

BEFORE THE  
PUBLIC SERVICE COMMISSION OF WISCONSIN

**Application of Wisconsin Electric Power  
Company for Certificate of Public  
Convenience and Necessity to Construct a  
Wind Electric Generation Facility and  
Associated Electric Facilities in the Towns  
Of Randolph and Scott, Columbia County,  
Wisconsin**

Docket 6630-CE-302

---

**DIRECT TESTIMONY OF MICHAEL J. VICKERMAN**

**ON BEHALF OF RENEW WISCONSIN**

---

**Q. Please state your name, occupation, and address.**

A. My name is Michael J. Vickerman. I am Executive Director of RENEW Wisconsin, an organization whose directors and members support expanding the use of locally available renewable energy resources to meet the state's power needs. RENEW is located at 222 S. Hamilton St., Madison WI 53703.

**Q. Please describe your professional qualifications?**

A. Under my direction RENEW has advocated, and mobilized political support for, several pro-renewable policies adopted in the last 10 years, including the adoption in 2009 of uniform permitting standards for wind projects (SB 185) as well as the establishment in 1999 of Wisconsin's Renewable Portfolio Standard and a public benefits fund dedicated in part to renewable energy sources. I have

1        been involved with many issues relating to renewable electricity, ranging from  
2        broad policy mandates and customer-driven green pricing programs to such  
3        technical issues as renewable energy credit trading and windpower permitting  
4        ordinances. I was RENEW's representative on the statewide Task Force on  
5        Energy Efficiency and Renewables, which Governor Doyle convened in  
6        September 2003, and served as co-chair of the Renewables Workgroup. In that  
7        capacity I developed and negotiated several renewable energy policy  
8        recommendations for consideration by the full Task Force. These were: (1) a  
9        successor Renewable Portfolio Standard (RPS) that would result in a 10%  
10       renewable energy content by 2015 and (2) a State of Wisconsin commitment to  
11       source 20% of the electricity it uses from renewable energy sources. Both  
12       recommendations were included in a consensus package of proposed policy  
13       changes that were subsequently incorporated into a bill (SB459) that passed the  
14       Legislature and was signed into law in March 2006 (2005 Act 141) .

15        I have written and defended testimony in several PSC proceedings in recent  
16        years, including Northern States Power-Wisconsin's application to convert its Bay  
17        Front 5 generator into a dedicated biomass unit (4220-CE-169), Wisconsin Power  
18        & Light's application to build the Nelson Dewey 3 coal-fired power station  
19        (6680-CE-170), Wisconsin Power & Light's application to build the Cedar Ridge  
20        wind energy installation (6680-CE-171), We Energies' application to build the  
21        Blue Sky Green Field wind energy installation (6630-CE-294), Forward Wind  
22        Energy's application to build a 200 MW wind energy installation (9300-CE-100),  
23        Wisconsin Public Service Corporation's 2005, 2006 and 2008 rate cases (6690-

1 UR-117, 6690-UR-118, and 6690-UR-119), and Wisconsin Power & Light's  
2 2005, 2006 and 2008 rate cases (6680-UR-114, 6680-UR-115 and 6680-UR-116),  
3 We Energies' 2005 and 2007 rate cases (05-UR-102 and 05-UR-103), and  
4 Madison Gas & Electric's 2007 rate case (3270-UR-115).

5 In 2007 and 2008 I served on the Electric Generation and Supply working  
6 group attached to the Governor's Task Force on Global Warming. In that capacity  
7 I was in a position to formulate policy templates for stimulating the installation of  
8 low-carbon energy sources.

9

10 **Q. What is the purpose of your testimony?**

11 A. The purpose of my testimony is to communicate our organization's  
12 support for the Glacier Hills wind energy installation. My testimony will also  
13 communicate a recommendation to Wisconsin Electric Power Company that it  
14 offer Good Neighbor payments to nonparticipating households who are within a  
15 certain distance of a proposed wind turbine.

16

17 **Q. Does RENEW support Wisconsin Electric Power Company's application to  
18 construct and operate the proposed Glacier Hills Wind Park?**

19 A. Yes, we do. The Glacier Hills Wind Park Wind Farm advances a number  
20 of public policy objectives in a single stroke. These objectives include:

- 21 1) Meeting Wisconsin's current Renewable Energy Standard;  
22 2) Securing adequate supplies of energy from sustainable sources;  
23 3) Protecting ratepayers from rising fossil fuel prices;

- 1           4) Reducing air and water emissions from generation sources;
- 2           5) Preserving working farms and pasture land;
- 3           6) Generating additional revenues for host towns and counties;
- 4           7) Reducing the flow of capital out of Wisconsin for energy purchases; and
- 5           8) Investing Wisconsin capital in a renewable energy generating facility power
- 6           plant within its borders.

7

8   **Q.   How much importance does RENEW attach to the fact that Wisconsin**  
 9   **Electric Power Company has selected a Wisconsin location for its next large-**  
 10 **scale wind energy installation?**

11   A.           To begin with, as the table below indicates, no new wind energy projects  
 12   in Wisconsin have reached the construction phase. The newest Wisconsin project  
 13   is Butler Ridge, which was placed in service in March 2009.

