

State of Wisconsin

**PUBLIC SERVICE  
COMMISSION**

**BIENNIAL REPORT**

**July 1, 1971 to June 30, 1973**

**William F. Eich**  
**Chairman**

**Arthur L. Padrutt**  
**Commissioner**

**Richard D. Cudahy**  
**Commissioner**

**John F. Goetz**  
**Secretary**

## F O R E W O R D

This Biennial report covers the program scope, objectives, and accomplishments of the Public Service Commission for the period from July 1, 1971 to June 30, 1973, and contains information with respect to matters under the Commission's jurisdiction which it deems proper to submit in compliance with section 15.04(4), Wisconsin Statutes, as to biennial reports.

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### TABLE OF CONTENTS

|   |    |
|---|----|
| Public Service Commission Personnel .....                         | 3  |
| Functional Organization Chart .....                               | 4  |
| Jurisdiction, Functions, and Organization .....                   | 5  |
| Finances of the Commission .....                                  | 8  |
| Introduction .....  | 10 |
| Utility Rates and Charges; Securities .....                       | 10 |
| Utility Rates - Rate Design .....                                 | 13 |
| Environmental Review--Wisconsin Environmental<br>Policy Act ..... | 16 |
| Electric Utilities .....  | 18 |
| Gas Utilities .....   | 23 |
| Telephone Utilities .....   | 26 |
| Water Utilities .....   | 29 |
| Sewer Utilities .....   | 32 |
| Transportation of Passengers and Property .....                   | 33 |
| Urban Buses .....   | 33 |
| Interurban Common Motor Carriers of<br>Passengers .....           | 34 |
| Motor Carriers of Property .....                                  | 35 |
| Railroads, Transportation of Passengers<br>and Property .....     | 37 |
| Railroad Safety .....   | 39 |

PUBLIC SERVICE COMMISSION OF WISCONSIN

PERSONNEL

WILLIAM F. EICH  
Chairman

ARTHUR L. PADRUTT  
Commissioner

RICHARD D. CUDAHY  
Commissioner

John F. Goetz  
Secretary

William E. Torkelson  
Chief Counsel

Administration Division

John F. Goetz, administrator

Management Services Bureau--Donald H. Hebl  
Filing Bureau--Francesca A. di Lorenzo

Transportation Division

William R. Brumfield, administrator

Tariffs Bureau--Lester L. Dietrich  
Statistics and Reports Bureau--Glen L. Derge  
Motor Carrier Authorities Bureau--James H. Ackley  
Railroad Safety Bureau--Rex A. Montgomery

Examining Division

Clarence B. Sorensen--acting administrator

Engineering Division

William Sayles, administrator

Electric and Water Bureau--Clarence F. Riederer  
Gas Bureau--Harold A. Meyer  
Communications Bureau--William J. Green  
Property Records Bureau--John E. Rosecky

Accounts and Finance Division

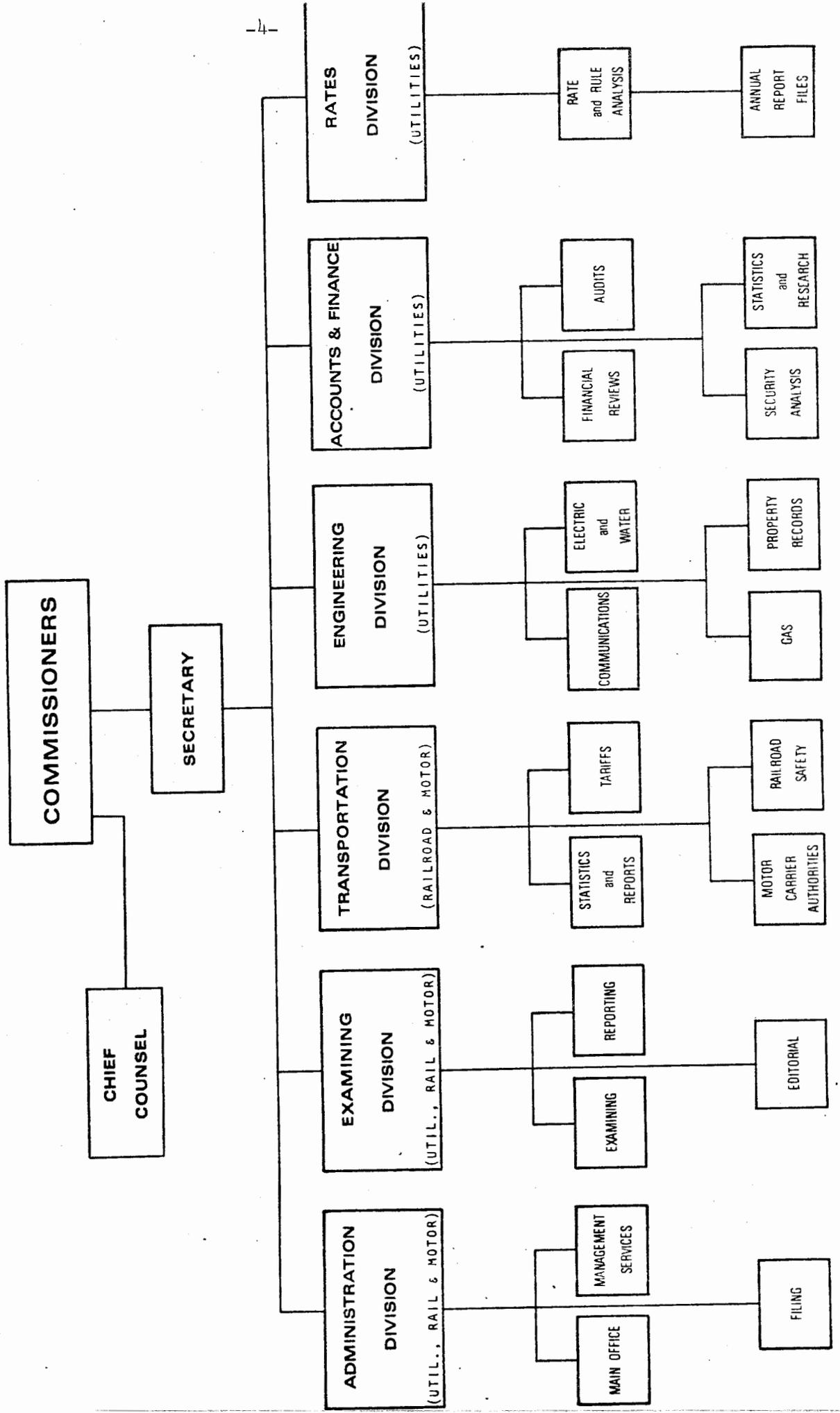
Frederick C. Huebner, administrator  
Joseph R. Brady, assistant administrator

Utility Rates Division

Robert G. Dudley, administrator  
Victor W. Mayer, assistant administrator

# PUBLIC SERVICE COMMISSION OF WISCONSIN

## FUNCTIONAL ORGANIZATION CHART



JURISDICTION, FUNCTIONS, AND ORGANIZATION  
of the  
PUBLIC SERVICE COMMISSION

The Public Service Commission is composed of three full-time Commissioners appointed by the Governor and confirmed by the Senate for staggered 6-year terms, and a staff of 132 full-time budgeted positions.

As of June 30, 1973, its regulatory powers and duties included the rates and service of

- 5 common carriers of property and passengers by water
- 278 common motor carriers of passengers and property
- 16,614 contract motor carriers of property
- 105 electric utilities (85 are municipal)
  - 1 express company
  - 18 gas distribution utilities (1 is municipal)
  - 3 heating utilities
  - 1 railroad (electric)
  - 15 railroads (other than electric railways)
- 121 sewer utilities (combined with water utilities)
  - 1 telegraph company
- 119 telephone utilities (70 are REA financed)
- 497 water utilities (480 are municipal)

For the efficient conduct of its business, the Commission staff is organized into six divisions, each with the following program assignments:

Administration Division

The Main Office operates as the administrative and general information bureau of the Commission. All matters to be presented to the Commission, formal action, or instruction are cleared through this office.

The Management Services Bureau prepares monthly and annual assessments of regulatory expenses against the utilities and railroads involved; prepares Commission budgets and payrolls; audits expenditures; collects and deposits receipts; maintains records of the Commission finances and personnel; coordinates travel of staff members; and purchases, issues, and inventories equipment and supplies.

The Filing Bureau maintains all files and records of the Commission's work (except finance and personnel); employs a follow-up system on files and correspondence; and handles mailing and distribution of Commission notices and orders.

Examining Division

The Examining Division schedules and gives notice of public hearings, the objective being to set each hearing at a time and place most convenient to the parties and the public, consistent with efficient utilization of staff time and travel expense; conducts public hearings with a hearing examiner presiding; is responsible for the recording of verbatim testimony by a stenographic reporter and the preparation of typewritten transcripts of public hearings; edits drafts of notices of hearing and formal orders of the Commission; edits, indexes, and prepares copy for annual volume of selected important orders of the Commission; and prepares and makes legal filing of notices and rules in the Wisconsin Administrative Register.

Transportation Division

The Statistics and Reports Bureau analyzes railroad and motor carriers costs and maintains files of general statistical data relating to transportation; prepares accounting, statistical, and general economic data for use in matters before the Commission and the Interstate Commerce Commission and participates in formal proceedings; and audits books and reports, and designs reporting forms and systems of accounts for motor carriers.

The Tariffs Bureau investigates transportation rates or fares of express, truck, and bus lines and railroads; maintains complete file on freight tariffs and passenger fares; participates in Commission and Interstate Commerce Commission rate proceedings; investigates telegraph rates; and audits freight bills upon request.

The Motor Carrier Authorities Bureau handles motor carrier inquiries and preliminary work in connection with motor carrier authorities; maintains liaison with other bureaus of the Commission and other state agencies involving motor carrier regulations; and makes routine investigations of the records and investigates inquiries and complaints as to the service of motor carriers and rental companies.

