

CUB CITIZENS UTILITY BOARD

2017 ANNUAL REPORT



*Your Independent
Consumer Voice*



A STRONGER VOICE FOR YOU

As I reflect on what your Citizens Utility Board (CUB) accomplished in 2017, I see we've come a long way to ensure that regulators and political leaders take the consumers' voice into account when making decisions about Wisconsin's electric, natural gas and water utilities.

Our goal is straightforward and bold: **to become a stronger and more independent voice for the citizens and Main Street businesses of Wisconsin!**

CUB went through tough times after funding cuts in 2015 affected our ability to effectively carry out our mission – robust advocacy for residential and small business customers and public education about Wisconsin utilities and the changing energy landscape.

In the past year, we saw a big victory with the Legislature's decision to reverse critical funding cuts. What's more, we moved quickly to add in-house expertise with the hiring of Corey Singletary for our regulatory work in proceedings at the PSC. We're working to hire another in-house expert in 2019. This model will enable us to be cost-effective and have a bigger impact engaging with more utilities on behalf of more customers across the state.

As part of CUB's transformation, you'll see here a new look for CUB, and a new team as well. **Thanks to a generous grant from the Argosy Foundation, we've got an upgraded logo that is designed to put the people first.**

Our new website (cubwi.org) is designed as a resource for you to get involved, whether in having your say on utility cases or taking steps to improve the efficiency of your home or business to cut costs.

As we gear up for our 40th anniversary in 2019, we are doing more outreach and trying to enlist your help to solidify our future for generations to come. We are planning fundraising events and looking for help from volunteers to spread the word that Wisconsin's Independent Consumer Voice needs more support and more members!

Inside this report you'll find updates about the new CUB and what we've been up to. **You'll also find a special decal that you can peel off and put in your home or car to let your friends and neighbors know you're standing up for a strong independent consumer voice.**



Thanks for all you do to help support CUB. If you haven't already, please sign up for our e-newsletter at cubwi.org and stay tuned for more updates.

Tom Contel
Executive Director

THERE IS POWER IN NUMBERS! HELP US GROW

Part of strengthening our voice comes from people power, the power of numbers so strong that we can't be ignored! If you're receiving this annual report it's because you're already a member, or because you were a member in recent years.



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CITIZENS UTILITY BOARD OF DIRECTORS 2018

In 2016 and 2017 the members of the CUB Board of Directors were elected to three-year terms. No members' terms are expiring this year. We're looking to expand the size of the board. Do you have non-profit board or fundraising experience and want to volunteer as a CUB board member? Contact Tom Content today at content@cupwi.org or **608-251-3322, ext. 12**.

Eileen Hannigan - President - Joined 2014

John Hendrick - Vice President - Joined 2014

Robert Norcross - Treasurer - Joined 2016

Joel Dresang - Secretary - Joined 2017

Carol Stemrich - Member - Joined 2017



CONSIDER DONATING

If you haven't donated in a while, we hope you renew your membership today using the enclosed envelope or by visiting cupwi.org. Please consider a base membership at a rate of \$35 a year for a residential member, or \$100 a year for a small business.

Beyond that, your support helps us grow. Greater support from our members is a stepping-stone toward more independence, and our ability to expand and accomplish even more for customers across the state! We have a variety of giving options beyond the base membership. Please consider a recurring donation of \$10 or \$20 a month.

Eileen Hannigan
CUB Board President

2017 IN REVIEW

LEGISLATURE REVERSES COURSE ON CUTS TO CUB

Bottom Line: Wisconsin Legislature agrees that the customers' voice needs to be heard.

👍 Cuts Reversed: The Legislature approved a partial restoration of funding cuts enacted in 2015. This allowed more funding to be available to groups with a stake in utility decision-making, including CUB.

👎 Partial Restoration Only: Though funding was increased, the Legislature has not fully reversed the 2015 cuts. Funding remains well below where it was in 2014-15.



SETTLEMENTS LEGISLATION PASSES

Bottom Line: The state Legislature passed a bill that encourages utilities to settle rate cases with customer groups and other stakeholders.

👎 What's the Hurry?: CUB raised concerns about the bill both in the drafting stage and at committee hearings, noting that the bill wouldn't give groups sufficient time or sufficient access to information in order to make an informed decision on whether a settlement is in the best interest of small business and residential customers.

