

# CUB Reporter

Citizens' Utility Board Newsletter • Summer 2004



## WISCONSIN NUKES BACK IN THE SPOTLIGHT

Both of Wisconsin's nuclear power plants are in the news this year. Alliant Energy and Wisconsin Public Service Corporation are trying to sell the Kewaunee nuclear power plant to Dominion Resources in Virginia. WE Energies is seeking to re-license the Point Beach nuclear power plant and run it for another 20 years. Also, some Wisconsin legislators are attempting to do away with a moratorium that has kept new nuclear power plants from being constructed in Wisconsin for over 20 years.

### Consumer Victory! Effort to Repeal Moratorium on New Nuclear Plants Fails

CUB has cut short the repeal of important nuclear power legislation, for now.

In the 1980's our elected representatives realized that no one had a plan to dispose of the deadly radioactive waste being generated in Wisconsin's nuclear power plants. They passed a law prohibiting the construction of more nuclear power plants until nuclear waste could be safely disposed and the cost and upkeep of new nuclear plants was economically feasible.

In 2004, there is still no way to safely dispose of deadly, radioactive nuclear waste and the plants are still way too expensive to build.

Yet some Wisconsin legislators are trying to do away with the moratorium on construction of new nuclear power plants, essentially saying that we need nuclear power regardless of the costs and impacts.

After more than 20 years, should we start building nuclear power plants when there are safer and cheaper alternatives? CUB says "NO!"

While the bill (AB 555) did pass the Assembly Committee on Energy and Utilities on February 10th, 2004, legislators that support the nuclear moratorium were successful in keeping it from reaching the floor of the full

Assembly for a vote... this time. But, we must remain vigilant! It is anticipated that opponents of the moratorium will attempt to reintroduce this legislation in 2005.

The staff at CUB would like to thank the CUB members that made the effort to contact their state legislators regarding the nuclear moratorium issue. Your efforts show that CUB members care about Wisconsin's energy future!

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**Nukes ...**

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**CUB fights sale of Kewaunee plant to Virginia utility**

CUB has filed testimony at the PSC opposing the sale of Kewaunee nuclear power plant to Dominion Resources of Richmond, Virginia because it would force ratepayers to spend hundreds of millions of dollars more for electricity, hand over regulatory supervision of the facility to the Federal government, and pave the way for electric deregulation in Wisconsin.

CUB's testimony shows that ratepayers would spend up to \$25 million more if the plant is sold to Dominion and the plant operates until 2013, when its operating license expires. If the life of the nuclear plant were extended for another 20 years (to 2033), ratepayers would shell out up to \$464 million more if the plant were sold to Dominion.

In addition to higher costs for ratepayers, CUB's testimony shows that the PSC will lose jurisdiction over many aspects of the nuclear power plant's operation. Without PSC jurisdiction, the people of Wisconsin will not have any influence over the nuclear reactor's operation, now or in the future.

For example, selling the nuclear power plant to Dominion means the PSC would have no authority over whether investments should be made so that the plant is operated safely, or whether the plant should be shut down when its operating license expires in

2013. Dominion could use the site to store nuclear waste from other nuclear reactors. Dominion could even sell the plant to a foreign corporation, all without oversight by the PSC and the Wisconsin public.

CUB is also concerned that approval of the sale of the Kewaunee nuclear power plant would be another step toward electric deregulation, which will mean higher rates, more profits for energy companies, and less control over energy policy by the people of Wisconsin. In 1996, Californians gave up public oversight of their electric utilities, and in 2000 and 2001, Enron and other proponents of deregulation had stolen more than \$50 billion from California residents and businesses alike. Wisconsin cannot afford to make the same mistake by selling its power plants to out-of-state energy companies.

**CUB Opposes WE Energies' Plan to Operate Aging Point Beach Nuclear Plant to 2033**

CUB opposes We Energies' plan to re-license the aging Point Beach nuclear plant and operate it until 2033 because of safety problems at the plant, the lack of a safe way to dispose of nuclear waste, and there are cleaner, safer, and cheaper sources of power.

Wisconsin Energy is seeking extension of its licenses to operate Point Beach in spite of a series of "worst" safety rankings for the plant by the Nuclear Regulatory Commission (NRC). Since the NRC instituted its

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## Friends of CUB

You are cordially invited to participate in the "Friends of CUB" program. This program is different than typical CUB membership in the following respects:

- to join, a minimum annual contribution of \$100 is required;
- members receive only one fund-raising appeal per year at renewal time;
- members receive quarterly updates on CUB issues;
- members receive updates, by mail, fax, or e-mail.

If you are interested in joining, please call the CUB office at 1.800.657.4727 or 608.251.3322 and ask for Charlie Higley.



## CUB Directors Nominated – Vote Today

Three directors are nominated for the CUB Board in this summer's election. The candidates have each submitted a brief biographical sketch for your review. Please mail in the Ballot included in this newsletter with your vote. Ballots are due by July 15th, 2004.

