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Did Houston energy group dupe MGE customers to back rate changes?

MIKE IVEY | The Capital Times | mivey@madison.com

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Opponents of a proposed MGE rate hike rally outside the PSC offices recently in front of an inflatable power plant.

JOHN HART — State Journal

A fossil fuel industry group backing changes to Wisconsin's electric rate structure is misrepresenting the wishes of some Madison Gas & Electric and We Energies customers in a legal filing with state regulators.

The Houston-based Consumer Energy Alliance on Oct. 7 sent the state Public Service Commission a petition with names of 2,500 electric customers statewide, claiming those consumers "believe changing the current rule will ensure that all ratepayers are treated fairly and electricity bills remain affordable."

But it's unclear how many of those customers actually support the proposed changes, which would raise fixed costs for residential ratepayers.

For example, Mary Frawley, who lives on Madison's near west side, is listed on the petition as supporting the changes. But she told The Capital Times she strongly opposes the MGE plan, which would hike her monthly service fees from \$10 to \$19 starting next year.

Frawley says she recalls speaking on the phone with someone from the Consumer Energy Alliance. She then agreed to let the group use her name, assuming they were against the MGE proposal.

"I thought they were opposed to it ... but I guess I was mixed up," she said.

The Consumer Energy Alliance filed the same list of 2,500 names to the PSC in the We Energies rate case. The Milwaukee area utility is also proposing to raise its monthly fixed charges for residential customers — a move clean energy advocates say removes the incentives to use less electricity, much of it generated in Wisconsin by burning coal or natural gas.

Elizabeth Westlund, a We Energies customer from Kenosha, says she got a call some months ago about electric charges but never signed a petition. Westlund is opposed to “anything that will raise my bill,” she said in an interview.

“If they are saying I support We Energies, they are just wrong,” she said. “And I want my name taken off that list.”

CEA has not previously filed comments with the state Public Service Commission, according to PSC spokesman Nathan Conrad.

But the group is well-known in the energy world for its political connections in Washington.

One of its top advisors is lobbyist Michael Whatley, who served as senior policy advisor on George W. Bush’s first presidential campaign and transition team. Whatley was later appointed chief of staff to former U.S. Sen. Elizabeth Dole, a former cabinet secretary and the wife of Bob Dole.

Peter Taglia, a former staffer with Clean Wisconsin now running his own energy consulting business, says CEA specializes in crafting public relations campaigns designed to appear as grassroots support. Advocates often refer to those efforts as “astroturfing” or “greenwashing.”

“If this is true, it undercuts the legitimacy of the PSC process,” Taglia said. “It's clear these out-of-state coal companies know they benefit from higher fixed fees on seniors, renters and low energy users.”

Whatley said his firm is simply working to ensure that electric rates are fair to all ratepayers. He said the growth of solar energy is leaving fewer customers paying the costs of maintaining the “electric grid” — the power plants, poles and wires that keep power flowing to homes and businesses 24-7.

“We believe that rates need to be fair for all ratepayers and have been very clear about that,” he said.

Whatley denies that any residential customers contacted by CEA were misled about the group's intentions or duped into allowing their names to be submitted to the PSC.

“We talk to folks and then ask if they would like us to send a letter in on their behalf,” he says. “If they answer in the affirmative, we go ahead and do that.”

Still, there is little doubt some of those contacted by CEA were not sure of what they were agreeing to or the complexity of the issues involved.

Tom Frutiger of Madison is listed on the petition and claims he doesn't remember even speaking with anyone from CEA, although he admits his memory has been failing him since suffering a stroke.

Asked if he supports the MGE changes, Frutiger said, "Hell no."

"What I'd like to see is less fossil (fuel) burning," he said. "They should put some fans in the middle of the lake and generate electricity that way."

CEA has been the focus of several investigative stories on the public relations and lobbying industry as it relates to the oil and gas industry. One piece co-published by [Salon.com](#) and [The Tyee](#) tells how the group was heavily involved in fighting tougher carbon laws and thwarting development of renewable energy.

"Oil industry power players, including BP, Chevron, ExxonMobil, Marathon, Shell and Norway's Statoil are among the CEA's key financial backers, and many of these companies also happen to have deep ties to the Alberta tar sands," writes reporter Geoff Dembicki.

MGE officials say they had seen the comments filed by CEA but were not involved in the PSC filing or any telephone polling that would have created a list of supporters.

"We are not involved with this group," MGE spokesman Steve Kraus said.

CEA does not maintain an office in Wisconsin but it [counts Wisconsin Manufacturers & Commerce](#) among its members.

Electric utilities in Wisconsin and in other states are struggling with how to cover the fixed costs of operating and maintaining electric systems amid the increase in solar power usage and energy conservation. They want to dramatically hike the monthly service fees for most customers while reducing charges for the amount of electricity consumed.

Critics contend the changes will discourage customers from using less electricity and are simply a way for utilities to maintain profits and protect their investment in plants that burn coal or natural gas.

Last year, the state's largest electric utility We Energies was granted a 20 percent increase in fixed charges by the PSC and is now proposing a 75 percent jump in its fixed charge to \$16 a month.

MGE had initially talked about raising the monthly customer charge to nearly \$50 by 2016 and potentially \$70 by 2017. It has since backed off that timetable and now proposes raising the fee to \$19 in 2015 and holding off on future hikes pending negotiations with the Citizens Utility Board and other customer groups.

Whatley says CEA is taking an interest in Wisconsin because it is one of the first states where changes in electric billing are going before regulators. It has also lobbied in Arizona, which had passed a fee on solar installations.

“We don’t want to end up with a system where the only way your rates aren’t going to go up is if you install rooftop solar,” said Whatley.

Right now, solar power accounts for just a fraction of the energy produced in Wisconsin.

Of the 141,000 customers of MGE, just 320 have commercial grade solar installations, according to figures from the Environmental Law and Policy Center in Chicago. We Energies has an even lower percentage of solar customers, with 580 out of a customer base of nearly one million.

“This isn’t about protecting customers from solar; it’s about protecting the interests of utility shareholders,” said Rob Kelter, a senior attorney with the center.



MGE rate plan sparks protest at utility HQ



MGE slams tactics of fossil fuel front group



PSC tosses out petition supporting MGE rate hike



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Madison Gas and Electric

We want to make clear that MGE has absolutely no involvement with the Consumer Energy Alliance. We oppose any group or activity that would mislead, misinform or interfere with the right of due process entitled to all MGE customers. Our commitment is to them.

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Huffington Post picks up MGE rate case story