👎 Not Enough Time: The final version of the bill gives CUB 30 days to vet a proposed settlement, which we don't think is enough time to properly investigate the proposal. CUB lobbied for a 60-day review period.

👍 It Could Have Been Worse: That's still better than the original proposal, which would have given CUB just 14 days to review their deals! CUB lobbied for a 60-day review period.

CUB GETS ACTIVE IN MORE CASES

Bottom Line: Thanks to a transition to an in-house model for utility analyst work, CUB was able to become more involved in a variety of electric, natural gas and water utility issues in 2017.

👍 Weighing in for Customers of More Utilities: That included active work for residential customers of several of the state's smaller city-owned utilities, including Menasha, Shawano and Kaukauna. Wherever you are in Wisconsin, we are working for you!

CUB HELPS TRIM RATE HIKE FOR XCEL ENERGY, BUT CUSTOMER CHARGE WILL GROW

Bottom Line: PSC approved an overall increase in electric rates by just 1.4%, with rates up 2% for residential customers and 1.5% for small businesses. Natural gas rates increased 8.3%.

 **Smaller Increase Than Proposed:** The utility had proposed raising electric rates by 3.6%, or \$25 million, but regulators trimmed \$16 million from the request.

UTILITY PROPOSAL:

Rates up 3.6%, or \$25 million

PSC DECISION:

Rates up 1.4%, or \$9 million

 **Profits Coming Down:** The PSC set the utility's profit rate, or return on equity, at 9.8%, down from 10%. CUB had advocated for an even lower return, 9%, which would have saved customers \$10 million.

UTILITY SOUGHT:

10% Profit Rate

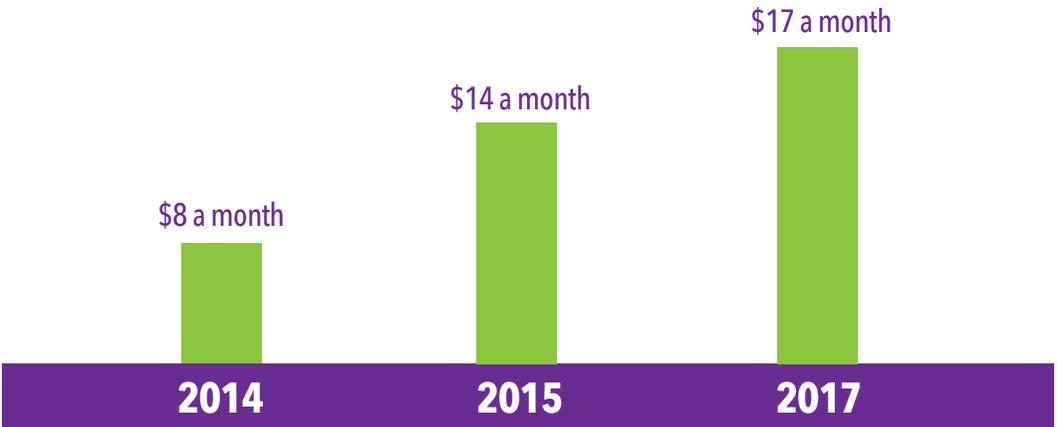
CUB SOUGHT:

9% Profit Rate to save \$10 million

PSC DECISION:

9.8%

 **Fixed Charge Going Up:** CUB argued against raising the fixed charge on customers' bills, which charges customers before they turn on a light or use energy.



The PSC decided to raise the fixed charge from \$14 to \$17 a month, an increase of 21%. This follows an even bigger jump in the Xcel fixed charge two years earlier. High fixed charges penalize customers who conserve energy or don't use much energy, and CUB noted that Xcel customers across the border in Minnesota pay a much lower fixed charge.

With your support, CUB's helped customers save \$3 billion over the past decade.

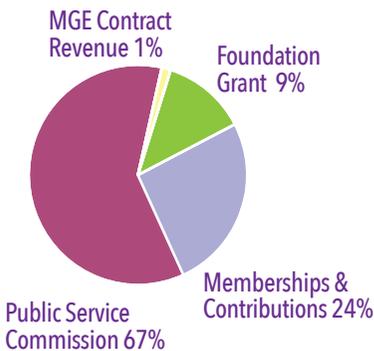
WEC SETTLEMENT LEAVES RATES TOO HIGH FOR SMALL CUSTOMERS!

Bottom Line: PSC approved a settlement that keeps rates unchanged for We Energies customers and WPS customers. For We Energies customers, this leaves rates too high – with the seventh-highest rates in the Midwest.