14

| <b>State</b> | <b>Operating capacity<br/>(in MW)</b> | <b>Under construction<br/>(in MW)</b> |
|--------------|---------------------------------------|---------------------------------------|
| Iowa         | 3043                                  | 409                                   |
| Minnesota    | 1937*                                 | 40                                    |
| Illinois     | 1016**                                | 902***                                |
| Indiana      | 531                                   | 505                                   |
| Wisconsin    | 449                                   | --                                    |
| Michigan     | 129                                   | 14                                    |

15

16   \*\*       Total includes Iberdrola’s 132 MW Elm Creek project  
 17   \*\*\*     Total includes EcoEnergy’s 100.5 MW EcoGrove project  
 18   \*\*\*\*    Total includes Iberdrola’s 300 MW Streator Cayuga Ridge South project

19

20   Sources: American Wind Energy Association, RENEW

21

22

1 While developers and utilities are erecting more than 1,800 MW of wind  
2 generation capacity in Iowa, Indiana and Illinois, construction on Wisconsin's  
3 next wind energy project is not likely to commence until mid-2010. This is an  
4 unfortunate situation, in that there are turbines available as well as several  
5 permitted prospects that can make use of them. Nationally, the turbine supply  
6 situation is as loose as it was in 2004, when the federal Production Tax Credit  
7 lapsed for eight months. However, in recent years Wisconsin utilities have  
8 exhibited a reluctance to sign Power Purchase Agreements with developers  
9 working in Wisconsin. This particular market barrier, coupled with a difficult  
10 permitting landscape that has blocked several promising wind prospects from  
11 going forward, is responsible for the current freeze on wind farm development in  
12 Wisconsin.

13 As indicated in the table titled "Proposed Windpower Projects in  
14 Wisconsin" (See Exhibit 604), there are no utility-owned Wisconsin wind energy  
15 projects on deck following Glacier Hills. Among the investor-owned utilities in  
16 Wisconsin, only We Energies seems committed to locating its wind energy  
17 facilities in Wisconsin. Moreover, we cannot be certain that any of the other wind  
18 prospects identified in Exhibit 604--apart from Glacier Hills--will proceed to  
19 development, due to the increasing utility preference--We Energies excepted--  
20 for out-of-state windpower.

21 There is a significant economic payoff to Wisconsin localities,  
22 landowners, suppliers, contractors, operating engineers and workers from the  
23 construction and operation of a large windpower facility here. If approved,

1 Glacier Hills would produce a significant stream of revenues, \$648,000 per  
2 annum, to Columbia County and the townships of Randolph and Scott over the  
3 life of the project. These dollars will be used to support police and fire protection,  
4 recycling and emergency medical services in the host communities. Area  
5 landowners will also receive payments that will supplement their existing income.  
6 I estimate that in the aggregate these landowners stand to reap somewhere  
7 between \$450,000 and \$540,000 a year. In times of distress, these payments  
8 enable farmers to stay current on their taxes and keep their farms going.

9 Finally, as evidenced in the articles on Blue Sky Green Field and Cedar  
10 Ridge that appeared earlier this year in *Wind Today* magazine (see Exhibits 605  
11 and 606), many Wisconsin suppliers, contractors and workers participated in the  
12 construction of these two utility-owned facilities. About 450 workers were  
13 employed by the construction of Blue Sky Green Field, according to We Energies.  
14 At Cedar Ridge, about 150 people were involved with the project at the height of  
15 construction in 2008. These opportunities for the Wisconsin wind energy supply  
16 chain and Wisconsin's workforce tend to diminish when the project is located in  
17 other states.

18 It is fair to say that RENEW attaches a great deal of importance to the  
19 proposed location of Glacier Hills in Wisconsin.

20

21 **Q. Do you have any suggestions for improving the project?**

22 A. I have one. This project proposes to allocate 100% of its land-based  
23 royalties to property owners hosting turbines. Recent development history

1 confirms that non-participating residents who do not receive direct payments  
2 from the wind project are more likely to contest a wind project than host  
3 landowners. One option for minimizing this division is to expand the circle of  
4 residences that receive a revenue stream to include nonparticipating landowners  
5 within a certain impact range or distance of turbines. We have taken to calling this  
6 approach Good Neighbor Payments. A judicious application of Good Neighbor  
7 Payments will enable a developer to foster a greater sense of equity among all  
8 members of the host community, as well as lessen the potential for neighborhood  
9 opposition. Providing these households with a revenue stream or a tangible  
10 economic benefit may reduce the propensity of neighboring households to cast a  
11 proposed wind farm in purely us vs. them terms.

12           Clearly for economic reasons these payments would have to be modest  
13 relative to what host landowners receive. Nevertheless, we believe that owners of  
14 windpower facilities, including utilities, should factor in neighboring property  
15 owners into their land budgets. A lot of unnecessary rancor during the permitting  
16 phase of these projects could be avoided by employing this approach.

17 .

18 **Q. Are there any examples of Wisconsin wind projects that employ Good**  
19 **Neighbor Payments?**

20 A.           Yes, there are several. Among the projects where nonparticipating  
21 households within a predetermined distance to wind turbines receive modest  
22 compensation include the Forward Energy Center, the Cedar Ridge wind farm  
23 and the Butler Ridge wind farm. It's worth noting that Cedar Ridge is owned by a

1 Wisconsin electric utility, Wisconsin Power & Light. In addition, Emerging  
2 Energies, a Wisconsin limited liability corporation that has acquired permit  
3 to erect eight wind turbines in the Town of Glenmore in Brown County, has  
4 committed to compensating nonparticipating neighbors as part of its project  
5 development plan.

6

7 **Q. Is it too late for We Energies to incorporate Good Neighbor Payments into its**  
8 **Glacier Hills development plan?**

9 A. No. Invenenergy, the owner and operator of the Forward energy installation,  
10 did not commit to offering Good Neighbor Payments until several months after  
11 the Commission issued its final order on the project.

12

13 **Q. Does this complete your direct testimony?**

14 A. Yes, it does.