### Rodney Stevenson, Madison

Rodney Stevenson is professor of business and environmental studies at the University of Wisconsin-Madison. He is the founder of the University's Wisconsin Public Utility Institute and the past chair of the energy analysis and policy program of the University's Institute for Environmental Studies. Rodney received his Ph.D. in economics from Michigan State University and his B.A. in economics from Monmouth College (Illinois).

Rodney has served as a consultant, advisor, and expert witness for numerous utilities, state and federal regulatory agencies, legislative bodies, and consumer and environmental organizations.

### Steve Brachman, Milwaukee

Steve Brachman currently serves as the waste reduction and management specialist and distinguished lecturer for the University of Wisconsin-Extension Solid & Hazardous Waste Education Center. He is primarily responsible for providing technical assistance and educational programs for pollution prevention, energy conservation, and solid and hazardous waste management projects for

consumers, business and local governments in Wisconsin. Steve received his B.A. in history from University of Wisconsin - Madison, and his M.S. in continuing & vocational education from University of Wisconsin-Madison.

Steve is also a director on the National Pollution Prevention Roundtable board, the Citizens Utility Board, and the Friends of Hank Aaron State Trail board.

### Geoff Hurtado, Cedarburg

Geoff Hurtado heads Hurtado Consulting, an independent firm offering services in program and project management, construction management, real estate development, economic development and dispute resolution. Geoff has earned an MBA, a M.S. in urban planning, and a B.S. in architecture all from University of Wisconsin-Milwaukee. He also earned a Certificate in Dispute Resolution from Marquette University.

Geoff's specialties include project management for large public and private projects, real estate asset management strategies, market analyses, facility planning, economic development planning, program evaluation and dispute resolution.



**Citizens' Utility Board (CUB)** is a state-wide membership organization incorporated under state and federal laws regulating non-profit groups.

The purpose of the organization is to:

1. ensure effective and democratic representation of residential, farm and small business utility customers before regulatory agencies;
2. ensure effective and democratic representation of residential, farm and small business utility customers before the legislature and other public bodies; and
3. provide education on utility service costs and on the benefits and methods of energy conservation for consumers.

**Citizens' Utility Board**

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## CUB Fights to Restore Energy Efficiency Funding

CUB is looking to reinstate the \$27 million lawmakers trimmed from Wisconsin Focus on Energy programs last year. This public-private partnership offers energy information and services to residential, business, and industrial customers throughout Wisconsin.

Focus on Energy's goals are to encourage energy efficiency and use of renewable energy, enhance Wisconsin's beautiful environment, and insure the future supply of energy for Wisconsin.

So far it's been a success. Not only are Focus on Energy programs saving money, energy, and our environment, they are a crucial component to economic development and a balanced energy strategy.

In 2003 alone, Focus on Energy saved \$13.2 million for ratepayers, reduced electric consumption by 215 million kilowatt hours, and reduced electric demand by 32.5 megawatts. For every \$1.00 Wisconsin taxpayers put into the program they receive \$3.00 in energy savings.

As a member of the Governor's Task Force on Energy Efficiency and Renewable Energy, CUB is working with task force members and others to safeguard funding for Focus on Energy and to restore funding to adequate levels.

CUB also is encouraging the integration of the state's energy efficiency efforts into the Public Service Commission's energy planning process, so that energy efficiency programs are adequately funded.



## PSC Energy Assessment Not "Strategic"

Unfortunately, the draft Strategic Energy Assessment (SEA) released in April by the PSC does not provide Wisconsin with an energy roadmap that shows how the state will meet its electricity needs at the least cost to ratepayers and the least damage to the environment.

The SEA notes that residential electricity rates have increased by 32 percent since 1997 (with similar increases for commercial and industrial customers), the same year Wisconsin abandoned its electricity planning process known as the Advance Plan. Meanwhile, the state's utilities are proposing or building over \$3.6 billion in new power plants and over \$1 billion in new power lines. Many of these projects were approved by the PSC without an integrated, comprehensive analysis that determined if they were the most reliable, cost-effective, and environmentally responsible options.

Even though the SEA notes that energy efficiency programs could help reduce the costs and environmental damage caused by power plants and power lines, Wisconsin still lacks an analysis of how much energy could be saved by making our homes and businesses more energy efficient. The PSC should evaluate how much energy can be saved, establish goals for energy savings, and then ensure that the state meets these goals.

With electricity rates and pollution levels climbing higher and higher, Wisconsin must analyze and plan for its electricity needs so that residents and businesses have the power they need, at prices they can afford, and provided in ways that maximize energy efficiency and the use of renewable energy technologies.



# SBC Conquers Ohio and Indiana, is Wisconsin next?

Across the Great Lakes, consumers are getting well acquainted with SBC's brand of local phone competition: SBC competes in the halls of government rather than competing in the marketplace for the business of local telephone consumers. The result: fewer choices and higher rates for telephone customers.

In January, the Indiana Utility Regulatory Commission granted SBC a 30 percent increase in the amount it can charge competitors for access to its network. This increase forced SBC's competitors to raise rates for basic retail services and to discontinue other low-priced services altogether.

