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To: Members of the Joint Committee on Finance

From: Scott Meske, Associate Director

Date: February 15, 2011

RE: **MEUW Concerns with Certain Provisions of Special Session Senate Bill 11, State Budget Repair Bill will have on Wisconsin Municipal Utilities.**

The Municipal Electric Utilities of Wisconsin is a state-wide trade association that represents Wisconsin's public power utilities; those 82 communities that own and operate their own electric utility. They are all not-for-profit, fully regulated, locally governed utilities, and most have been supplying electric power to their communities' residential, agricultural, commercial and industrial customers for more than 100 years. Those municipally owned utilities are accountable to the local governing bodies under which they were formed.

MEUW recognizes the desire of the Administration to rein in wasteful government spending and programs. We also understand the overarching intent of Special Session Senate Bill 11 – the State Budget Repair Bill; especially those proposals that would modify public employees' collective bargaining wage and benefit packages. We would like to register our concerns with three very specific issues contained in SS SB11.

Our 82 utilities employ approximately 300 indentured electric journeyman lineworkers, and compete directly with investor owned utilities and electric cooperatives for the services of qualified lineworkers. Most MEUW utilities are small in size, serving an average population of about 5,000. Many public power utilities, some with only 1 or 2 linemen, rely on locally grown talent and trained lineworkers to fill their ranks. If municipal utility lineworkers face a decrease in benefits or pay packages, lineworker retention becomes a tremendous challenge for smaller utilities. It is likely some of our utilities will not be able to pay them competitive industry wages without asking for rate increases from customers to pay the difference. We understand there will be hardships placed on many local employees to help overcome this state's fiscal crisis. However we are concerned that electric utility ratepayers, already seeing their electric bills rise over the past several years, should not have to bear another increase in their rates due to state policies.

Secondly, we believe that all municipal employees should be treated equally in such a proposal. We certainly recognize the value our police and fire services provide to Wisconsin communities. However, a very strong case could be made for municipal utility lineworkers, or that of water/wastewater operators, who provide essential public services being as equally valuable. Therefore, rather than 'exempt' a class of municipal employees from the bill, we recommend treating all municipal employees equally.

Lastly, we believe that a state mandated cap to municipal employee wage increases (tied to the Consumer Price Index) should be removed from the bill since this is a subject area best left to local elected governing bodies. MEUW has long been a proponent and supporter of local governments making such decisions on pay levels of their workers.