BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Joint Application of Wisconsin Electric Power Company, Madison Gas and Electric Company, and WPPI Energy for a Certificate of Authority to Construct a New Wastewater Treatment System at the Elm Road Generating Station, Milwaukee County, Wisconsin

Docket No. 5-CE-152

COMMENTS OF THE CITIZENS UTILITY BOARD

I. INTRODUCTION

On February 16, 2021, Wisconsin Electric Power Company (WEPCO), Madison Gas and Electric Company (MGE), and WPPI Energy (WPPI) (herein, applicants) filed an application in this docket for authority to construct a new wastewater treatment system at the Elm Road Generating Station (ERGS), pursuant to Wis. Stat. § 196.49 and Wis. Admin. Code ch. PSC 112. On December 1, 2021, the Commission issued a draft Final Decision in this docket and provided an opportunity for comment by the parties. The Citizens Utility Board Provides the following comments in response to the draft Final Decision.

II. COMMENTS

As an initial matter, CUB does not dispute the need case presented by the applicants at its most basic level. That being, continued operation of the existing ERGS facility beyond December 14, 2023, requires compliance with the EPA ELG, as required by the facility’s WPDES permit. With this environmental compliance deadline as a backdrop, CUB does not object to the draft finding that the proposed biological wastewater treatment system is reasonable. In particular, for reasons that will be discussed below, CUB appreciates the lower capital cost of the proposed system as compared to some of the alternative technologies.
identified and briefly discussed in the draft Final Decision. Ultimately CUB concedes that ELG compliance deadline for ERGS creates a regrettable “back to the wall” scenario, a natural consequence of ERGS having been approved as a coal-fired facility. A scenario that now requires costly investments to bring ERGS into environmental compliance so as to not risk the output capacity of the facility in the short term.

That being said, CUB is troubled somewhat by the other backdrop elements in this proceeding, specifically WEC Energy Group’s (WEC) November 2, 2021 announcement during its quarterly investor call that WEC intends to cease the use of coal as a fuel by 2035, and is considering repowering the ERGS facility with natural gas. While Commission staff’s data request Request-PSC-Taylor-3.01, and draft Order Point 8 appear to address this issue to some extent, CUB believes that greater exploration of the effect WEC’s intended coal phase-out will have on the economics of the proposed wastewater facilities is required within the order, if not within the record evidence. This would include consideration of when or under what conditions these new investments would prematurely become “obsolete” due to a transition away from coal as the fuel for ERGS and what that means for ratepayer impacts. Absent this, CUB supports draft Order Point 8.

With respect to the draft order points, CUB recommends that Order Point 3 be reworded to read as follows:

*If it is discovered or identified that the project cost, including force majeure costs, may exceed the estimated cost by more than 10 percent, the applicants shall promptly notify the Commission within 30 days of discovery of the possible change or cost increase.*
As a general matter CUB believes that it is more appropriate that the Commission be made aware as soon as practicable, preferably in advance, if a construction or other capital investment project will exceed the project cost estimated in the application and authorized by the Commission. In light of the future obsolescence issues identified above, CUB believes that it is particularly important in this case that the Commission be given all opportunities to monitor project costs and possible overruns so as to protect ratepayers and the public interest.

Finally, CUB would note that the draft Final Decision states:

*The applicants’ estimated cost of the proposed project is $89.5 million. The applicants’ estimated cost does not include modifications to the proposed project identified during the Commission’s review and required by this Final Decision.*

However, CUB had not identified any mention within the draft Final decision as to what the “modification to the proposed project” were “identified during the Commission’s review and required by this Final Decision.” Perhaps this is an oversight on CUB’s part but greater and discussion regarding these modification may be required with the issued Final Decision.

**III. CONCLUSION**

CUB appreciates the opportunity to provide comments in this proceeding and recommends that the Commission, adopt CUB’s suggested changes to the Final Decision, as discussed above.

Dated this day, Monday, December 13, 2021.

Respectfully Submitted,

/s/ Corey S.J. Singletary
Director, Regulatory Affairs for Citizens Utility Board