The Railroad Safety Bureau investigates and processes applications or complaints relating to: closing, maintaining, establishing (at grade or separated), or improving protection at railroad-highway crossings, and apportionment of costs related to crossings; horizontal clearances between adjacent and parallel railroad tracks and vertical and horizontal clearances between railroad tracks and adjacent structures; switch targets, lights, and reflectorized markers on both branch and mainline railroad lines; removal of spur tracks; general matters relative to railroad car supply and operational freight service; and brush or snow removal on railroad right-of-way.

Engineering Division

The Electric and Water Bureau investigates and processes complaints concerning electric and water utility service, operation, and facilities; reviews and makes recommendations on plans for plant additions; reviews

and enforces service and safety standards; conducts continuing studies of adequacy of electric energy supply; participates in formal Commission proceedings; represents Commission on state and national committees; maintains liaison with federal and other state agencies with concurrent jurisdiction; administers Volume 1 of the State Electrical Code; administers the specific laws relating to the Wisconsin Valley Improvement Company and the Chippewa and Flambeau Improvement Company; and administers the rain-making statute (section 195.40, Wis. Stats.)

The Gas Bureau investigates and processes complaints concerning gas utility service, operation, and facilities; reviews and makes recommendations on plans for plant additions; reviews and enforces service and safety standards; conducts continuing studies of adequacy of gas supply; participates in formal Commission proceedings; represents Commission on state and national committees; maintains liaison with federal and other state agencies with concurrent jurisdiction; and administers the Gas Safety Standards of the state and, as an agent of the federal Department of Transportation, those of the federal government.

The Communications Bureau investigates and processes complaints concerning telephone utility service, operation, and facilities; reviews and makes recommendations on plans for plant additions; reviews and enforces service and safety standards; participates in formal Commission proceedings; represents Commission on state and national committees; and maintains liaison with federal and other state agencies with concurrent jurisdiction.

The Property Records Bureau reviews utility work orders, prudent investment, and associated costs relating to investment in, or retirement of, utility plant; maintains price indexes of material and labor and a familiarity with construction standards; reviews methods and procedures in property record work and book entries of utilities acquiring transferred property; participates in formal Commission proceedings; maintains liaison with federal and other state agencies with concurrent jurisdiction; and represents Commission on state and national committees.

#### Utility Rates Division

The Utility Rates Division investigates and recommends rates and rules and analyzes costs of utilities; prepares technical reports and recommendations in connection with formal utility cases and participates in Commission proceedings; investigates complaints involving utility rates and extension of service to prospective customers in the existing service territory of utilities; investigates applications of electric utilities to extend rural distribution lines; and maintains file of electric, gas, telephone, water, and sewer rates and a file of the annual financial reports of all utilities.

#### Accounts and Finance Division

The Accounts and Finance Division conducts special studies on cost of capital, revenue requirements, and rate of return, and makes recommendations to the Commission in connection with rate proceedings; investigates financial arrangements between utility affiliated interests requiring Commission approval; audits the books, accounts, records and annual reports

of public utilities; prescribes uniform systems of accounts and interpretations, and annual report requirements for utilities; reviews depreciation rates of all utilities; assists utilities in establishing accounting systems and procedures; analyzes construction expenditures for continuing property record accounting; investigates proposals of utilities to purchase, consolidate, or merge with other utilities; investigates utility applications for authority to issue bonds, stocks, and all other forms of securities; and collects, analyzes, and furnishes information and financial and economic data on the utility industry.

#### FINANCES OF THE COMMISSION

The Commission has four principal sources of revenue with which it finances its work:

1. To defray the expenses of regulating the rates, service, construction, finances, and security issues of all Wisconsin public utilities, whether privately or municipally owned, the Commission makes an assessment of costs of a specific, formal investigation against the investigated utility, limited by  $\frac{4}{5}$  of 1% of the gross intrastate operating revenues of the utility in the previous calendar year. A similar assessment is made in specific, formal railroad investigations.
2. To recover costs incurred in utility regulation that cannot be ascribed to a specific investigation, the Commission makes a so-called remainder assessment after the close of each fiscal year against all Wisconsin utilities which may not exceed  $\frac{1}{5}$  of 1% of the total gross intrastate operating revenues of the previous calendar year. A similar remainder assessment, made to recover costs incurred in railroad regulation that cannot be ascribed to a specific investigation, may not exceed 1% of the total gross intrastate operating revenues for the previous calendar year.
3. To provide for transportation, electric power, natural gas, and telecommunication phases of emergency resource management assigned to the Commission by the Governor under Chapter 22, Wis. Stats., and for miscellaneous administrative expenses, a specific legislative appropriation is made from the State General Fund.
4. To provide for the regulation of motor carrier operating authorities, rates, and service, a specific legislative appropriation is made from the State Highway Fund.

Details of Commission finances are shown in the following table. It should be noted that the receipts and disbursements are not equal for a given year because the amounts available as legislative appropriations are seldom spent in full, but allowed to lapse. Also, reimbursement for some utility and railroad expenditures is not received until the subsequent fiscal year.

Public Service Commission of Wisconsin  
Summary of Finances

| Item                                 | 1971-72        | 1972-73        |
|--------------------------------------|----------------|----------------|
| Appropriations and receipts          |                |                |
| General legislative appropriations   | \$ 714,800.00  | \$ 729,800.00  |
| Non-lapsed balances                  | 8,032.92       | 2,595.88       |
| Total appropriations                 | \$ 722,832.92  | \$ 732,395.88  |
| Utilities receipts                   |                |                |
| Direct assessments                   | \$ 170,266.19  | \$ 220,205.96  |
| Remainder assessments                | 924,489.83     | 1,057,102.94   |
| Gas pipeline safety - D.O.T.         | 17,358.00      | 24,263.00      |
| Total                                | \$1,112,114.02 | \$1,301,571.90 |
| Railroad receipts                    |                |                |
| Direct assessments                   | \$ 9,672.27    | \$ 8,997.34    |
| Remainder assessments                | 172,992.73     | 184,500.46     |
| Total                                | \$ 182,665.00  | \$ 193,497.80  |
| Miscellaneous receipts               |                |                |
|                                      | \$ 4,428.39    | \$ 4,356.90    |
| Total appropriations and receipts    | \$2,022,040.33 | \$2,231,822.48 |
| Disbursements                        |                |                |
| Utility                              | \$1,256,857.29 | \$1,477,015.35 |
| Gas pipeline safety                  | 17,358.00      | 24,263.00      |
| Railroad transportation              | 197,987.81     | 213,903.31     |
| Motor transportation                 | 571,151.88     | 594,387.42     |
| Emergency resource management        | 70.13          | 4,981.79       |
| Total disbursements                  | \$2,043,425.11 | \$2,314,550.87 |
| Collections for state general fund   |                |                |
| Utilities securities fees            | \$ 161,672.48  | \$ 43,087.68   |
| Engineering fees                     | 16.00          | 20.00          |
| Copy work and sale of printed matter | 4,760.60       | 5,121.13       |
| Penalties                            | 713.83         | 2,055.32       |
| Water carrier fees                   | 40.00          | 40.00          |
| Total                                | \$ 167,202.91  | \$ 50,324.13   |
| Collections for state highway fund   |                |                |
| Motor carrier filing fees            | \$ 75,635.00   | \$ 78,223.00   |

## I N T R O D U C T I O N

### UTILITY RATES AND CHARGES

#### SECURITIES

The Public Service Commission is an independent regulatory Commission whose jurisdiction, powers, and duties are delegated to it by the Wisconsin Legislature.

According to Wisconsin Statutes, it is the duty of the Public Service Commission to "supervise and regulate every public utility in this state" to the end that "reasonably adequate service and facilities" be available at "rates that are reasonable and just." The basic goal of the Commission is to carry out this mandate.

Wisconsin Statutes require that a public hearing be held and a formal order issued whenever a proposed utility rate revision includes any increase in rates to any customer.

During this biennium, the Public Service Commission adopted a rule (section PSC 2.73, Wisconsin Administrative Code, effective May 1, 1972) requiring that any public utility applying to the Commission for a rate increase shall, by means of a bill insert, inform all customers who would be affected. When bills are not mailed monthly in envelopes, customers may be informed of the filing of the application by means of a special mailing or by a display advertisement in newspapers having general circulation in the utility's service area.

Balancing the respective rights of utility customers, the utility and its investors, and the public entails a thorough study of the operations, expenses, and revenues of a utility applying for a rate increase. The study includes the utility's financial reports submitted to the Commission, as well as its proposals and exhibits. The economic scene in general, and particularly as it applies to the industry, is examined before staff exhibits are introduced into the proceeding which, in the case of a large utility, involves many hours of public hearing.

In addition to the rising costs of utility operation and of plant construction to meet mounting demand for service, financing problems faced during the biennium were severely complicated by high interest rates, changing tax structures, and uncertainty in the capital market resulting from inflationary pressures.

Under Wisconsin law, a privately owned utility must obtain Commission approval before it can issue securities.

Securities Authorized  
July 1, 1971 - June 30, 1973

| <u>Type of Security</u> | <u>Par or Face</u>   | <u>Proceeds</u>      |                |
|-------------------------|----------------------|----------------------|----------------|
|                         | <u>Value</u>         | <u>Amount</u>        | <u>%</u>       |
| Common Stock            | \$ 97,385,605        | \$121,672,980        | 46.95%         |
| Preferred Stock         | 66,000,000           | 66,040,350           | 25.48%         |
| Bonds and Other Debt    | <u>71,945,531</u>    | <u>71,437,448</u>    | <u>27.57%</u>  |
| Total                   | <u>\$235,331,136</u> | <u>\$259,150,778</u> | <u>100.00%</u> |

Maturing less than one year from issue, short-term indebtedness outstanding, in amounts not exceeding \$476,580,000 at any time, was authorized by the Commission during the 1971-1973 biennium.

Particular attention is paid to a utility's capitalization ratios and their effect on times interest coverage (after taxes) which, in turn, significantly affect a utility's investment rating, its cost of capital and, ultimately, the customers' rates.

To maintain, but more often to attain, a previously authorized return on common stock equity, a "make-whole" rate increase may be required to offset increases in operating costs, depreciation expense, interest rates, and taxes.

A change in taxes and accounting procedures required by federal law effective in this biennium was met by several supplementary orders providing for additional electric utility revenue representing the difference (plus income tax on that difference) between the investment tax credit under the Federal Revenue Acts of 1969 and 1971.

