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Consumer Groups Urge Rejection of ROFR *Wisconsin's Electric Rates Are Already Too High*

Madison –The Citizens Utility Board of Wisconsin (CUB) and Wisconsin Industrial Energy Group, Inc. (WIEG) today called on the Senate to reject Assembly Bill 470, the “Right of First Refusal,” or ROFR. CUB and WIEG are the consumer groups that represent utility customers before the Public Service Commission in most major proceedings.

CUB is a member-supported, nonprofit organization that represents residential and small business utility customers before regulatory agencies, the legislature, and the courts. CUB advocates for reliable, affordable and safe utility service and educates consumers on matters relating to utility regulation and energy policy.

“Wisconsin’s Legislature shouldn’t pass legislation that will lead to costly rate hikes for customers across the state, especially when the legislation does nothing to enhance safety or reliability,” said Tom Content, executive director of CUB. *“AB 470 will only lead to less competition, higher utility profits and ever-higher utility bills.”*

WIEG is a non-profit association of 25 of Wisconsin’s largest energy consumers. The group has long advocated for policies that support affordable and reliable energy. Since the early 1970s, WIEG has been the premier voice of Wisconsin business ratepayers and an engine for business retention and expansion. Each year its members collectively spend more than \$500 million on electricity in Wisconsin. Most of these companies have electric bills of over \$1 million each month, and it is one of their top costs of doing business.

“All of our state’s utilities have massive capital expansion plans,” said Todd Stuart, executive director of WIEG. *“To help mitigate future rate shock, Wisconsin should maintain transmission competition and reject AB 470.”*

The Midcontinent Independent System Operator (MISO), which oversees wholesale electric markets in the Midwest, approved over \$10 billion worth of new transmission projects. That’s just for one set of projects. MISO is expected to authorize as much as \$100 billion worth of new transmission projects in the coming years. Customers across 15 states, mostly in the Midwest, share these costs -- including Wisconsin businesses and residents.

AB 470 would give Wisconsin utilities that already own transmission facilities, ATC and Xcel, the “right of first refusal” to construct, own, and maintain the state’s largest new transmission projects. ROFR laws mean any company not already providing transmission services in the state would be blocked from competing for construction projects – essentially a construction monopoly and driving up costs. If AB 470 would be signed into law, then the protections from current process are removed as transmission projects default to the incumbent utilities. The excess costs to consumers from the lack of competition across the MISO footprint could easily reach into the billions from overruns and/or lack of financial concessions. The competitive financing packages, much like a lower interest rate on a home mortgage, provide relief to the consumer in the short and long run.

“Wisconsin’s utilities currently get paid a 10.52% ‘return on equity’ or profit on the transmission projects, and power companies make more profit the more they spend,” said Content. “AB 470 would help push up profits for utility shareholders but would result in higher bills for residents and businesses.”

Wisconsin, which once paid among the lowest rates in the country for electricity, now pays among the highest in the Midwest, a cost disadvantage that is like a heavy tax on Wisconsin’s manufacturers and a heavy burden on homeowners. Wisconsin’s electric rates rank among the top 15 states nationally and have now exceeded the Midwest average for over 20 years.

With the unprecedented levels of utility capital plans layered on top of chronically high rates, consumer advocates CUB and WIEG called on policymakers to help regain a competitive position. ATC’s new 10-year capital expenditure plan is between \$6.6 billion and \$8.1 billion. This is ATC’s largest capital plan ever and it is \$0.4 billion to \$3 billion more than last year. It is almost double their 2021 capital plan.

“Our member companies compete in world markets and electricity is one of their three greatest costs of doing business,” said Stuart. “The energy premium we pay for our factories in Wisconsin therefore acts as a large tax on our industries. If you want to move the needle on economic development and jobs, then getting rates under control should be at the top of the list.”

CUB and WIEG concluded by noting recent court challenges to ROFR laws. The Fifth Circuit blasted the Texas law and has indicated that it is unconstitutional. And the Iowa Supreme Court recently nullified that state’s ROFR requirement, calling it “crony capitalism.” Why Wisconsin legislators would want to spend precious time passing legislation that may not pass legal muster is unclear and unwise.

“Wisconsin’s ratepayers simply can’t afford additional cost burdens. High electric rates are effectively a tax on all Wisconsin homeowners and businesses.” Content and Stuart concluded: “Wisconsin’s electric rates have been well above the Midwest average for over twenty years and continue to be above the national average. Energy inflation is a real issue in Wisconsin, and lawmakers should give us more tools for customers to save instead of taking tools away. That’s why we urge the Senate to reject AB 470.”