

**BEFORE THE  
PUBLIC SERVICE COMMISSION OF WISCONSIN**

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Joint Application of American Transmission Company LLC  
and Northern States Power Company-Wisconsin,  
as Electric Public Utilities, for Authority to Construct  
a 345kV Transmission Line from the La Cross area,  
in La Crosse County, to the greater Madison area,  
in Dane County, Wisconsin

Docket No. 5-CE-142

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**INTERVENORS CITIZENS ENERGY TASK FORCE, INC.'S  
AND SAVE OUR UNIQUE LANDS OF WISCONSIN, INC.'S  
PETITION FOR REHEARING**

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PLEASE TAKE NOTICE that, pursuant to section 227.49, Wisconsin Statutes, intervenors Citizens Energy Task Force, Inc. (“CETF”) and Save Our Unique Lands of Wisconsin, Inc. (“SOUL”), parties to the above-captioned proceeding, seek rehearing because of the discovery of new evidence sufficiently strong to reverse the Final Decision the Public Service Commission of Wisconsin (the “Commission”) has issued in this docket. The evidence could not have been previously discovered by due diligence because it did not exist.

The evidence corroborates that the project cannot be justified because it is irrational to presume, or to predict, energy use growth at a level sufficient to make the Project economic for Wisconsin ratepayers. The project therefore fails the “clear economic benefits” test.

Specifically, a new publication and other data from the U.S. Energy Information Administration (“EIA”) that was not available until after the close of the hearing confirms that relevant electrical energy use has been, and will be, flat, or will fall.

In its final decision in this docket, the Commission found that:

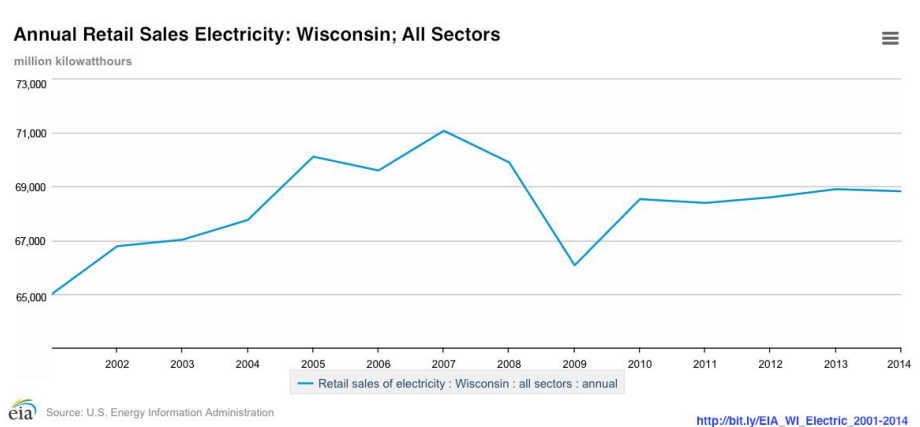
The opposing intervenors did not provide credible evidence that a near-zero or negative load growth scenario would be a reasonable future for the applicants to consider.

Final Decision (PSC REF#:235295), p. 14.

The new evidence corroborates that evidence provided by intervenors SOUL and CETF, re-confirming that a near-zero or negative load growth scenario represents not just “a reasonable future,” without which the Applicants’ analysis is incomplete, but “the most” reasonable future, without which the Applicants’ analysis is misleading.

In support of this petition, SOUL and CETF here present, as Exhibit A, an EIA spreadsheet depicting low or negative growth.<sup>1</sup> Subsets of the data generated as spreadsheets by EIA’s website in response to website queries show:

- a. Electricity sales in Wisconsin have fallen to below the level of 2005 (Exhibit B<sup>2</sup>):

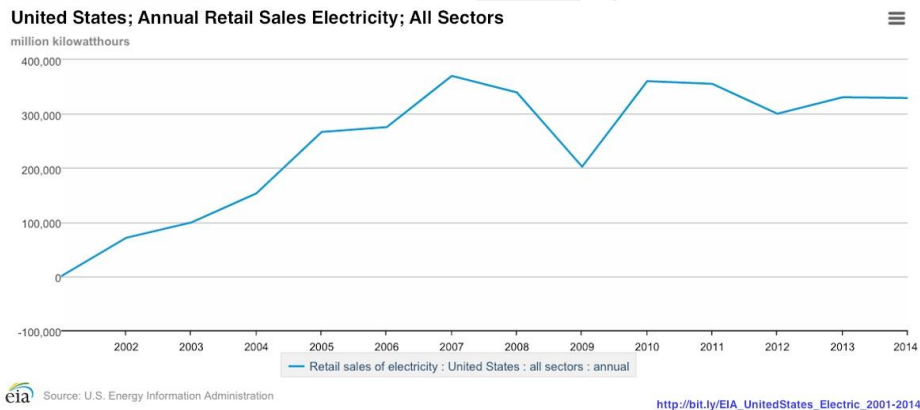


- b. The trend of flat or no growth is apparent across the United States (Exhibit C<sup>3</sup>):

<sup>1</sup> Available at: [http://www.eia.gov/electricity/data/eia826/xls/sales\\_revenue.xls](http://www.eia.gov/electricity/data/eia826/xls/sales_revenue.xls) (Verified May 12, 2015); Note: Data after December, 2013 is labeled “preliminary.” Per an email communication from staff (Channele Wirman) of the Energy Information Administration on May 12, 2015: “Preliminary data is estimated using a multivariable regression model based on a sample of respondents. The sample covers about 90% of the sales and revenue data in a ‘cut-off sample’ of the large utilities. Final data is published annually. The difference between preliminary and final is usually less than 1%.”