A January 24, 1972 order amended the Uniform Systems of Accounts to permit privately owned utilities to follow the "special rule for ratable flow through," under which approximately 50% of the tax credit's potential effect will be passed on to the consumer, the maximum under the two options possible under restrictive provisions of the Revenue Act of 1971.

The Revenue Act of 1971 specifically denied the procedures by which the Commission had, since 1962, reduced income taxes (expense) by the total amount of the investment tax credit, thus decreasing the revenue requirement. The Commission commented in the January 24, 1972 order:

At a time when many factors are resulting in the necessity of continually increasing rates for public utility service and national efforts are being directed, under the Economic Stabilization Act of 1970, to reducing inflationary trends by restricting increases in the prices for services and commodities, it is considered that the Revenue Act of 1971 prohibiting the utilization of the present accounting and rate-making treatment of investment tax credit for Wisconsin public utilities is discriminatory, and not consistent

with respect to the provisions of the Act concerning unregulated industry, and is contrary to national objectives with respect to reducing inflationary trends by holding down price increases.

It is further considered by the Public Service Commission of Wisconsin that the limitation placed on state regulatory agencies in exercising their jurisdiction with respect to service and rates of public utility activities in intrastate commerce by the aforesaid provisions of the Federal Revenue Act of 1971 are at the very least, unjust and unreasonable and may well be unconstitutional as an impermissible intrusion upon regulatory functions constitutionally reserved for state jurisdiction.

On October 12, 1972, the Price Commission certified the Public Service Commission as being in compliance with the Economic Stabilization Program, based upon the submission of rules dealing with criteria and procedure in rate increase cases involving utilities, railroads, motor carriers, and carriers by water within Commission jurisdiction. Those rules now appear as Wis. Adm. Code Chapter PSC 98.

The provisions and effective date of rate increases were so authorized as to be subject to the then current Executive Order and any amendment or supplement thereto or modification by the Cost of Living Council. Taxes to local, state, and Federal authorities and the "reasonable and just return on capital used in rendering public utility service" are not covered by current Federal activities involving stabilization of costs of labor and material.

In rate proceedings involving investor-owned utilities, the Commission stressed that it "insists and will continue to insist, upon the most rigorous control of sales promotion (including advertising) expenses." In cutting back allowable sales expense, it was particularly mentioned in regard to electric and gas rates, that "Utility managements must recognize (as many have) that load-building activities are peculiarly inappropriate where energy in almost every form is in short supply."

So-called "lobbying expense" is not to be included in utility operating expenses according to a December 3, 1971 order amending Uniform Systems of Accounts for Classes A, B, C, and D electric, gas, telephone, and water utilities, to provide that "non-operating, other income charges" include all expenses, including payroll, materials and travel, as well as advertising in previous interpretation of the systems of accounts, for the purpose of

- (a) Influencing public opinion with respect to the election or appointment of public officials, or the adoption, repeal, revocation or modification of referenda, legislation or ordinances.
- (b) Obtaining approval, modification or revocation of franchises.

- (c) Influencing the decisions of public officials not including such expenditures which are directly related to appearances before regulatory or other governmental bodies in connection with the utility's existing or proposed operations.

The Commission is required to prescribe uniform systems of accounts to be used by public utilities in maintaining their financial records. The Commission has utilized, with modifications, uniform systems of accounts for electric, gas and water utilities as adopted by the National Association of Regulatory Utility Commissioners. The Commission, through this organization, actively participated in studies during the biennium to revise the electric, gas, and water utility System of Accounts in view of changing conditions. This work culminated in orders of June 18, 1973, adopting revised systems of accounts for privately owned electric and gas utilities. Consideration has been given to changes necessary to accommodate the introduction of nuclear-fueled steam generating plants.

Formal investigations (generally performed at five-to-ten-year intervals) of depreciation rates for each Class A and B electric, gas, and water utility were continued in the biennium. Formal reviews of depreciation rates for Class A and B telephone utilities (usually performed at three-to-five-year intervals) were conducted for various utilities during the biennium. Depreciation rates of smaller utilities are continuously reviewed in connection with audits of annual utility reports and as changing conditions indicate the need for revised annual depreciation rates.

#### Utility Rates - Rate Design

In some of the dockets involving the rates of major utilities, the first phase was concerned with establishing the overall revenue requirement of the utility, while the second phase and supplemental order authorized specific rates for various classes of service.

For example, a November 21, 1972 order authorized an overall revenue increase for Wisconsin Telephone Company. A March 20, 1973 order established rates for a broad range of telephone services, price levels for many of which had not been changed since they were first offered. The revised rates, based on extensive staff study, have a reasonable relationship to each other and to the cost and value of the particular service. Measured service, offered at three more exchanges, represents a saving to customers whose telephone usage falls within the maximum number of calls on which the lower billing is based. (2-U-7278)

Most telephone exchanges offering Tel-A-Visit service have discontinued the flat rate for unlimited statewide calling within specified time periods and now apply a much lower monthly charge (making the service economically available to more subscribers) with added "usage sensitive" rates over a minimum calling time, resulting in charges more closely related to the use of the service.

This biennium saw the introduction of a seasonal differential in electric rates, with higher rates for summer use of power (July-October, inclusive) to coincide with the peak demand imposed primarily by air-conditioning and costs associated with plant investment for said peak demand. The higher summer rates apply to the larger usage blocks in the rate schedules of two electric utilities. (2-U-7536 - Wisconsin Public Service Corporation and 2-U-7131 - Wisconsin Electric Power Company)

There are instances of a smaller percentage of an electric rate increase applying to customers using a limited amount of electricity than to high volume users; of a gas rate increase proportionately less for residential than for commercial, industrial, and interruptible customers; and of a higher gas rate increase for interruptible than for firm use.

As a general rule, when rates for gas utility service are increased, the new rates include the current purchased gas adjustment (the amount reflecting the increase in wholesale rates paid pipeline suppliers, based on wholesale rates as of a stated date). Purchased gas adjustments in the amount of \$34,991,256 were added to Wisconsin gas customers' retail bills in the 1971-73 biennium. In the event that rates or purchased gas adjustment clauses are based on wholesale rates authorized by the Federal Power Commission which are revised downward by a later, final order of the FPC, proportionately lower rates or refunds are automatically granted Wisconsin retail gas customers. The average cost per therm to Wisconsin utilities for pipeline gas rose from 3.96¢ per therm in 1968 to 4.25¢ in 1970 and 5.5¢ in 1972.

During the 1971-73 biennium, thirty Wisconsin electric utilities, some of which already had cost-of-fuel adjustment clauses in their industrial and commercial schedules, were granted authority to introduce cost-of-fuel adjustments into all rate schedules, including residential schedules.

An October 5, 1972 interim, emergency order increasing gas and electric rates of Madison Gas and Electric Company was followed by a February 13, 1973 order authorizing final gas rates but prescribing electric rates subject to a final order following further hearings as to rate design. (2-U-7423)

Also continuing into the next biennium is an investigation instituted by the Commission on its own motion to ascertain whether, in the light of existing conditions, present Wisconsin Administrative Code rules are appropriate and reasonable as they relate to cash deposits by a utility customer; the furnishing of a written contract to guarantee payment for utility service; and refusal of service; or the disconnection of utility service for nonpayment of a bill. Net and gross billing practices of utilities will also be investigated in the same proceeding, the initial hearing in which was held July 3, 1973. (2-U-7720)

SUMMARY OF PSC RATE ACTION

Biennium  
July 1, 1971-June 30, 1973

| Utility Type                   | Formal Cases in Which a Specific Dollar Amount is Requested by Applicant |                   | Formal Cases in Which no Specific Amt. is Requested and Informal Action |            | Total Dollar Effect of Rate Action (Cols. 2 + 3) | Total Cust. Affected by Commission Rate Action* | Total Rate Action* |
|--------------------------------|--|-------------------|---|------------|--|---|--------------------|
|                                | Requested Amount   | Authorized Amount | Requested   | Authorized |  |   |                    |
| <u>Electric</u>                |  |                   |   |            |  |   |                    |
| Privately Owned                | \$ 80,380,002  | \$ 67,521,049**   | \$ -  | \$ -       | \$ 67,521,049                                    | 2,139,117                                       | 11                 |
| Municipally Owned              | 189,447  | 198,566           | 1,749,582   | -          | 1,948,148  | 116,868   | 54                 |
| Total                          | \$ 80,569,449  | \$ 67,719,615     | \$ 1,749,582  | -          | \$ 69,469,197                                    | 2,255,985                                       | 65                 |
|                                |  |                   |   |            | \$ 10,721,333 (Fuel Clause Adjustment)           |   |                    |
| <u>Gas</u>                     |  |                   |   |            |  |   |                    |
| Privately Owned                | \$ 24,814,860  | \$ 14,176,082     | \$ -  | \$ -       | \$ 14,176,082                                    | 890,500*  | 8                  |
| Municipally Owned              | -  | -                 | -   | -          | -  | -   | -                  |
| Total                          | \$ 24,814,860  | \$ 14,176,082     | \$ -  | \$ -       | \$ 14,176,082                                    | 890,500   | 8                  |
|                                |  |                   |   |            | \$ 34,991,256 (Purchase Gas Adjustment Clause)   |   |                    |
| <u>Water</u>                   |  |                   |   |            |  |   |                    |
| Privately Owned                | \$ 366,000   | \$ 251,148        | \$ 128,907  | \$ -       | \$ 380,055                                       | 23,918  | 2                  |
| Municipally Owned              | 3,099,530  | 1,993,018         | 3,421,091   | -          | 5,414,109  | 411,136   | 107                |
| Total                          | \$ 3,465,530   | \$ 2,244,166      | \$ 3,549,998  | -          | \$ 5,794,164                                     | 435,054   | 109                |
| <u>Sewer</u>                   |  |                   |   |            |  |   |                    |
| (Under PSC Jurisdiction)       | \$ -   | \$ -              | \$ 528,753  | \$ -       | \$ 528,753                                       | 25,078  | 25                 |
| <u>Telephone (All Private)</u> | \$ 56,347,145  | \$ 39,084,780     | \$ 237,932  | \$ -       | \$ 39,322,712 (Tel. EAS Savings)                 | 1,391,346                                       | 51                 |
| Grand Total                    | \$165,196,984  | \$123,224,643     | \$6,066,265   | \$ -       | \$129,290,908                                    | 4,997,963                                       | 258                |

\* Interim order and final order counted as one order; customer count refers to totals for each proceeding.  
 \*\* Includes one steam heating rate increase - \$1,286,080 - 676 customers.