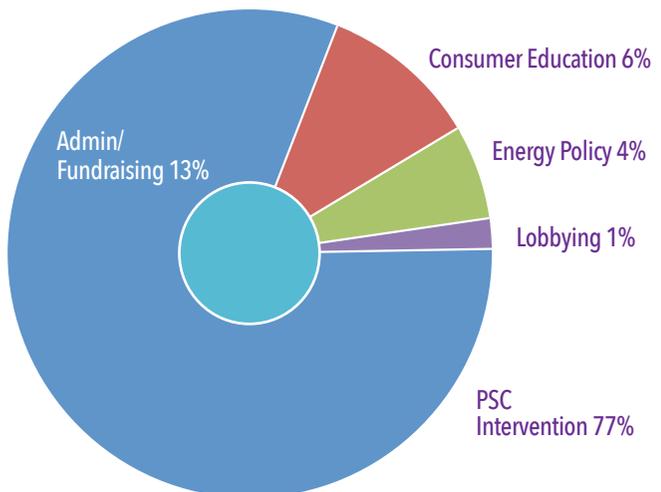
-  **Permanent Breaks for Big Business:** We Energies and WPS negotiated with two dozen large companies to grant them permanent breaks on their electric bills that essentially give them a “forever” discount from high prices.
-  **Wait, What? No Customer Voice?:** We Energies tried to keep CUB from making its own case, telling the PSC that our perspective and our experts were irrelevant to making a sound decision in this case. Fortunately, the PSC agreed that our experts needed to be heard.
-  **Kicking the Can Down the Road:** The PSC punted down the road some key decisions on issues that could yield savings for customers. Among them: whether Wisconsin customers should foot the bill for costs linked to a coal plant and giant iron ore mine in Michigan.
-  **CUB Wins Savings:** The PSC saved customers \$16 million, in a win for CUB, by cutting the return that We Energies can earn on money collected to keep the Michigan power plant running. The PSC also agreed to investigate – in 2019 – whether Wisconsin customers should even be billed for hundreds of millions of dollars of Michigan power plant costs.

2017 FINANCIALS

INCOME – \$575,671



2017 EXPENSES – \$597,256



CUB would like to thank the following for their support in 2017

- Argosy Foundation
- Community Shares of Wisconsin
- Public Service Commission of Wisconsin

THE NEW FACES OF CUB

COREY SINGLETARY



In July 2017 we hired **Corey Singletary** from the Public Service Commission, where he worked as a utility analyst for seven years and became an expert on the utility industry and how customers' rates are set. A native of Hawaii who has a graduate degree from the La Follette Institute at the University of Wisconsin-Madison, Corey is a resourceful addition to the team, not only for his utility insights but for his web and event planning skills, among other talents.

"I like the fight, plain and simple. I enjoy the challenge of working on behalf of Wisconsin utility customers, even (or perhaps especially) when it always seems like an uphill battle. I've heard some compare what we do here at CUB to the work of a superhero. We fight for those who otherwise wouldn't have a voice. We're always keeping watch."

"While many Wisconsinites are aware that the utilities are monopolies, most are completely unaware of how they are regulated. Most don't understand their bills, let alone how the rates they pay are set, or what influences the investment decisions made by the utilities. CUB is the only organization that consistently represents the interests of individual citizens and Main Street businesses. Without CUB, the little guy wouldn't have a voice at the table, and the utilities and big businesses would run roughshod."

KATE HANSON

In February 2018, CUB added **Kate Hanson** as staff attorney. Kate is a 2017 graduate of the University of Wisconsin Law School who also has a master's in Water Resources Management from UW-Madison's Nelson Institute for Environmental Studies. Kate has a quick mind and a passion for fairness and advocacy for those who can't afford to represent themselves.



"I'm excited to use my legal expertise to advocate for consumers. My goal has always been to serve the public interest and use what power I have to help those who have less."

"Utility regulation is technical and complicated, and residential customers don't have the time or resources to argue for reasonable rates on their own behalf. PSC decisions can add – or reduce – millions of dollars to rates. Through its expertise and consumer advocate focus, CUB helps ensure customers have a strong and sophisticated presence at the PSC."

