

Mayor's Column for the April 4, 2012, Review

Three weeks ago I attended the American Public Power Association (APPA) Legislative Rally in Washington, D.C. APPA is a non-profit, non-partisan service organization formed in 1940 to represent the interests of and provide educational and other services to community-owned electric utilities. There are 2,008 municipally-owned electric utilities in the U.S. and 1,400 of them serve communities with populations of less than 10,000 people. There are 82 municipally-owned electric utilities in Wisconsin.

There were more than 550 registrants at the Rally. The Wisconsin delegation, strong as usual, included 68 individuals from 27 communities. There were 15 mayors, 3 city managers, 6 alders/village board members, 8 utility commissioners, 16 utility managers, and 20 staff/guests.

The Rally included a number of meetings. The Wisconsin delegation began with an issues briefing by Municipal Electric Utilities of Wisconsin and WPPI Energy legislative staff members during a breakfast meeting. There were five key federal issues identified for discussion with our legislators.

- Encourage a balanced approach to cyber security legislation. This issue was seen as most likely to have legislation enacted this year. We learned that there had been a recent “table-top” cyber attack exercise with senators that caused great concern.

There are already mandatory cyber security standards for the electric industry. We indicated our support for inclusion of emergency authority during imminent threats and enhanced information sharing between government and business in any new legislation. We asked that legislation not be duplicative by adding another layer of reporting for existing mandatory security measures. We also requested that legislation be narrowly crafted, i.e. recognizing one size does not fit all. A power plant serving New York City and Evansville's wind turbine are hardly equal in impact or risk.

- Preserve tax exempt financing. Tax exempt municipal bonds are used for financing utility and municipal infrastructure projects, resulting in lower costs for local taxpayers. The Simpson-Bowles deficit reduction plan eliminates tax exempt municipal bonds for any future offerings. The Obama administration's 2013 budget includes a cap on tax-exempt bonds for bondholders with tax rates above 28% (there is some indication this budget item may be subject to negotiation).
- Encourage Environmental Protection Agency oversight by Congress. Some of the proposed new EPA rules have aggressive compliance timelines. In order to comply with the new rules, one-third to one-half of the coal-fired plants in the Midwest region would need to be retired or upgraded in the next three years. There is concern about the reliability of the grid in this situation. Obviously,

there would also be increased infrastructure costs in a very short time frame. We asked for legislation that at minimum would create an electric reliability “safety valve” for new EPA regulations.

- Support comparable incentives for public power. Investor-owned utilities receive most new generation incentives through the Federal Tax Code. Public power utilities operate on a non-profit basis. Comparable incentives for public power, like the Clean Renewable Energy Bond program, are needed for parity. We requested that the program cap be removed for Clean Renewable Energy Bonds and that other similar incentive programs be considered.
- Endorse relief for captive rail shippers. We asked for legislation to end the antitrust exemption for railroads. The Midwest is heavily reliant on coal for electric generation. Transportation costs can exceed the cost of coal. Wisconsin manufacturers, utilities, and the agricultural business sector have formed BadgerCURE to advocate for competitive rail costs.

Senator Kohl is a long-time supporter of competitive rail costs and is a sponsor of Senate Bill 49 which addresses rail cost reform. Representative Tammy Baldwin is a lead supporter of effective rail industry competition in the House.

At the APPA Legislation and Resolutions Committee meeting immediately following the Wisconsin breakfast, APPA technical and legal staffs provided updates on federal legislative activities and policy issues impacting the electric utility industry. Resolutions in a variety of areas were considered for action by the Committee. This year’s proposed resolutions ranged from support for expansion of hydroelectric resources to encouraging the Environmental Protection Agency to consider grid reliability when establishing compliance timelines. We were told to expect little legislation until after the November election. However, the lame duck session in November and December is expected to be wild. There will be much focus on the budget and the extension of the Bush tax cuts. It is likely that surprising pieces of legislation will be attached to unrelated bills. Vigilance will be required.