UTILITIES

Biennial Workload

|                                       | <u>1971-2</u> | <u>1972-3</u> |
|---------------------------------------|---------------|---------------|
| Formal cases opened                   | 393           | 407           |
| Hearings held                         | 301           | 325           |
| Orders issued                         | 423           | 533           |
| Informal cases processed              | 1,738         | 1,849         |
| Field investigations<br>(Engineering) | 538           | 524           |
| Standards Laboratory tests            | 817           | 603           |

Environmental Review -- Wisconsin Environmental Policy Act

The Wisconsin Environmental Policy Act (WEPA) (Chapter 274, Wisconsin Laws of 1971) became effective on April 29, 1972. To comply with the new statutory requirements, a comprehensive review procedure has been developed by the Public Service Commission.

Environmental worksheets are being developed to provide consistent and adequate screening of individual utility projects to determine whether a detailed environmental impact statement should be prepared. Formal and informal channels of communication with local, regional, and state agencies are being strengthened, while for projects, such as major electric generating facilities, involving more than one state agency, a cooperative state agency approach is being formulated for the environmental review.

Direct involvement of the general public in the review procedure is required in determining the effects of proposed projects on the human environment. To encourage meaningful public participation, drafts of environmental impact statements are being filed in public libraries, and announcement sheets which include a summarized description of the project and a summary of the review procedure are given wide public circulation. A public meeting format is being planned for future use to supplement the more formal public hearing and to further increase public accessibility to the review procedure.

One of the problems encountered is timely review of proposed utility construction which, when it involves broad environmental and social considerations, must be reviewed during the preliminary planning stage as well as after the major portion of the design has been completed.

System Planning Review. On February 8, 1973, the Commission issued notice of a series of energy hearings to provide long-range planning information and to develop a broad range of technical data from which decisions can be derived and policies developed which will enable Wisconsin to meet present and future energy requirements in an optimal manner. Through its regulation of electric and gas utilities, the Public Service Commission is the key state agency in the development of a state energy policy. Initial hearings were held July 16 through July 20, 1973 in Docket 2-U-7643. Basic information being compiled includes:

- (1) The nature of the energy supply in Wisconsin, including an estimate of future demands and alternative forms of energy and the areas where shortages are likely;
- (2) projected availability and cost of different types of energy;
- (3) technical alternatives available now or predicted at some future date, and the economic and environmental impacts of these various alternatives; and
- (4) effects of existing and projected safety and environmental standards.

ELECTRIC UTILITIES

Obviously, statistics such as shown below will show ever-rising use of electricity, but the crucial use is the peak demand which must be met by supply potential on those unpredictable hot days when the air-conditioning load is added to already high demand; however, because of the growing shortage of fossil fuels used to generate electricity, the overall importance of conserving energy has become as critical as the problem of meeting peak demands.

| Total kilowatt-hours (millions)<br>generated annually by<br>Wisconsin electric utilities | Average Annual Kilowatt-hours<br>Sold each Wisconsin residential<br>customer |
|--|--|
| 1968 ..... 21,634  | 1968 ..... 5,666   |
| 1970 ..... 24,348  | 1970 ..... 6,248   |
| 1972 ..... 26,741  | 1972 ..... 6,693   |

It is also apparent that figures representing additional capacity and plant will steadily advance, but the figures cannot indicate the years of long-range planning and construction preceding the finally available energy, or the delays due to license and permit requirements of governmental agencies at all levels. (The fossil-fueled electric generating plant near Portage, Columbia County, authorized by the Public Service Commission on May 21, 1970, will, according to plans, be in service in the spring of 1975, though there is one Department of Natural Resources permit still not granted. This may delay the availability of the plant.)

| Generating plant capacity (kilo-<br>watts) of Wisconsin<br>Electric Utilities | Gross Value of Wisconsin<br>Electric Utility Plant<br>in Service<br><u>000's</u> |
|---|--|
| 1968 ..... 4,818,045  | 1968 ..... \$1,612,763   |
| 1970 ..... 5,192,997  | 1970 ..... 1,926,640   |
| 1972 ..... 6,470,460  | 1972 ..... 2,216,604   |

There were no major interruptions of a regional nature affecting Wisconsin electric service during the biennium. There were, however, five occasions when one or more utilities perforce instituted voltage reductions and appeals for voluntary conservation of power in order to meet higher than normal peak loads, or periods when generating capacity was deficient because of forced outages. Primarily because of delay in construction and availability of new generation, there are increasingly frequent situations where generating reserves are below normal but not such as to require action to reduce load.

In February of 1972, in connection with a similar request by the Federal Power Commission, the Public Service Commission required that major electric utilities submit a copy of their emergency contingency plans to reduce or curtail load on their systems in the event of power supply shortages. These plans have been reviewed by the staff and, after inclusion of some suggested revisions, accepted for filing and reference.

Wisconsin electric utilities continue to plan and construct facilities to meet mounting demand. During the biennium, the Commission issued 53 Certificates of Authority for electric utility plant estimated to cost \$134,440,061. There were also 9 Supplemental or Amending Orders taking into account a total \$2,918,616 increase over cost estimates of previously certificated plant.

At the end of the previous biennium (June 30, 1971), 594 miles of extra high voltage (EHV) line was in service; at the end of 1972, approximately 953 miles. EHV line, and some other transmission projects, depending on their size, length and location, involve environmental impact review and many hours of public hearing. As an example of long-range planning, there is among the pending applications, the proposal of two of the utilities participating in the construction of the Columbia Generating Station to construct 110 miles of EHV, 345-kV transmission line out of the as yet uncompleted plant.

The Commission on September 29, 1971 terminated an inquiry and investigation petitioned for by the Wisconsin Attorney General, being satisfied that the three utilities constructing the Columbia plant were in compliance with the intent of the permit requirements contained in the conditions of the certificate authorizing the plant. (2-U-7268)

The Commission also terminated an investigation requested by formal complaint of Wisconsin Environmental Decade, Inc., which contended that equipment installed for future use by a second unit at the site of the Columbia generating plant was beyond the scope of the May 1970 Certificate authorizing the plant. The order issued July 30, 1973 (after the close of the biennium) noted that the utility states that the pipe constructed to discharge water from a second unit is according to prudent engineering and utility planning of a project as originally represented to the Commission. Findings of Fact in the 1970 Certificate and Order include, "The plant itself will be constructed to permit a second unit to be added at a later date." (2-U-7756)

Wisconsin Environmental Decade, Inc., is also a party in pending Dane County Circuit Court cases contesting:

The Commission's February 21, 1973 Order granting in part Wisconsin Power and Light Company's application for increased electric, gas, and water rates. (2-U-7395)

The Commission's determination that an Environmental Impact Statement is not required in the order granting Wisconsin Electric Power Company a make-whole rate increase by Order of March 16, 1973. The Commission holds that the direct effect of said Order was economic rather than

environmental and that any Environmental Impact Statement in that proceeding would be purely speculative and more appropriate to a proceeding concerned with a Certificate authorizing plant construction. (2-U-7131)

The Commission's May 15, 1973 Order authorizing Wisconsin Electric Power Company and Wisconsin Michigan Power Company (affiliated co-owners of the \$155,000,000 Point Beach Nuclear Plant) to impose a 1.35% surcharge on retail electric rates if the AEC restrictions on operation of the plant's Unit No. 1 are not removed by July 1, 1973. Based exclusively on the operation of Unit No. 1 at 75% of full power under AEC restrictions effective since March 5, 1973, the surcharge did not go into effect because the AEC, having concluded its fuel densification studies, authorized operation of Unit No. 1 at 100% of rated power.

Explaining that rates for the two utilities had been based on operation of the Point Beach plant at 100% of full power, the Commission stated

To require applicants...to indefinitely absorb all the necessary costs of delay for regulatory reasons in operating the involved facilities at full capacity would be unreasonable and unjust and would substantially and adversely affect the availability of capital for the financing of electric generating facilities in Wisconsin. If, in the event such a requirement were imposed and capital were available at all, its availability would involve risks far exceeding those ordinarily associated with the business of furnishing electric utility service. These risks in turn might carry with them drastically increased costs of capital and thus would inflict an increased financial burden upon electric rate payers far into the future. (2-U-7608 and 2-U-7609)

The larger Wisconsin electric utilities are participating in the 10-year nationwide program to develop nuclear-fueled breeder reactors to conserve and extend fuel resources and reduce long-term fuel costs. Their contributions to the research and development program are considered expenditures properly included in the cost of service to their customers.

Public announcements have been made for two large nuclear power plants to commence operation in the early 1980's. In one case, the Commission has received a preliminary application for authority to construct the plant and has held an initial hearing for informational purposes only. (CA-5447) No formal application for certification of the other plant has been received, but some preliminary environmental information has been submitted to the Commission. Approval by the Public Service Commission, as well as the Atomic Energy Commission, is required before construction can begin.

In meeting the critical power supply problems, there has been a dramatic increase in nuclear power capacity. At the end of 1971, hydroelectric capacity amounted to 6% of total generating capacity; fossil-fired capacity, 86%; and nuclear capacity, 8%. At the end of 1973, assuming the

Kewaunee nuclear generating plant is in operation, hydroelectric capacity will amount to about 5% of the total generating capacity; fossil-fired capacity to 75%; and nuclear capacity to about 20%.

After numerous delays, Wisconsin Public Service Corporation, Wisconsin Power and Light Company and Madison Gas and Electric Company have now scheduled their Kewaunee Nuclear Power Plant to go into service in December 1973. Construction of the plant, certificated by the Public Service Commission April 9, 1969, is essentially complete and various pre-operational testing is in process. Under a negotiated agreement with intervenors and concurrence of the AEC, the plant can go into service at power levels not to exceed 75% of full power. Further AEC action, including probable additional hearings on environmental contentions of intervenors, will have to be disposed of prior to issuance of a full power license.

