Improvement statute. Enabling payment over a longer term treats the two improvement companies similarly and, further, makes sense given that the improvements will benefit the reservoirs for decades to come.

Thank you for your time and your support of Assembly Bill 254.

CHIPPEWA AND FLAMBEAU IMPROVEMENT COMPANY MODERNIZATION BILL



Chippewa and Flambeau Improvement Company (CFIC) was created in 1911 for the purpose of improving navigation, decreasing flooding, and providing a more uniform river water flow, which benefits the multiple hydroelectric facilities down river.

The four reservoirs operated by CFIC are located in Iron, Sawyer and Vilas counties. The Chippewa Flowage and Moose Lake reservoirs are located on the Chippewa River, and the Turtle-Flambeau Flowage and Rest Lake reservoirs are on the Flambeau River.

Today, these reservoirs not only store water but also provide an area for tens of thousands of Wisconsinites and out-of-state visitors to fish and enjoy recreational activities.

CFIC manages the dam and the flowage levels. If improvements are needed for safety or otherwise, such as installing a new dike or replacing aging infrastructure, the entities owning hydroelectric facilities down river (i.e., toll payers), including Xcel Energy and Dairyland Power Cooperative, cover the costs of those improvements. The rates for the toll payers are regulated by the Public Service Commission of Wisconsin.

There is a similar company headquartered in Wausau called Wisconsin Valley Improvement Company (WVIC), which offers comparable benefits on the Wisconsin River Reservoir System. However, the statutes for WVIC and CFIC have several differences.

This bill will:

- Correct a technical error in the CFIC statute.
- Better align the statutes for both companies, enabling CFIC to pay for the necessary improvements to these vital Wisconsin water resources over a longer period of time.

