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To: Members of the Wisconsin State Legislature

From: Scott Meske, Associate Director

Date: June 13, 2011

RE: **MEUW Concerns with Unintended Consequences that Certain Provisions of Assembly Bill 40/Senate Bill 27, 2011-13 Biennial State Budget Bill Could Have on Wisconsin Municipal Electric Utilities.**

The Municipal Electric Utilities of Wisconsin (MEUW) 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, and to the ratepayers in their service territories.

MEUW recognizes the desire of the Administration to rein in wasteful government spending and programs. We also understand the intent of Motion 352, or Section 1727i of Substitute Amendment 1 of AB40, Limitation on Performance of Public Works by Political Subdivisions. We would like to register our concerns with two very specific issues surrounding this provision.

First, we ask that municipal electric distribution system work be exempted from the provisions. All electric utility construction work must be approved by the PSC. Each utility's capital improvement plan is reviewed and approved by either the local utility commission or the City Council Committee; and also must be approved by the PSC. We believe the budget provision in question is redundant oversight.

Secondly, there are several long term contracts between municipal utilities that have been exercised allowing a smaller electric utility to maintain ownership while keeping electric rates low and reliable. Two of these specific working arrangements are between Hartford Electric Utility and Slinger Electric Utility (20<sup>th</sup> SD); and Manitowoc Public Utilities and the City of Kiel (9<sup>th</sup> SD). MEUW is concerned that provision in the State Budget that prohibit political subdivisions from working together might jeopardize these long-standing and mutually beneficial working arrangements.

MEUW respectfully requests language be considered to ensure that the intent of the budget provision in Section 1727i does not infringe on local utility commission matters pertaining to the construction of, or maintenance of municipal electric distribution systems. We strongly believe local oversight, coupled with Public Service Commission of Wisconsin regulation is sufficient.