In meeting air pollution standards of the Department of Natural Resources, electrostatic precipitators have been or are being installed. A September 19, 1972 Certificate of Authority authorized a \$4,840,000 project to upgrade five fossil-fueled generating units from 92% to 97% flyash collection efficiency. In view of relatively low power margins, it is important that the project be scheduled from October 1973 to May 1975 so that the modification of each plant will coincide with the period when the unit would normally be out of service for routine maintenance. (CA-5372)

Environmental standards, in some cases combined with the shortage of natural gas, were met during the biennium by four Wisconsin electric utilities converting generating plant from coal (or coal and natural gas) to natural gas or oil dual-fuel operation. In view of shortages and priorities in end use, natural gas is declining in use as a fuel for electric generation.

With one exception where Canadian crude oil is supplied by pipeline, the oil used is No. 2 fuel oil which, at the present time, costs on the average approximately twice as much as coal on an equivalent Btu basis. Furthermore, utilities currently have problems in contracting for fuel oil supplies even on a short-term basis. In their long-range plans covering the next 10 years, Wisconsin electric utilities propose the addition of approximately 40 more combustion turbine generating units utilizing oil, although there is a serious question as to the availability of such fuel.

The biennium's Certificates of Authority included a number of installations associated with interconnections, at various voltages, between the systems of Wisconsin electric utilities, between utilities and Dairyland Power Cooperative, and one between Wisconsin Electric Power Company and Commonwealth Edison Company (Chicago).

Of the various types of formal and informal power pools, some deal primarily with day-to-day interconnected operations under normal and abnormal system conditions. The Wisconsin Power Pool, consisting of Madison Gas and Electric Company, Wisconsin Public Service Corporation, and Wisconsin Power and Light, is an example of a formal pool whose three member utilities coordinate the planning and operation of their bulk power facilities

to achieve greater economy and reliability in accordance with a contractual agreement establishing each member's responsibilities. The pool members have joined in constructing and owning several major generating stations.

As an example of an informal power pool, Wisconsin Upper Michigan Systems (WUMS), five Wisconsin electric utilities and Upper Peninsula Power Company in Michigan, coordinate planning of major generating and transmission facilities, but no member is formally or contractually obligated to take any course of action or provide any kind of service to other members. Individual utilities do, however, frequently make contractual agreements with neighboring utilities for purchase and sale of capacity and energy.

Interconnection of the facilities of major electric utilities is in furtherance of the federal power policy with the primary goal of improving the adequacy and reliability of bulk power supply on a national basis. Wisconsin utilities belong either to the Mid-America Interpool Network (MAIN) or the Mid-Continent Area Reliability Coordination Agreement (MARCA). Nearly all MARCA members belong also to the Mid-Continent Area Power Planners (MAPP) which recently became a formal power pool.

As in the previous biennium, there were a number of right-to-serve disputes. The issue in such proceedings is the application of section 196.495(1), Wis. Stats., (Anti-Duplication Law) which in substance prohibits extension of electric service under circumstances stated in the statute, to the premises of a person already receiving electric service directly or indirectly from a cooperative or utility.

Rulings made in the previous biennium (DR-42 and DR-43--July 29, 1969) ruled that Wisconsin Power and Light Company (WPL) was "entitled to continue" and Madison Gas and Electric Company (MG&E) was "precluded...from extending" service to the West Towne Shopping Center in an area annexed to the city of Madison. According to the decision of the Supreme Court of Wisconsin which remanded the case for further Commission proceedings consistent with its opinion (51 Wis. 2d 718), the question before the Public Service Commission is not who is precluded from serving, but who should serve.

Finding no appreciable difference in the nature, quality, or cost of the service, whichever utility provides service, and giving consideration to other factors suggested by the Court, the Commission, in its November 16, 1972 Ruling on remand from the Court, stated that "the utility (WPL) long holding itself out to serve the area should...continue to serve this new and expanded use of the land involved."

In the discussion portion of the 1972 Ruling, the Commission further stated that "we have long since arrived at the time when the need for balanced urban and regional planning is essential...there should be more to utility planning than merely following the random, politically determined, helter-skelter expansion of Madison's city limits."

On January 26, 1973, MG&E, contesting the November 1972 Ruling on remand, served a petition for review in Circuit Court for Dane County.

Four other rulings, issued in right-to-serve disputes during the biennium, specified the electric utility or cooperative having the right to extend service under section 196.495, Wis. Stats.

Numerous changes in the Wisconsin Electrical Code, which is administered by the Public Service Commission and the Department of Industry, Labor and Human Relations, were adopted to become effective May 1, 1972.

#### G A S   U T I L I T I E S

During the biennium, the natural gas shortage increasingly affected Wisconsin gas utilities in varying degrees according to the supply problems of the pipeline supplier involved.

Four pipeline companies supply natural gas to Wisconsin gas distribution facilities.

Michigan Wisconsin Pipe Line Company, which for the calendar year 1972 supplied 88.6% of the gas purchased by Wisconsin utilities, exhibits the best supply situation. Through purchases of additional gas in its supply areas and by the development of storage facilities, it has been able to increase the maximum-day gas available, though not the annual quantities of gas.

Northern Natural Gas Company, supplying 8% of total gas purchased, has been unable to expand its supply capability except for a very limited extent as to winter period service.

Midwestern Gas Transmission Company, totally dependent on Canadian supply, did not increase its capability during the biennium.

Natural Gas Pipeline Company of America serves only one Wisconsin utility which, while unable to secure additional gas for expansion, has not been affected by curtailments imposed on larger customers on the pipeline.

Lake Superior District Power Company purchases gas from Northern Natural Gas Company for retail gas service and as fuel for a turbine electric generator. By installing and operating oil-burning standby equipment, all or part of the 6,995 Mcf of natural gas used for power generation is available

to supply daily peak winter requirements of its natural gas customers. Thus, though the supplier cannot offer additional contract demand gas, the utility increased its peak day delivery capability and avoided imposing gas service restrictions. (CA-5266--October 25, 1971)

However, two Orders issued in proceedings instituted in the 1971-73 biennium authorized priority-of-service programs for natural gas service, with priority categories based on end-use as well as volumetric limitations. In each case, the utility's lowest priority in allotting available gas includes use of gas as a boiler fuel, as in the case of power generation. (2-U-7640 and 2-U-7181)

The Commission, during the biennium, issued orders authorizing restrictions (or changes in restrictions) on the offering of new service by seven gas distribution utilities, with an application from an eighth company pending final order at the end of the biennium. These orders require that the utilities periodically report to the Commission as to their gas supply problems. Sometimes preceded by an emergency interim order, in no case is a final order authorizing curtailment of service issued until after public hearing has been held.

Curtailment of service is by the utility's refusal to accept new or additional loads usually identified by specific Mcf limitations according to the supply situation. The curtailment of service is designed to "make the maximum amount of gas available to the maximum number of future customers," with first consideration being given to house heating.

Even after denying gas utility service to any (including residential) new customer or for any additional load to an existing customer in an area where the supplier was Northern Natural Gas Company, it was necessary for Wisconsin Power and Light Company to reconstruct its propane-air, peak-shaving plant at Platteville in order to stay within its contract with the supplier. In the service area where Michigan Wisconsin Pipe Line Company is the supplier, the utility, while reducing the availability of new gas, is able to offer service to new customers depending on their volumetric load.

An August 10, 1971 Order authorized Madison Gas and Electric Company, rather than Wisconsin Power and Light Company, to offer service in the town of Roxbury, Dane County. Madison Gas and Electric, whose sole supplier is Michigan Wisconsin, was not imposing any restrictions on the offering of new service. (CA-5188 and CA-5198)

By Order of May 9, 1973, the Commission declared void the certificate of Wisconsin Michigan Power Company (another utility customer of Michigan Wisconsin) to provide natural gas service in the village of Niagara and the town of Pembine, Marinette County. Recent rulings of the Federal Power Commission, precipitated by the growing severity of the gas supply situation, and correspondence with the supplier, indicated that the utility would be unable to supply gas to this new service area. (CA-5153)

In some instances, however, restrictions on sale of gas were relaxed as when propane-air, peak-shaving plant was constructed or enlarged, or when the pipeline supplier made available storage gas for peak-day winter use.

The 19 Certificates of Authority issued to gas utilities during the biennium authorized construction of plant, including propane-air, peak shaving plant, estimated to cost \$2,082,766. Three certificates were revised in view of estimated costs being increased a total of \$85,047. When the plant authorized consists of main and other facilities to extend service into a new area, the cost estimate may include construction through the third or fifth year of operation in that area. The gross value of gas utility plant in service in Wisconsin advanced from \$586,220,000 in 1970 to \$648,355,000 in 1972, while the total therms of gas sold increased from 3,240 million therms in 1970 to 3,784 million therms (including 1,478 million therms of interruptible gas) in 1972.

Most gas utilities now curtail service to interruptible industrial customers more frequently than formerly. Volumetric restrictions imposed on availability of new service include prohibiting an existing larger volume interruptible customer from changing to a firm customer.

By letter dated January 12, 1973 and sent to all Wisconsin gas utilities, the Public Service Commission recommended action to assure a continuing supply of fuel to interruptible customers which are "public interest facilities" such as hospitals, nursing homes, police, fire and similar public service operations. As the letter points out, when "customers originally made their decision to be an interruptible customer, there was no question as to the availability of an alternate fuel. This is not the case now and there is no apparent immediate solution to the alternate fuel shortage."

The letter continues, "Because of the nature of these 'public interest' customers, it is apparent they cannot be allowed to go without sufficient fuel supplies for their heating plants. If they are unable to obtain alternate supplies of fuels during periods of interruption, the utility may be required to supply these facilities with utility gas. It is our position that this should only be allowed in extreme emergencies when alternate fuels cannot be obtained."