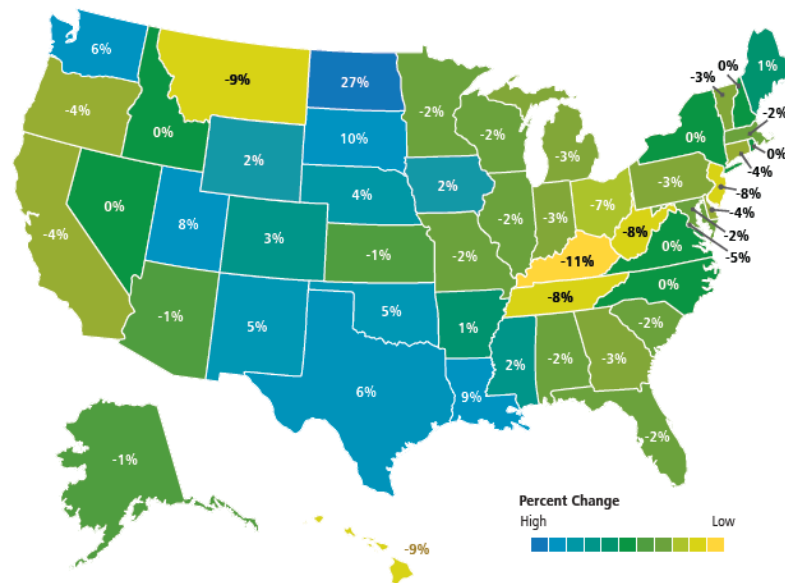
<sup>2</sup> Data from [http://www.eia.gov/electricity/data/eia826/xls/sales\\_revenue.xls](http://www.eia.gov/electricity/data/eia826/xls/sales_revenue.xls) and on line table tools. (Verified May 12, 2015)

<sup>3</sup> Data from [http://www.eia.gov/electricity/data/eia826/xls/sales\\_revenue.xls](http://www.eia.gov/electricity/data/eia826/xls/sales_revenue.xls) and on line table tools. (Verified May 12, 2015).



- c. However, the trend is different in different states, with some states increasing and others decreasing; an April, 2015, the federal Department of Energy published the Quadrennial Energy Review (“QER”) (Exhibit D) showing Wisconsin to be among those decreasing.<sup>4</sup>

Figure 1-3. Percent Change in Retail Electricity Sales (kilowatt-hours), 2008–2013<sup>55</sup>



There is a considerable variation in electricity retail sales among states and by region, ranging from an increase of 27 percent in North Dakota to a decrease of 11 percent in Kentucky; these variations are due in part to changes in load growth.

The trend identified in the QER is reconfirmed by the most recent data. Because of reductions in electrical use, the conclusion that Applicants’ range of plausible futures represents

<sup>4</sup> Figure 1-3, Quadrennial Energy Review (QER): Energy Transmission, Storage, and Distribution Infrastructure, U.S. Department of Energy, April 2015, p. 1–9 <http://energy.gov/epsa/downloads/quadrennial-energy-review-full-report>.

“a reasonable range” (Final Decision (PSC REF#:235295), p. 13) is not supportable. Near zero or negative load growth is, instead, the most likely future, and should have been the default around which sensitivity analyses were defined.

Notably, according to the EIA:

Factors contributing to the lower rate of growth include slower population growth, market saturation of electricity-intensive appliances, improvements in the efficiency of household appliances, and a shift in the economy toward a larger share of consumption in less energy-intensive industries.<sup>5</sup>

These findings confirm that the real-world effect of strategies proposed in the “No Wires” alternative to the Transmission Project is to reduce or obviate the need to invest in transmission.

Data demonstrating an overall reduction in electricity consumption now spanning 10 years, and including periods of economic prosperity, recession, and recovery, demonstrates that is irrational for the Commission to commit ratepayers to long term obligations based on expectations that energy use will grow sufficiently to justify the expense.

