

# CITIZENS UTILITY BOARD

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## **We Energies Is Using Scare Tactics To Boost Profits**

### *Statement of Charlie Higley, Executive Director*

Threats of power shortages by We Energies are way overblown and are simply meant to scare the public, the Legislature, and the Supreme Court into looking the other way while We Energies sticks us with the bill to construct misguided, multi-billion dollar power plants that would use high-sulfur coal, the least desirable fuel under our state's Energy Priorities law.

CUB understands the true motive behind these scare tactics – We Energies is slated to collect 12.7 percent profit on its \$2.2 billion investment in these coal plants.

Since a Dane County judge ruled last November that the Public Service Commission of Wisconsin (PSC) violated the law in issuing a construction permit for We Energies to build two large coal-fired power plants in Oak Creek, the utility has been saying that “our lights are likely to go out” if the plants aren't built.

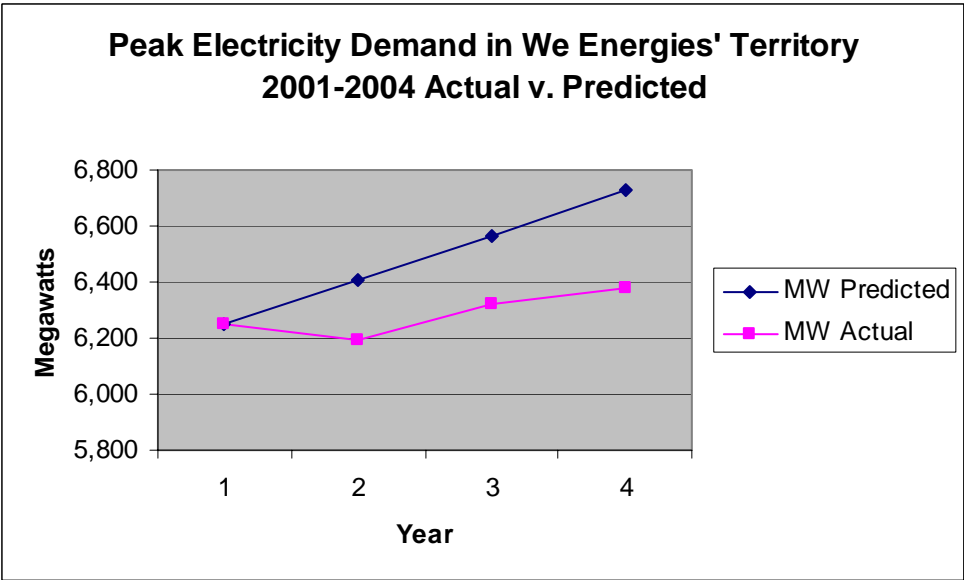
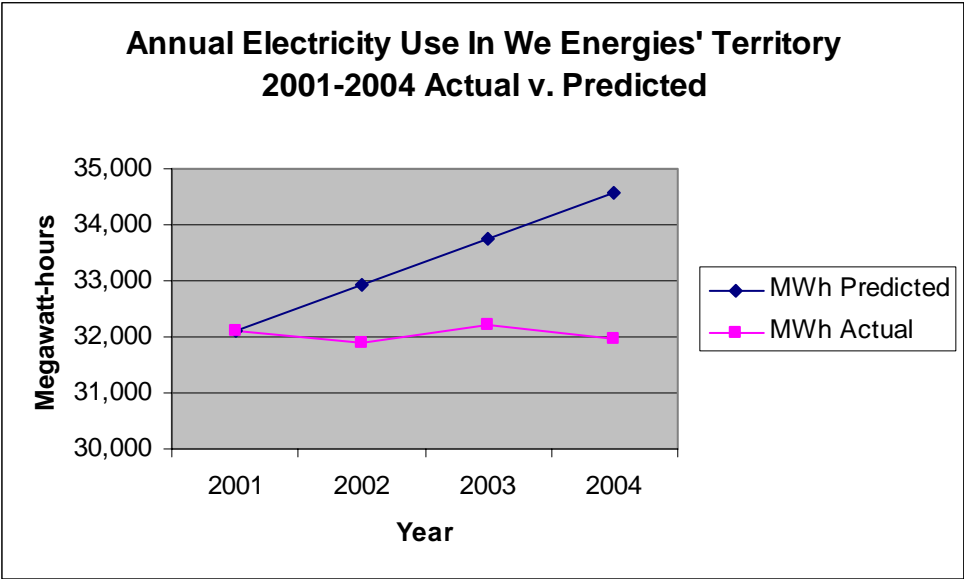
The PSC approved the construction permits for the plants assuming that annual electricity use (measured in megawatt-hours) and peak electricity demand (measured in megawatts) for We Energies would grow by 2.5 percent each year between 2001 and 2012, and that the new power plants would be needed by 2009 and 2010 (We Energies thought electricity use and demand would grow even faster).

As shown in the charts on the next page, annual electricity use has actually *declined* by 0.1 percent between 2001 and the end of 2004. Peak electricity demand has grown by only 0.5 percent, or five times less than predicted. These numbers mean that new power plants won't be needed as quickly as planned, which means we have at least a few more years to figure out how to meet our electricity needs at the lowest cost for ratepayers and the smallest impact on the environment.

The Supreme Court has an opportunity to send this proposal back to the drawing board without any fear of a blackout. This would allow everyone to come back to the table to renegotiate a better alternative that will both protect ratepayers and provide additional generating capacity.

There is no energy crisis, but perhaps one could say We Energies has a credibility crisis.

(more)



Source of Data: We Energies "Form 1" filings with the Federal Energy Regulatory Commission; We Energies "Electric Fuel Cost Report" filed with the Public Service Commission of Wisconsin; We Energies website [http://www.we-energies.com/home/we\\_keyfacts.htm](http://www.we-energies.com/home/we_keyfacts.htm).

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The Citizens Utility Board of Wisconsin is a member-supported nonprofit organization that advocates for reliable and affordable utility service and that represents the interests of residential, farm, and small business customers of electric, natural gas, and telecommunication utilities before regulatory agencies, the legislature, and the courts.