The Commission adopted all the current rules (Minimum Safety Standards) of the Federal Department of Transportation, Office of Pipeline Safety, as Wisconsin Administrative Code rules in section PSC 135.09, effective March 1, 1973. The Public Service Commission submitted applications and was granted certificates under section 5a of the National Gas Pipeline Safety Act of 1968. Under this certificate arrangement, the Commission continues to enforce gas safety standards on gas utilities operating within Wisconsin. In addition, the Commission has entered into an agreement with the Office of Pipeline Safety for the share of costs relating to federal and state gas pipeline safety programs in the state. During the biennium, the Commission received \$41,621 in federal assistance in carrying out its gas pipeline safety program.

TELEPHONE UTILITIES

In the July 1, 1971-June 30, 1973 period there was significant progress in upgrading of telephone service. According to section PSC 165.062, Wisconsin Administrative Code, effective November 1, 1968, the Public Service Commission requires that, unless otherwise approved by the Commission, no more than four main stations shall be connected to any one circuit, and circuits now serving more than four customers shall be cut back to four by January 1, 1974.

In this and the previous biennium, the Commission has maintained a very close check on telephone engineering plans and construction to meet the January 1974 deadline. Progress has been excellent. Of the 119 telephone utilities in Wisconsin

- 85 are either now in compliance or authorized construction projects are under way.
- 14 have firm plans or stated commitments to comply.
- 10 have been granted an extension or waiver of the requirement, but not beyond the end of 1975.
- 5 have requested, but have not yet been granted an extension of time.
- 5 do not have definite plans.

The utilities without definite plans or requesting extensions of time have experienced difficulties in obtaining the necessary financing. The Commission is working closely with these companies to make certain that they are diligently pursuing the procurement of financing and developing suitable engineering plans for upgrading service.

The trend toward exclusively one-party service continued in this biennium. As of June 30, 1973, 61 telephone utilities offered all one-party service in 101 exchanges (at the end of the previous biennium, the report was 40 utilities offering such service in 57 exchanges). In this biennium, there were 28 Certificates authorizing conversion of telephone exchanges to exclusively one-party service. Conversion has been authorized but not completed in 48 exchanges, while conversion of 54 more exchanges is in the early planning stages previous to application to the Commission.

Where exclusively one-party service is not offered in urban areas, there is a continuing trend to discontinue four-party service. With the few people desiring such service scattered at random and distant locations, maintaining line fill represents transmission difficulties such that frequently no more than one or two parties can be placed on a four-party line. This results in the discriminatory application of the lower four-party rate to one- or two-party service.

Where exclusively one-party service is not offered in rural areas, service is frequently on a zone basis, with rates for one- or two-party service varying according to the distance from the rate base area, and a uniform rate for four-party rural service.

Upgraded and additional service, together with preparation to meet future demands, involve the expenditure of millions of dollars for construction of telephone utility plant. In addition to the biennium's 50 authorizations of construction or purchase of plant involving estimated costs of \$36,324,061, other plant additions costing \$2,776,944 were handled in informal dockets. In lieu of filing information on a separate project basis, a telephone utility may submit a list of projects to be started in a 12-month period. The Commission approved facilities grouped in utilities' calendar-year budgets totaling \$72,280,332 and \$78,846,094 for 1972 and 1973, respectively. Under these three procedures, cost estimates total \$190,227,431 for plant construction approved by the Commission. The gross value of telephone utility plant in service in Wisconsin has risen from \$1,148,883,000 in 1970 to \$1,418,183,000 in 1972, an increase of \$269,300,000.

Two large Traffic Service Position Systems (TSPS) being installed in the state allow for the concentration in one location of operator services for several exchanges, thus promoting efficiency and economy. The two largest telephone utilities have installed a number of Electronic Switching Systems (ESS) or Electronic Automatic Exchanges (EAX), while several independent telephone companies are looking to common control and electronic features to provide the service required by their subscribers.

Some of the additional plant was ordered by the Commission in the 18 dockets opened in the biennium either on the Commission's own motion or as the result of petitions complaining of service. The orders required the 13 companies involved to improve or upgrade service and to submit progress reports as well as a review of service indices monitoring the level of improvement.

The Public Service Commission has instituted new procedures identifying complaints according to major companies or groups of companies in addition to categorizing complaints by types:

1. application for service (initial regrade, relocation, or special equipment);
2. party-line difficulties;
3. direct service problems (outages, noise, transmission and inadequate circuit quantities);
4. indirect service problems (slow repair service, operator answer time and courtesy, and customer-owned equipment);

5. damage and safety (environmental aspects, public safety, easements, and property damage); and
6. miscellaneous (nuisance and obscene calls, and general rate problems.)

In addition to closely observing exchanges involved in complaints, the Commission, to monitor service levels in general, requires 313 of the 600 exchanges in the state to submit their customer trouble indices on a regular monthly basis. By these procedures, the Commission identifies potential trouble spots and possible areas needing the utilities' close attention.

Proceedings in accordance with Chapter 227, Wis. Stats., were instigated by the Commission to amend or create rules relating to telephone answering time objectives and the removal of plant no longer used or useful for telephone service (Wis. Adm. Code sections PSC 165.083 and PSC 162.08).

By Order of July 10, 1972, the Commission denied the petition of Dane County Board of Supervisors for county-wide extended-area telephone service in Dane County, but, on its own motion, instituted proceedings with regard to establishment of extended-area service between

Mazomanie and Madison  
Cambridge and Madison

Lake Mills and Madison  
Marshall and Sun Prairie

At the time of the Order, Black Earth-Madison extended-area service had been ordered but not yet installed. Such service was then available at 66 of the possible 690 exchange-to-exchange points involving nine telephone companies and 28 exchanges with service areas in Dane County.

If authorized, the county-wide service petitioned for would have resulted in higher rates to cover the increased annual costs and construction associated with the service. The few customers with large toll use would have benefited in most cases at the expense of the majority having little need or use for such service, whereas under foreign exchange or toll arrangements, customers pay for the service they use. The Commission noted that it "would be remiss in its obligation to the public if it did not attempt to control expenses which enable a few to benefit at the expense of others."  
(2-U-7210)

In another proceeding in which the Commission denied extended-area service, increased expenses, including carrying charges on additional investment, plus loss of toll revenue, would have amounted to \$1.76, \$.85, and \$.91 for each customer of the three exchanges involved; however, under the telephone company's band rates based on calling area, the monthly rate increase would have been from 30 to 50 cents for residence and \$1.00 to \$1.25 for business telephones. Discussing requests for extended-area service, the order stated

...There has been no case [of extended-area service] of which we are aware where the revenue obtained from a banded rate structure covers the expense and [toll revenue] loss in total....

Extended-area service is frequently called 'toll-free' service; and this is a gross misnomer. It costs money to provide a telephone service, and all calls must be paid for in some manner....the banded rate system in use in Wisconsin would result in spreading these costs to all customers of the General Telephone Company. Thus, customers with no connection to the city of Kiel--customers to whom Kiel's additional calling benefits could in no way accrue--would be paying for the Kiel service improvements.

It is for reasons such as these that we must look beyond the local opinion surveys in order to make the difficult decisions imposed by laws which delegate to this Commission the responsibility for safeguarding and balancing the overall interests of the public. (2-U-7498)

#### W A T E R   U T I L I T I E S

In the July 1, 1971--June 30, 1973 biennium, the Public Service Commission issued 95 Certificates of Authority to Wisconsin water or water-and-sewer utilities authorizing plant estimated to cost \$30,908,429, and 38 Supplementary or Amended Certificates reflecting a total \$1,874,832 increase in cost estimates of facilities previously certificated. In addition to Certificates of Authority, there were 149 letter authorizations approving expenditures totaling \$12,187,886 chiefly for water mains. Only a portion of the plant authorized in the biennium is included in the over \$51 million advance in the gross plant value of Wisconsin water utilities from \$531,611,000 in 1970 to \$583,254,000 in 1972.

Extension of water utility plant, usually municipally owned and operated, into newly annexed, developing, or outlying areas involves construction of main and other facilities at today's inflated prices as well as the additional operation of extended plant. There are other problems associated with specific service extensions.

In providing service to an industrial customer in a newly annexed industrial park area, the Rhinelander water utility found that the most economically prudent route for the new 14-inch main was in streets in the adjacent town of Pelican. Residents of Pelican objecting to the installation, the authorization of the project was subject to section 196.58, Wis. Stats. The Commission set \$10,000 as the amount of any performance bond which might be required as to the restoration of the "land, on or in which such installation has been made, to the same condition as it existed prior to the time of making the installation." (CA-5288)

In another proceeding, the Commission, on October 9, 1972, ordered that a customer contribution of at least \$12,347 be levied before construction was begun on a pressure booster station and some larger than normal main primarily for the special fire-protection requirements of an industrial customer in a newly developing industrial park.

A January 17, 1973 Amending Order decreased the estimated cost of the project from \$80,559 to \$73,059, and a contribution of \$16,000 was named, based on an agreement with the customer who will install, own, and operate the booster station in order to take advantage of lower insurance rates. As in the original order, provision was made for review of and possible sharing of the customer contribution, should a new industry in the industrial park apply for similar high-capacity fire-protection service within 10 years. (CA-5387)

An October 20, 1972 Order authorizes the Milwaukee water utility to furnish retail water service to a condominium development in the city of Franklin. To avoid abrupt termination of service and consequent hardship to then owners and occupants, the Commission adds the provision that service shall not be terminated at the end of the 30-year agreement unless and until the Commission shall so authorize. Said condition is not intended to enlarge Milwaukee's obligation of service.

The service authorized is for a specified area in the city of Franklin, limited to that in which the College Park Condominium, Inc., is being developed. The proposed service will be available from a main in a boundary street between the city of Franklin, which has no water utility, and the city of Greenfield wherein Milwaukee serves on a retail basis, rates for which will apply to the condominium.

The owner of the condominium development will construct and retain ownership of the water distribution facilities involved. The only facilities to be provided by Milwaukee will be a service connection costing approximately \$1,000. (CA-5383)

Various problems are encountered in service beyond city limits. In ordering service to premises outside the city but abutting a boundary street, the Commission concluded that Combined Locks water utility's contract with its wholesale supplier, by which it is forbidden to further extend service beyond corporate limits, does not relieve the utility of its obligation to serve property near lots outside the city, now being served. The utility had never filed an ordinance delineating the limits of service in unincorporated areas. (2-U-7435) The issue was resolved upon stipulation of the parties after the area involved was annexed by another municipality (Kimberly, whose water utility was the wholesale supplier).