Those of us in Tammy Baldwin’s Congressional District skipped the Legislation and Resolutions Committee luncheon held at the conclusion of the meeting in order to travel by Metro (subway) to Capitol Hill and get through building security for a 2:00 meeting with Representative Baldwin’s Legislative Director, Ken Reidy. Other Wisconsin attendees met with the staff of their representatives at various times during the Rally.

The House was not in session during the time we were there and most House Congressional members, including Representative Baldwin, were in their home states meeting with constituents. Congresswoman Baldwin serves on the House Energy and Commerce Committee so she and her staff are well-educated on issues of interest to electric utilities. We discussed our specific issues with Ken and he briefed us on the progress of our issues in Congress.

The following morning, the mayors and city managers from Wisconsin met with both of Wisconsin's senators—the smaller group was necessary because we met in their offices. We met with Senator Ron Johnson at 9:00 in his office in the Russell Senate Building. We reviewed our issues with him. He is opposed to any incentives for new electric generation—our response was that we want a level playing field. Elimination of all incentives, for both investor-owned and municipally-owned utilities, would achieve equality.

Senator Johnson explained that his LaCrosse company utilized rail, so he had knowledge of Wisconsin rail costs. However, he described the issue as being impacted by numerous complex factors, and was non-committal as to his support for reform. He addressed our remaining key talking points as problems with solutions coming from “across the aisle.”

We met with Senator Herb Kohl at 11:15 in the Hart Senate Building. He is retiring at the end of this term following 24 years of serving as a Wisconsin Senator. I was honored to be asked to present Senator Kohl with a plaque recognizing his dedicated service to the citizens of Wisconsin, and commended him for his strong advocacy for Wisconsin's public power communities.

We spent some time conversing about the hyper-partisanship in Washington. Senator Kohl was concerned about the lack of action by the Congress in the current political environment. We reviewed our key talking points with him and he indicated his understanding of our requests for action.

Senator Kohl spoke of his growing frustration with the challenges he's encountered on the proposed legislation to end the railroad antitrust exemption. He had tried to attach the legislation as an amendment to a transportation bill that was being considered, but was blocked from doing so. He will be looking for additional opportunities to move this legislation prior to his retirement. We ended our visit with a brief conversation about Senator Kohl's beloved Milwaukee Bucks.

The annual Legislative Rally has provided valuable opportunities for networking with other leaders. This year I spoke with other Wisconsin mayors about their budget issues in the current economy, community impacts of the prolonged recession, and specific utility issues such as rate cases and succession planning. I obtained suggestions on researching information on ordinances and discussed ways to improve service to our citizens.

The political and economic events and environment of the past few years have shown the necessity for local government advocacy. Federal and state governmental activities have direct and significant consequences for municipalities. The City of Evansville has been increasing its advocacy efforts, with the goal of providing the best outcomes possible for our residents. We will continue to monitor potential rule-making and legislation, and will communicate with our residents and our legislative representatives on relevant issues. It is a time of heightened vigilance; stay tuned!

Community Announcements

The food pantry at the Evansville Care Closet continues to serve our friends and neighbors in need. One food item in short supply at the food pantry is peanut butter, a staple for most homes with young children. The rise in cost of peanut butter means it is no longer available from suppliers like Second Harvest. When making a food donation, please consider adding a jar of peanut butter. Thank you.

BASE (Building A Safer Evansville) will host a free Town Hall Dinner and Meeting on Monday, April 23, at 6:00 p.m. at Creekside Place. Three-time Olympian and World Champion Curler Debbie McCormick will be the guest speaker on the topic of peak physical conditioning in sports and substance abuse in world class athletics. Results of the 2012 Youth Risk Behavior Study will be discussed, followed by Town Hall conversation. I encourage you to put this event on your calendar; it is an important community meeting.

Community Thanks

Our community thanks BASE coalition members for their diligent efforts and hard work, including training, strategic planning, and data evaluation, that lead to successful completion of a national Drug Free Communities grant application for Evansville. Grant awards will be announced this summer.