By way of explaining the significance of the evidence and the issue it presents, it is noteworthy that the Commission has already obligated Wisconsin ratepayers to pay costs for an approved “economic” project based on growth that has not materialized. The decision was taken pursuant to an ostensible “strategic flexibility” analysis very similar to the one Applicants presented here. In Docket No. 137-CE-149do (Paddock-Rockdale) the Applicant, ATC, one of the Applicants here, indicated it was using the same “strategic flexibility” analysis that Applicants presented here:

During the 40-year life of the project, actual events are expected to fall somewhere between the defined futures most of the time and only occasionally fit within a

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<sup>5</sup> 2015 Energy Outlook With Projections to 2040, U.S. Energy Information Administration, April 2015, p. 8, [http://www.eia.gov/forecasts/aeo/pdf/0383\(2015\).pdf](http://www.eia.gov/forecasts/aeo/pdf/0383(2015).pdf) Accord: Direct-CETF/SOUL-Powers, PSC Ref 224737, [http://psc.wi.gov/apps35/ERF\\_view/viewdoc.aspx?docid=224737](http://psc.wi.gov/apps35/ERF_view/viewdoc.aspx?docid=224737)

particular future. The premise of this approach, known as Strategic Flexibility, is that if Paddock-Rockdale performs well in these futures, it is a robust project that would produce benefits for ratepayers.

Final Decision, June 13, 2008, PSCW Docket 137-CE-149, p. 9.

The premise underlying approval of the Project has been falsified by events: growth was overestimated. ATC’s planning analysis recognized that the project would be uneconomic at an annual growth rate less than .5%.<sup>6</sup>

Table 1 Net Present Value of Net Benefits<sup>5</sup>

	\$ MILLIONS						
<b>Paddock - Rockdale</b>	<i>Robust economy w/out NLAX-COL</i>	<i>Robust economy w/NLAX-COL</i>	<i>High plant retirements</i>	<i>High environmental</i>	<i>Slow growth</i>	<i>Fuel supply disruption</i>	<i>High growth WI</i>
APC	341	299	574	82	(62)	575	265
70%/30/%	529	455	950	132	(47)	956	544
LLMP	968	819	1,826	249	(12)	1,843	1,196
ATC Customer Benefit	409	356	710	104	(56)	710	365

See: Table 1, p.5, Exhibit 1 Part 25 of 76 - Paddock-Rockdale 345 kV Access Project CPCN Application Appendix C, PSC REF #: 75598.<sup>7</sup>

Contrary to the premise underlying approval of the Paddock-Rockdale Project, slow growth has materialized. Furthermore, it is notable that even the predicted benefits of the Paddock-Rockdale project were contemplated to be substantially reduced by construction of the longest segment of the Badger-Coulee Project, depicted in the third column above. The Commission has nowhere addressed these interactive impacts here.

<sup>6</sup> See: Table 6, p. 20, Exhibit 1 Part 25 of 76 - Paddock-Rockdale 345 kV Access Project CPCN Application Appendix C (PSC Ref. # 75598).

<sup>7</sup> Accessible at [http://psc.wi.gov/apps35/ERF\\_view/viewdoc.aspx?docid=75598](http://psc.wi.gov/apps35/ERF_view/viewdoc.aspx?docid=75598).

Decisions favored by Applicants can impose unwarranted costs on ratepayers and the Wisconsin economy:

**Cost-Benefit Analyses**

The current construction cycle in Wisconsin has placed strong upward pressure on rates. Electric rates that are not competitive with other states in the region will have adverse economic development impacts in Wisconsin. Future EHV applications must contain sufficient information to demonstrate that the investment will provide real, quantifiable economic and system reliability benefits to Wisconsin ratepayers. Proposed EHV projects must pass a well designed and thorough cost-benefit analysis, inclusive of a revenue requirement analysis. For example, similar to analyses conducted as part of Commission staff’s draft on the ASI, cost-benefit analyses need to identify appropriate ratepayer first-savings and break-ahead points.

Commission Staff Final Report On Transmission Access, p. 3, PSC REF#51295  
[http://psc.wi.gov/apps35/ERF\\_view/viewdoc.aspx?docid=51295](http://psc.wi.gov/apps35/ERF_view/viewdoc.aspx?docid=51295)

Caution is warranted to avoid these impacts:

**Legal Standards**

“ . . . any new EHV project should adhere to the principle of protecting the ratepayer from unjust or unreasonable costs or risks...”

Commission staff final report on transmission access, PSC REF # 51295  
[http://psc.wi.gov/apps35/ERF\\_view/viewdoc.aspx?docid=51295](http://psc.wi.gov/apps35/ERF_view/viewdoc.aspx?docid=51295)

“Economic” transmission projects are particularly vulnerable to changes in use. Because new evidence has confirmed that growth is not materializing to justify the Project proposed by the applicants, and because the evidence shows the range of growth assumptions that Applicants proposed in their strategic analysis to be too high in comparison with historical information and new information, SOUL and CETF:

1. Petition the Commission for re-hearing;

To avoid repeating the error in Paddock-Rockdale, ask the Commission, in advance of rehearing, to direct the Applicants to produce new economic analysis incorporating a range of growth rates at which the Project would no longer produce positive net present value for Wisconsin ratepayers.

Dated this 13th day of May, 2015.

Respectfully submitted,

**REYNOLDS OLIVEIRA LLC**

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