The issue in another dispute was whether the Hurley water utility or its customers in the adjoining town of Carey should bear the cost of maintenance and repair of main constructed by a mining company. Finding it a non-delegable obligation of a water utility to bring its product to the premises of a customer, the Commission ordered the filing of a utility rule acknowledging responsibility for facilities serving customers.

"A utility," said the Commission, "cannot free itself from the obligation of repairing, maintaining, and replacing the same [facilities] on the ground that it did not install and does not own the same." (2-U-7262)

After public hearings (the first was held July 14, 1970), conferences, and extensive studies on updating standards for water utility service, the Commission promulgated new rules in recreated Wis. Adm. Code Chapter PSC 185, effective June 1, 1972. The new rules establish specific requirements as to plant and operation, tests and records, as well as specifying deposit and billing procedures for both private and municipal water utilities.

By Order of January 12, 1972 the Commission denied the Milwaukee water utility's request to discontinue its present \$10 per ton surcharge on non-conservant air-conditioning facilities and to impose a \$20-per-ton surcharge applicable only to nonconservant facilities installed in buildings for which construction is commenced on or after August 1, 1971. The utility proposed to recoup the resultant \$265,879 annual loss of revenue by an increase in the second step of rates which in general, would involve commercial enterprises. Deeming such proposal unjustly discriminatory, the Commission stated that:

The additional cost required, either for customers to install equipment to conserve water when used for air-conditioning, or the additional cost to the utility of furnishing additional service resulting from the lack of such equipment, is a cost which, in fairness and equity, should be borne by the customer so served.

On March 16, 1972, petition for review of this Order was served in Dane County Circuit Court in Building Owners & Managers Association and The Downtown Association of Milwaukee vs. Public Service Commission. By stipulation of the parties, the proceedings in 2-U-7191 were remanded to the Commission for reopening and further hearings. This matter is still pending.

Also by stipulation of the parties, the surcharge on nonconservant air-conditioning facilities was unchanged by a December 29, 1972 Order of the Commission which increased rates of the Milwaukee water utility to provide an annual revenue increase of \$1,447,203 (\$2,593,000 was requested). (2-U-7337)

S E W E R   U T I L I T I E S

Sewer utilities are included in the Commission's jurisdiction only when sewer and water utilities of a town, village or city of the fourth class are combined by ordinance; when a user of the service of any sewerage system complains to this Commission that rates or practices are unreasonable or unjustly discriminatory; or when a privately owned sewer utility elects to have the Commission establish suitable rates for service. Once acquired, jurisdiction is continuing.

Sewer rates authorized for the Oak Creek combined water and sewer utility by Order of August 28, 1972, were designed to yield a 5.5% return on the \$2,555,044 rate base, provided that charges made by the Milwaukee Sewerage Commission for sewerage treatment and disposal were not included as a utility expense.

According to the provisions of section 59.96(9), Wis. Stats., amounts charged by the sewerage commission shall be assessed and collected as taxes levied against all taxable property within the drainage area in each town, city or village receiving sewerage service from the sewerage commission. It follows that these charges being placed on the tax roll, are not properly a cost of operation of a municipal sewer utility.

On November 30, 1972, petition for review of this matter was filed in Circuit Court for Dane County in City of Oak Creek, a Municipal Corporation vs. Public Service Commission. The case is pending.

Section 59.96(9), Wis. Stats., has since been amended by Chapter 69, Laws of 1973, effective July 22, 1973, to provide that amounts charged by the sewerage commission may be recovered through utility rates charged users of the sewer service.

T R A N S P O R T A T I O N   D I V I S I O N

As of June 30, 1972, there were 25 urban bus authorities outstanding, 10 of them issued to municipally owned urban carriers. Two years previously, there had been only four publicly owned transportation systems. At Kenosha and Stevens Point there was interruption of service between abandonment of private and commencement of municipal operation.

There are very few privately owned urban passenger carriers not receiving municipal subsidy. For example, on August 29, 1972, the application to temporarily suspend operations, as filed by Appleton City Transit, Inc., was denied, subject to the city's agreeing in writing by September 15 to subsidize the company for all monetary loss incurred in continuation of service past August 31 (the company was operating at a loss approximately \$20,000 in excess of the city's cash subsidy). The city of Appleton filed timely proof of such agreement.

During the 1971-73 biennium, six urban carriers of passengers were granted fare increases, among them, Milwaukee & Suburban Transport Corporation whose adult cash fare was raised from 40¢ to 50¢, together with other increases in the fare schedule. In the June 21, 1972 Order the Commission recognized that:

The level of fares proposed herein by applicant may cause an economic hardship on certain riders; however, if the transportation system is to be maintained, it is necessary for the applicant to receive sufficient revenue to cover the cost of providing the service. (MC-1859)

A June 6, 1972 Order denied the application filed by Milwaukee Legal Services, Southside Branch, on behalf of persons 65 years of age or over, for reduced fare for such senior citizens. (MC-1845)

By letter dated April 24, 1973, the Public Service Commission approved Tariff No. 155 of Milwaukee & Suburban Transport Corporation, giving effect to a half-fare pilot program for senior adults aged 65 years or over. The approval was subject to the removal of the U.S. Civil Service Retirement card as a means of identification, since many U.S. Government employees are being and have been retired before their 65th birthday.

Sums of \$50,000 and \$380,000 have been contributed by Milwaukee County, with an intervening \$50,000 by various municipalities in the county, to cover that part of the fare (25¢) not paid by the senior citizens riding during specified nonrush hours. Beginning July 1, 1973, benefits of the pilot program were extended to disabled persons under the Medicare Program.

Reduced fares during off-peak hours for persons 65 years or older, as proposed by the City of Madison, Transportation Department (Madison Metro) were approved by Commission Order of May 9, 1973. At the end of the 6-month trial period, the City is to notify the Commission as to whether the reduced fare (15¢ instead of 25¢ plus 5¢ zone) is to become permanent.

According to the Findings of Fact, the City does not intend to increase fares or reduce service to offset the anticipated \$50,000 annual subsidy additional to such losses as have been experienced since municipal bus operation began April 16, 1970. Said loss for 1972 was around \$713,000 which means, the Order points out, "that every person who availed himself of the service paid only part of the cost of providing his ride. These losses are subsidized by the taxpayers of Madison." (MC-1861)

As of June 30, 1973, there were 28 interurban, intrastate common motor carriers of passengers operating in Wisconsin. There had been, during the biennium, four abandonments of authority and five new authorities issued (including two airport limousine services) where new authority did not directly and immediately continue service from a previous carrier. In addition, certificates were amended and service revised by alteration, addition, or discontinuance of routes, the Commission giving attention to the best balanced intrastate transportation possible under the circumstances.

A premium-fare Milwaukee-Green Bay bus operation accommodates the substantial need for special passenger service following upon the May 1, 1971 discontinuance of passenger trains between those cities. Originally authorized on a 90-day trial basis, the deluxe buses, carrying a hostess and equipped with special seats and other facilities, have been operating since early in 1972.

As another example of attention to specific need for bus service, the Commission denied a carrier's application to discontinue its Bruce-Eau Claire route which, offering the only passenger service from Bruce and Ladysmith to Eau Claire, is needed for travel for special medical service not available at Ladysmith, as well as package-express to deliver blood and medicine supplies to a Ladysmith hospital.

During the biennium, the Commission issued 22 orders in proceedings on applications to increase intercity bus fares.

"Buses have been redesigned to accommodate substantially more freight without interfering with the transportation of passengers and their baggage," observes on October 27, 1971 Order amending the intrastate certificates of 14 intercity bus companies to eliminate the \$2.50 surcharge on shipments (package express carried on buses) in the 40-to-100-pound weight range.

Initially prescribed in 1958, the \$2.50 surcharge was intended to discourage handling of small shipments by passenger carriers, a practice then opposed by common motor carriers of property. As the Order further

states, however, "The shipping public is now faced with a serious problem concerning the handling of small shipments which the passenger carriers can help to alleviate." (DR-53)

Spiralling costs experienced by common motor carriers of property precipitated four applications for increased freight rates. A July 17, 1971 interim order imposing a \$1.25 emergency surcharge on each shipment and increasing minimum rates for small shipments was followed by a February 3, 1972 Order rescinding the surcharge and increasing rates, except that the interim minimum charges of \$7.00 and \$7.55 for distance rate bases 1-20 and 21-33, respectively, were revised to be \$6.40 and \$8.00 (The \$6.40 charge was advanced to \$7.00 by an Order of February 7, 1973). Additional weight-break categories allow lower rates to apply to shipments of greater weight.

To arrive at just and reasonable rates to insure the shipping public of continued adequate service by motor carriers, the Commission made exhaustive studies, including allocation of expenses and detailed consideration of categories of freight according to average length of haul, weight of shipment, and terminal costs.

At the end of the biennium, no order had been issued in the proceeding on a May 14, 1973 application by the Wisconsin Motor Carriers Association, Inc., for a rate adjustment and interim emergency relief.

Several PSC rules in the Wisconsin Administrative Code were revised to reflect current highway conditions or to facilitate regulation of motor carriers under present circumstances.

In this biennium, the Tariffs Bureau of the Commission's Division of Transportation audited about 8,000 freight bills for the shipping public and as a result, found approximately \$6,000 in overcharges assessed through improper application of motor carriers' rates on file with this Commission.

The audit covered freight bills involving transportation charges for service for various state departments and freight bills submitted by the Public Carrier Investigation Unit of the Motor Vehicle Department of the Wisconsin Department of Transportation in connection with its compliance checks of common and contract motor carriers' transportation of property and package express.