SMALL BUSINESS MEMBERSHIP UNVEILED

Consider joining other small businesses that support CUB! CUB has been advocating for Main Street businesses for years, fighting higher fixed charges on customer bills and working to save customers money by reducing overall costs charged by utilities. Since 2008, our advocacy has helped Wisconsin customers save \$3 billion!

BUSINESS MEMBERS

What some business folks are saying about the importance of CUB and why they agreed to become small business members:

"It just makes good business sense to support an organization like CUB. Who else is going to make certain we have a voice in keeping our utility rates reasonable?"

Mike Herro

Oconomowoc Realty, Oconomowoc

"Without CUB standing up for citizens' rights and really scrutinizing the contracts the people of Wisconsin wouldn't benefit like they do in trying to keep the rates down. When higher fixed charges started happening, my heart was bleeding for the people on fixed incomes that can have a hard time paying their bills anyway. The other aspect is it really puts a damper on people's enthusiasm for incorporating energy efficiency into your house."

John Hippensteel

Lake Michigan Wind & Sun, Sturgeon Bay

- Culligan Water Conditioning
- Evolution Marketing
- Fanning Cranberry Company
- Federighe Services LLC
- Greater West Central Area Labor Council AFL-CIO
- Lakefront Brewery
- Lake Michigan Wind & Sun
- Oconomowoc Realty
- Sisters of Saint Dominic
- Sisters of St. Francis of the Holy Cross
- Sprecher Brewing Co.
- United Steel Workers of America Local 1343



INTRODUCING... SPONSORSHIP OPPORTUNITIES FOR BUSINESSES

We are introducing a variety of ways that businesses can go beyond a base membership to support CUB. It could mean an in-kind donation to support a CUB event or a financial payment that can get your business logo on our website and email newsletter. More details are available at cubwi.org.

Power to the People! Support Your Independent Consumer Voice

40TH ANNIVERSARY: CELEBRATE WITH US IN 2019



In 2019 we will mark 40 years since the Wisconsin Legislature created the Citizens Utility Board to ensure there would be balance in the process of making decisions about utilities and what they plan to spend in the years ahead.

We are looking for volunteers to help us at 40th anniversary events in the works in 2019. We hope to celebrate victories and spread the word about what CUB has done and why it's so important that Wisconsin have an Independent Consumer Voice at the table, working for you. Interested in pitching in? Contact staff@cupwi.org today.

THE NATION'S FIRST CITIZENS UTILITY BOARD

44 States Rely on a Governmental Agency to Advocate for Residential Customers. Just two states, Wisconsin and Oregon, Rely on a Non-Profit Supported by Members like YOU!

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ABOUT CUB

Citizens Utility Board of Wisconsin, Wisconsin's independent voice for utility consumers, is a member-supported nonprofit organization that advocates for reliable and affordable utility service on behalf of residential and small business customers of electric, natural gas, and water utilities before the Public Service Commission (PSC), the Legislature, and the courts.

CUB was founded in 1979. CUB's successful advocacy on the part of residential and small business customers before the PSC has cut more than \$3 billion from Wisconsin utility bills since 2008.

CONNECT WITH CUB

ON THE WEB:

www.cubwi.org

BY EMAIL:

staff@cupwi.org

STAY UP TO DATE WITH CUB!

Sign Up for Our Newsletter at
cupwi.org/contact-us

BY PHONE:

608.251.3322

800.657.4727

SOCIAL MEDIA:



twitter.com/cubwi



facebook.com/cubwi



linkedin.com/company/citizens-utility-board-of-wisconsin

SIMPLE STEPS TO SAVE ENERGY

- 1) Run dishwasher and clothes washer when full to maximize efficiency.
- 2) Wash clothes in cold water to save on cost of heating water.
- 3) Close window shades and blinds to keep out sun and heat in summer months. Open shades to bring in warm rays in winter.
- 4) Turn off indoor lights on sunny days and use natural light to cut home lighting expenses.
- 5) Turn off air conditioner and open windows to allow for natural ventilation on cool nights in the summer.
- 6) Keep your house warmer than normal when away in the summer. When home, www.energy.gov says the best temp for cooling is 78 degrees.
- 7) Unplug electronic devices and small appliances when not in use to avoid "phantom" energy loss.
- 8) Clean filters on furnace and A/C regularly to keep them running efficiently.
- 9) Use toaster oven, microwave or grill to prepare food instead of range or oven during heat waves.
- 10) Look for the ENERGY STAR label – the widely recognized symbol for energy efficiency – when replacing appliances.