



Ensuring Reliability, Meeting Demand and DELIVERING AFFORDABLE ENERGY

Photo courtesy of Xcel Energy

HOW THE REGULATORY ENVIRONMENT AND THE PERMITTING PROCESS IMPACT WISCONSIN'S ENERGY CAPABILITIES

Imagine your electric bill doubling overnight, with no recourse or oversight to protect you. That's exactly what happened in La Crosse, Wis., in 1904 when George MacMillan bought three local electric utilities, merged them, and hiked rates from 10 cents to a staggering 22 cents per kilowatt hour. Outraged ratepayers took to the streets, but local newspapers failed to amplify their voices, prompting the creation of the La Crosse Tribune to shine a light on this injustice.

This dark chapter in Wisconsin's history sparked a movement that gave birth to one of the nation's most

robust utility regulatory systems — a system that continues to safeguard consumer access to fair utility rates today.

In 1907, Wisconsin's Legislature took bold action by passing the Public Utilities Law, establishing the state Public Service Commission (PSC). This visionary law recognized two fundamental truths: Public utilities needed to be granted monopoly power to ensure efficiency and monopoly power needed to be held accountable through rigorous state oversight. The PSC was created to provide that oversight.

Today, more than 100 years later, the three governor-appointed commissioners, supported by a team of experts —

auditors, engineers, economists and consumer specialists — still stand as a respected and highly regarded watchdog ensuring utilities deliver safe, reliable and affordable services while balancing the needs of consumers, investors and industry.

■ WHY WISCONSIN'S PSC MATTERS

Before the decision to ensure both efficiency and rigorous oversight, utility rates across Wisconsin were an uneven patchwork, set by local governments trying to do their best with varying degrees of expertise and consistency. This led to skyrocketing costs, biased decision-making and wasteful competition that hurt both consumers and investors and adversely affected economic growth in the state.

Thanks to the creation of the PSC and a century of the PSC, utilities, residential and commercial consumers, and elected officials grappling together with generations of changing circumstances, needs, capabilities and expectations, Wisconsin, for its current, future and prospective citizens' families and employers, provides:

- **FAIR AND JUST RATES.** Utilities cannot raise rates without PSC approval, preventing price gouging and ensuring rates reflect reasonable costs and fair returns for investors.
- **UNIVERSAL SERVICE.** By law, utilities must provide adequate service to all customers who request it, ensuring no one is left in the dark. Discontinuing service? That requires PSC approval, too.
- **TRANSPARENCY AND PUBLIC INPUT.** The PSC's website (psc.wi.gov) empowers consumers to track rate cases, submit comments, attend public meetings and even intervene in cases. This isn't just regulation — it's democracy in action.
- **RELIABILITY AND SUSTAINABILITY.** The PSC oversees more than 1,100 utilities, ensuring they meet high standards for safety, reliability and environmental responsibility while approving major projects such as power plants and transmission lines.

Not every state offers Wisconsin's enviable stable regulatory energy environment for residential customers, businesses and investors. Consumers in our state have shown their appreciation. In the late 1990s, when there was discussion about restructuring, or deregulating, the state's electric utility industry, a coalition of Wisconsin energy stakeholders, including electricity providers, residential, farm, and small-business customers, low-income residents, utility workers and environmental advocates came together to share concerns with moving from a regulated utility system to one that would make electricity in Wisconsin more expensive and less reliable.

These groups formed the Customers First Coalition (CFC) to

advocate for policies that put the needs of Wisconsin customers first and protect the state's historically safe, affordable and reliable electricity. Instead of deregulating, legislators have enacted bipartisan policies that CFC officials say generated investment in the state's economy and jobs, improved electric reliability, strengthened energy conservation and diversified electricity supply while preserving a system of checks and balances that protect Wisconsin customers.

Kristin Gilkes, executive director of the Customers First Coalition, says regulation favors customers. "When utility regulation works as intended, customers win," she said. "Thoughtful, long-term regulation encourages smart investments that deliver reliable, affordable power while protecting families and businesses from sharp price swings over time."

She points to the risks of deregulation. "Deregulated markets often leave customers overpaying for electricity and exposed to unfair pricing practices," Gilkes said. "Utility regulation protects customers by ensuring transparency and fairness through audits, oversight and a thorough review process — providing a safeguard in an essential industry where true free market competition doesn't naturally exist."

Gilkes says Wisconsin's legacy of a strong regulatory environment has paid lasting dividends for stakeholders. "Wisconsin's electric customers — large and small — deserve safe, reliable and affordable power. That's why, more than a century ago, the Legislature created the Public Service Commission and established a strong regulatory framework. Wisconsin's economy thrives when abundant, affordable electricity is available for everyone and price increases are kept in check. Thanks to this regulatory structure, Wisconsin residential customers enjoy some of the lowest average electric bills in the Midwest, with prices that remain stable over the long term."

Ultimately, she says regulation protects customers. "Utility rate regulation is almost like an insurance policy for customers — we're paying over time for investments that ensure reliable, affordable power," Gilkes said. "Through its oversight of Wisconsin's regulated electricity utilities, the Public Service Commission helps ensure the long-term delivery of reliable service at stable, affordable prices."

Jeff M. Keebler, chairman, president and CEO of Madison Gas and Electric, contrasts a utility's role to a Wisconsin restaurant on a fish-fry Friday: Always be ready to serve every customer with plenty in reserve. "We have to build to capacity plus reserve," Keebler says. "The regulatory environment in Wisconsin ensures utility services are safe, reliable, affordable and sustainable." This framework guarantees consumer access and equity, setting Wisconsin apart from states with weaker oversight. •