



**To:** Wisconsin Legislature

**From :** Bill Skewes, Executive Director  
Wisconsin Utilities Association

**Date:** April 5, 2011

**Re:** Please do not co-sponsor LRB 0601

As you may know, Sens. Ellis and Cowles are seeking co-sponsors for LRB 0601, a bill that would punish utilities for inaccurate meters by prohibiting them from recovering the total cost of providing service from customers, even though service was provided. On behalf of Wisconsin's investor-owned energy providers, we respectfully urge you not to co-sponsor this bill.

Background: The genesis of this legislation stems from a case in which the owner of a supper club, whose meter functioned inaccurately for 17 years, was billed retroactively for two years of under-billed service. Current law bars utilities from collecting any more than two years worth of "back-bills".

#### **Current Law is Fair**

Even though the customer in this case received the electric service for 17 years, the provider could only recover two years-worth of "back-bills" under the law, which is a reasonable compromise considering the length of time the customer actually received the under-billed service. If the utility had owed the customer a *refund*, it would go back *six* years and also pay interest.

#### **The "Solution" is Unrealistic**

With over 2.4 million investor-owned electric meters in Wisconsin it is inevitable that a small percentage will not always function perfectly. According to PSC records, less than 1% of these were inaccurate, stopped or faulty in 2010 and the utilities refunded nearly as much money to customers as they billed. Limiting back-bills to two years is a realistic middle ground and ensures that customers are not unfairly billed for inaccurate meters while allowing the provider to recover a reasonable portion of the cost of the service they provided.

#### **Current Law Provides Balance**

Utilities are required, under the regulatory compact, to provide reliable, reasonably priced service for which they are allowed to recover their costs plus a reasonable rate of return. Fittingly, energy policy attempts to balance the interests of ratepayers and the shareholders who purchase utility shares that provide the capital to supply the service. Denying

providers the ability to recover their costs punishes the shareholders , most of whom are retirees, and threatens this balance.

Back-billing issues are certainly difficult and it is understandable that customers not be expected to pay for mistakes they did not make. However, it is also not unreasonable to expect customers to pay for the energy they use.

This is why current law requires utilities to provide the same service for the same price to all classes of customers and reasonably limits customers to paying for two years of the service they received, no matter how far back the inaccuracy existed. It is important to note that the customer actually did receive the service, but the measurement of that service was simply inaccurate. *Thus the current two-year limitation on cost recovery strikes a reasonable balance when weighed against the six-years for which utilities furnish refunds for over-charges.*

For these reasons, WUA respectfully urges you to not co-sponsor LRB 0601.