A July 3, 1972 Order (MC-1856) authorized a 16% increase in maximum rates for long-distance, intrastate moving of used household goods and business equipment to allow for the following cost increases since the 1970 Order relating to such service:

- 15.9% - Drivers' and helpers' wages
- 32.8% - payroll fringe benefits
- 15.9% - overhead costs
- 8.0% - variable and fixed vehicle costs

Minimum rates for intrastate transportation of petroleum products in bulk in tank trucks, as they appear in section PSC 16.35(4), Wisconsin Administrative Code, effective July 1, 1973, are 14% higher than those last authorized in 1970. (MC-1867)

On February 2, 1972, the Commission granted the first so-called "dump truck" authority for the transportation of dirt, sand, gravel, etc. in open top trucks and trailers equipped with mechanical unloading devices. Such equipment is not included in the currently accepted definition of "dump truck," as embraced in well over 1,000 contract motor carrier authorities and referring to vehicles ejecting the load by gravity when the cargo area is raised and tilted. Many of these carriers have applied, and many more undoubtedly will apply, for authority to operate with the newer equipment. (MC-1858)

During this biennium, there has been an unusually large number of applications for new or amended towing authority, especially that for the purpose of law enforcement. Many applications have sought to eliminate confusion as to the circumstances of transportation and the scope of property, in addition to used or disabled vehicles, such as stolen vehicles, police evidence, illegally parked cars or motor bikes, boat or camping trailers at the scene of an accident, and so on.

Railway Express Agency, Inc., was granted contract motor carrier authority under which it has instituted a more efficient and economical plan of service to replace the random over-the-road routes evolving in the gradual transition from moving express by train (completely discontinued in 1969) to transportation by truck. The company was authorized to discontinue service at 130 Wisconsin communities where traffic had so diminished as to be no longer profitable and where no potential volume of service was evident.

The 230 communities where REA agency offices are closed are served from seven Wisconsin and four out-of-state distribution points. Pickup-and-delivery service is retained at 137 communities and instituted at 100 communities. There are eight branch package agencies where packages can be picked up or left for persons beyond delivery limits. (2-R-5550 and LC-1585--July 12, 1972) The Company's common motor carrier authority (CC-287) is suspended to allow time for careful scrutiny to avoid any duplicate, therefore unneeded, authority under the revised service.

| <u>Motor Carriers - Biennial Workload</u> | <u>1971-2</u> | <u>1972-3</u> |
|---|---------------|---------------|
| Formal cases opened                       | 3,557         | 3,644         |
| Hearings held                             | 865           | 823           |
| Orders issued                             | 2,085         | 2,017         |
| Amendments issued                         | 1,722         | 1,391         |
| New authorities issued                    | 2,075         | 2,151         |
| Authorities cancelled                     | 1,711         | 1,555         |
| Active authorities at end<br>of year      | 16,304        | 16,900        |

| <u>Railroads - Biennial Workload</u> | <u>1971-2</u> | <u>1972-3</u> |
|--------------------------------------|---------------|---------------|
| Formal cases opened                  | 149           | 143           |
| Hearings held                        | 113           | 126           |
| Orders issued                        | 179           | 157           |
| Informal cases opened                | 57            | 98            |
| Field investigations                 | 577           | 648           |
| Highway crossing plans<br>approved   | 101           | 110           |

A June 20, 1972 Order authorized the discontinuance of the last passenger train operating solely within the state of Wisconsin. Known as the Cannonball, this Chicago, Milwaukee, St. Paul and Pacific Railroad commuter train operated between Milwaukee and Watertown, serving 9 intermediate communities. During its last full year of operation, there was an average of 39 passengers per trip and an out-of-pocket loss of \$72,826 was incurred. (2-R-5547)

Commuter passenger train service is still provided between Chicago and Kenosha, Chicago and Lake Geneva, and Chicago and Walworth, and several AMTRAK Chicago-Milwaukee and Chicago-Minneapolis trains operate through Wisconsin.

The Public Service Commission participated in numerous Interstate Commerce Commission proceedings during the biennium. Appearing in strong opposition to the Milwaukee Road's April 3, 1973 application to the ICC to discontinue passenger train service between Fox Lake, Illinois, and Walworth, a Commission staff member attended hearings and filed briefs. The decision of the Interstate Commerce Commission is still being awaited.

The Chicago and North Western Railway Company is now officially the Chicago and North Western Transportation Company. The Public Service Commission intervened in favor the employees' purchase of the assets and certain liabilities of the railroad from North-West Industries, approved by the ICC March 10, 1972, and is closely following ICC merger proceedings involving railroads operating in Wisconsin.

The Commission also participated in each of the nine public hearings held by the Interstate Commerce Commission on applications to abandon railroad lines directly affecting freight service in Wisconsin, filed briefs in five of the proceedings, and a verified statement in another. Of the 23 such applications before the ICC during the biennium, 10 were granted for abandonment of 128.59 miles of track; 3 were withdrawn by the railroads; 3 involved ferryboat service; and 7 applications for line abandonment, involving 88.91 miles, are pending. Future line abandonment proceedings may move more swiftly under an ICC rule, recently approved in the courts, basically placing the burden of proof of the continued need for a line on the shipper, when the carrier can show that the line produced less than 34 cars per mile on an annual basis.

The authorized 12% increase in intrastate rail freight rates is the same as that granted by ICC for interstate traffic except that the intrastate rates do not include

any increase on shipments of pulpwood and wood chips

any increase in excess of the 12% applicable in the Western Trunk Line territory, though a portion of Wisconsin lies within the Illinois Freight Association territory where the interstate increase is 14%. The Commission has long held that variation in intrastate rates is not just and reasonable. (2-R-5441 and 2-R-5495--December 30, 1971)

Commission investigation of shipper complaints as to inadequate service at Phelps was followed by an Order requiring specific improvements in service furnished loggers and special priority and attention to filling orders for placement of gondola cars. (2-R-5471) Another October 1971 Order also concerning placement of cars further required 30 days' advance notice of any change in service and schedules on the Marshfield-Fond du Lac line to improve service complained of by shippers of potatoes, Christmas trees, telephone poles, and other commodities. (2-R-5461)

Of the biennium's 19 Orders involving changes in freight service or facilities at specified stations, one denied the railroad company's application to abandon its station in the unincorporated community of City Point where traffic in the last five years has been confined to outbound shipments of sphagnum moss from five shippers who demonstrated a need for the continuation of service from City Point. (2-R-5523)

Other orders authorized the removal of depot buildings no longer used in providing freight service; instituted on-call in lieu of assigned hours of agency service; eliminated station from all except prepaid carload freight tariffs; or in three instances, abandonment of small nonagency stations.

The public is afforded an opportunity at public hearings to explain any need for the service or facilities, discontinuance of which is proposed by the railroad. The Commission's order is issued only after careful study of testimony at the hearings; the particular characteristics and requirements of shippers in the area involved; any alternate methods of providing adequate service, as well as the records of carload shipments (received and forwarded) and the revenues and expenses attributable to the railroad station.

On March 1, 1972, the Public Service Commission transferred the functions and personnel of the Railroad Safety Bureau from its Engineering Division to its Transportation Division.

Formal highway-railroad crossing orders  
issued in  
July 1, 1971-June 30, 1973 biennium

Ordered signals at 121 crossings  
\* Denied signals at 4 crossings  
Ordered closing of 8 crossings  
Denied closing of 3 crossings  
\*\*Ordered establishment of 33 crossings  
\*\* Denied establishment of 8 crossings  
Ordered alteration of 9 crossings  
Ordered new (or alteration of) 18  
separated structures

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\*Some orders denying installation of  
signals required other safety measures.

\*\*Private crossings made public are  
included in "Establishment of  
crossings."

There were also 52 supplemental orders issued apportioning costs of signal installations between the State and the railroads, pursuant to section 195.28, Wis. Stats., which provides that, "In no case shall the State's share exceed 70% of the cost."

When establishment of a crossing or new or improved crossing protection is being considered by the Commission, its investigation includes obstructions to view, together with the approaches to, and the angle of, the crossing; traffic counts, vehicular and pedestrian; number of freight and passenger trains; speed of trains and legal speed of vehicles; traffic patterns, including use of the street or highway as to business establishments, schools, churches, and fire-fighting equipment; such seasonal factors as tourist traffic or fog conditions; and the accident history at the crossing.

The Commission's file of statistical information on each rail-highway crossing includes accident records begun in 1911 and kept up to date. This information can be the basis for the Commission instigating investigations and proceedings on its own motion in addition to action on complaints, petitions, or applications related to crossings and crossing protection.

Chapter PSC 73, Wisconsin Administrative Code, containing rules by which the railroad companies are required to report accidents to the Commission, is being revised but new rules have not been promulgated by the end of the biennium.

Chapter PSC 83, repealed and recreated, effective October 1, 1972, states standards for maintenance of, and procedures for changes in railroad switch targets and switch lights on both main and branch lines. The Commission acts on any complaint as to a violation of those rules or it may proceed on its own motion in the absence of complaint.

The Federal Department of Transportation (DOT), Federal Railroad Administration is promulgating rules for state participation under the Federal Railroad Safety Act of 1970. No federal funds have been appropriated by Congress or requested by the Federal Railroad Administration to pay states for assistance in regulation. At present, the Public Service Commission's status in the national program is uncertain.

A November 9, 1971 Order issued after formal proceedings in regard to the abolishment of certain train dispatcher positions in the Milwaukee Division of the Milwaukee Road, requires that the railroad issue a bulletin to be posted in all superintendents' and dispatchers' offices informing all dispatchers that in the discharge of their duties, "Safety is of the first importance and must be given priority."

The Commission found that the railroad acted within the reasonable limits of safety and management discretion in the consolidation of positions so that from 2 p.m. to 6 a.m., one dispatcher is on duty for both the 147-mile track with 58 trains daily and 800 miles of track with about 34 trains daily. While Centralized Traffic Control Systems, train discontinuances, and changes in railroad rules have reduced dispatchers' workloads, it is imperative that the safety of railroad employees and the public be the first concern in operation of the railroad. (2-R-5535)

The Commission's concern with safety extends to safety aspects of railroad-industrial operations. During the biennium, 31 orders were issued on applications to maintain vertical or horizontal clearances between railroad tracks and structures or installations which are less than the clearance requirements of Wisconsin Statutes or the Commission's Wisconsin Administrative rules designed to administer said statutes under current conditions.

There were 35 Orders issued, relating to the removal of spur tracks no longer utilized by industry.