

# Citizens Utility Board, Wisconsin Industrial Energy Group: Applaud PSC vote to refinance \$100 million from retired power plant

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□ \$40 million in savings projected from securitization for Pleasant Prairie Plant  
□ PSC vote advances key element of 2019 rate case settlement with consumer groups,  
We Energies

[Madison, Wis.] The Citizens Utility Board (CUB) and the Wisconsin Industrial Energy Group, Inc. (WIEG) applauded the Public Service Commission for this morning's vote to approve an application from We Energies to securitize \$100 million of costs for environmental controls at the retired Pleasant Prairie Power Plant.

On a 3-0 vote, the PSC granted the request of We Energies for a financing order to authorize environmental trust financing (docket 6630-ET-101). We Energies estimates the issuance of environmental trust bonds to securitize \$100 million of the remaining investment in environmental controls at Pleasant Prairie will deliver \$40 million in customer savings over time.

Securitization is in some ways similar to refinancing a mortgage. It's a process by which a utility replaces relatively high-cost debt and equity, which is charged to electricity customers, with lower-cost debt in the form of securitization bonds. This gives the

utility

a more favorable bond issue and saves ratepayers money.

Securitization of undepreciated costs of Pleasant Prairie was a key part of the 2019 rate

case settlement involving We Energies and consumer groups. That settlement in PSC

Docket 5-UR-109 was negotiated by CUB and WIEG with We Energies. Clean

Wisconsin signed on to that settlement, which was approved by the PSC late last year.

WIEG and CUB supported this provision as a strong tool to help keep rising electric rates

in check, especially at a time when more utilities are looking to retire coal-fired power

plants in the next several years. All of Wisconsin's investor-owned utilities have committed to carbon dioxide emissions reduction targets, coal retirements and significant

new investment in capital projects.

"As Wisconsin utilities look to spend billions over the next decade swapping fossil fuel

power plants for cleaner technology, we strongly support securitization and other innovative financing tools as a way to soften the impact to customers that comes from

retiring these facilities years or even decades earlier than intended," said Tom Content,

CUB's Executive Director.

Current state law (Ch. 196.027) allows the creation of a trust from which low-cost bonds

can be issued for the financing of emission reducing technologies and retired assets. The

law was originally passed as 2003 Act 152.

"We think this makes good common sense and excellent economic sense," said Todd

Stuart, WIEG Executive Director. "It could save Wisconsin ratepayers \$40 million in this instance. Now that we have this example for Pleasant Prairie, securitization or

other

creative financing should be considered by Wisconsin utilities in the future. Avoiding rate increases helps our economy and we strongly believe it will help keep our struggling manufacturing industry competitive.”

The customer groups said they appreciated the effort of We Energies to negotiate and implement both the rate settlement and securitization plan, and the work of the PSC and its staff to review and authorize the plan today.

We Energies shut down the Pleasant Prairie coal-fired power plant in 2018, and customer groups raised concerns about utility customers having to continue paying for a power plant no longer needed to keep the lights on in Wisconsin.

CUB, Your Independent Consumer Voice, is a member-supported nonprofit organization that advocates for efficient and reliable utility service at the lowest rates possible consistent with sound business principles. CUB represents the interests of Wisconsin’s residential, farm, and small business customers of electric and natural gas utilities.

WIEG is a non-profit association of 25 large energy consumers that advocates for policies that drive affordable and reliable energy. WIEG member companies spend over \$400 million annually on electricity and collectively employ more than 50,000 Wisconsin residents.