In March, SBC-Ohio increased rates for several of its retail services on the very same day it received approval from the Public Utility Commission of Ohio (PUCO) to increase its wholesale rates by 16 percent. Though the PUCO recently ordered a stay of this wholesale rate increase, it is likely to only be a matter of time before consumers lose access to lower rates and a choice of providers.

Now, SBC is focusing its attention on re-establishing its monopoly in Wisconsin. They have asked permission from the Public Service Commission of Wisconsin (PSC) to raise the wholesale rates they charge rival phone companies for access to its vast, ratepayer-financed network. If the PSC approves SBC's request for higher phone rates, it will be the end for local phone competition in Wisconsin.

An increase in the wholesale rates means an increase in the cost of doing business for SBC's competitors. As in Indiana and Ohio, SBC seeks to raise Wisconsin rates higher than what it currently charges its own retail customers for basic service. If it costs a business more to offer a service than what its chief rival can charge its own customers, local competition is sure to die on the vine.

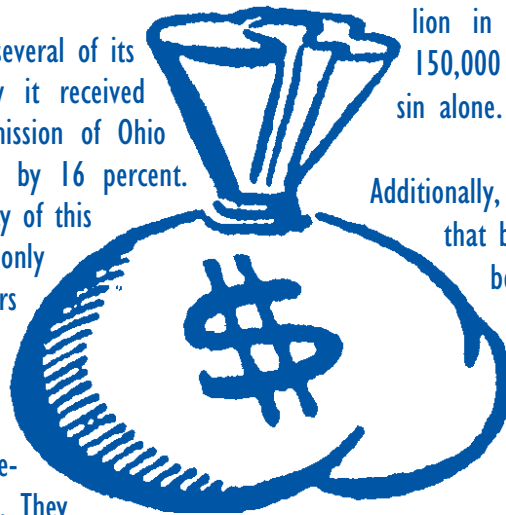
SBC's goal is to use government processes to eliminate its competition by imposing prohibitive costs of doing business—eventually restoring SBC to full monopoly status. SBC has patrolled the halls of our Statehouse and petitioned the PSC, using its immense lobbying and financial resources to undermine its competitors' ability to offer affordable service to local consumers.

The key to spurring local economic growth is not in raising consumer rates, but in encouraging competition. Since 1996, laws encouraging competition have done more for economic growth than a monopoly ever could, driving over \$240 billion in additional telecom investment and over 150,000 new jobs—nearly 1,800 here in Wisconsin alone.

Additionally, retail price reductions and package deals that bundle long distance with local services are beginning to affect consumers' pocketbooks: residential and small businesses customers saved \$15 billion last year. All of this vanishes if SBC wins approval of its local phone rate increase.

And the expedited review of SBC's rate hike request only increases the chance that the rates will be set artificially high. Just look at Indiana where SBC admitted to double-counting some of the expenses the commission used to set a higher wholesale rate. And before the Illinois commission, SBC included \$23 million dollars worth of golf outings and other lobbying junkets to boost their rate hike request.

CUB calls on the PSC to protect consumer choice through fair access to critical parts of the telephone network at fair prices and reject SBC's attempts to flex its political muscle to extract special treatment and impose higher phone rates.



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# Nukes ...

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color-coded safety ranking of nuclear plants in 2000, Point Beach has received 3 of the 5 “red” findings issued by the NRC.

“Red” is the worst safety ranking in the NRC’s four level color scale of safety significance. Point Beach is one of only two nuclear plants listed by the NRC as having multiple safety performance concerns that place it at risk of forced NRC shutdown.

Because of the nuclear industry’s failure to solve the disposal problem, more than 1,800 tons of high-level radioactive waste is stored along the shores of Lake Michigan and the Mississippi River, both vital freshwater resources. More than nine tons of plutonium, one of the most lethal substances known, is contained in this waste, which remains dangerously radioactive for tens of thousands of years. By 2010, the volume of nuclear waste in the U.S. is expected to exceed capacity at the unfinished nuclear waste dump in Yucca Mountain, Nevada.

If new reactors are constructed, or if existing reactors are re-licensed, it is certain that the federal government will again look to granite formation under Wisconsin’s Wolf River as a permanent disposal site for the nation’s nuclear waste, as it did in the 1980’s.

We Energies’ request to re-license Point Beach comes at a time when the Company’s only focus should be on improving the operation of the nuclear plant during the remainder of its existing operating license, which expires by 2013.

Wisconsin has to move into the future by relying on energy sources that don’t create lethal radioactive wastes, that don’t require armed guards to protect, and that won’t destroy billions of dollars in property in the event of a serious accident. Nuclear power is a dangerous, dirty, costly and out-dated way of producing electricity. Instead of nuclear power, Wisconsin must make its homes and businesses as efficient as possible, and invest in renewable energy resources such as wind, solar, and bio-energy to meet our energy needs.



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Citizens' Utility Board

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