



JIM DOYLE
GOVERNOR
STATE OF WISCONSIN

July 15, 2003

TO THE HONORABLE MEMBERS OF THE ASSEMBLY:

I have approved Assembly Bill 378 as 2003 Wisconsin Act 3 1 and have deposited it in the Office of the Secretary of State. I have exercised the partial veto in Sections 22 and 23.

Assembly Bill 378 makes a significant down payment on future economic growth by helping Wisconsin meet its future energy needs. It will compensate communities that agree to site **baseload** power plants for the **increased** demand on its local infrastructure. These additional costs -- in road construction, improved safety and environmental mitigation -- often follow after a community agrees to host the new generation facility.

Assembly Bill 378 marks a significant improvement in the state's effort to provide the energy necessary to enhance Wisconsin's economic growth.

I am however making several technical changes that 'create either inappropriate' limitations or inequitable treatment of localities. With my partial veto of these sections, a more comprehensive, flexible and balanced energy strategy is established.

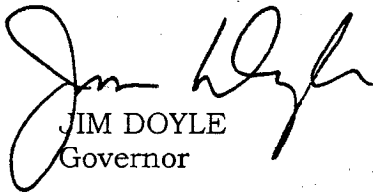
Section 22 [as it relates to municipalities contiguous to **baseload** plants] provides a payment to a municipality that is contiguous to the location of a **baseload** electric generating facility. I am partially vetoing this provision because it creates inequities and may ultimately lead to unnecessary and substantially higher state costs. Before the state begins making incentive payments to localities that do not host a plant, but are instead near a plant, it needs to both consider both the fiscal consequences and develop an evenhanded payment methodology. This provision was crafted to specifically benefit one municipality. A number of other municipalities, however, could likewise be considered to have impacts from nearby power plants yet these local governments would not receive payments. This construct is unfair. As a result of this partial veto, the bill's incentive payments will be limited to localities that host power plants. If payments to neighboring localities are to be considered, this concern should be addressed more broadly and equitably.

Section 22 [as it relates to incentive payments for the location of cogeneration plants] provides an incentive payment to a municipality and county in which a cogeneration plant is located if the plant is completed after December 3 1, 2003 and before December 3 1, 2006. I am partially vetoing this provision to eliminate the requirement

that a cogeneration plant be completed before December 31, 2006 to receive this payment because this provision is unnecessarily restrictive and may hinder the development of other cogeneration facilities. Since cogeneration makes effective use of what otherwise would be waste heat to increase the benefits provided from the fuels used in producing power, it is prudent to provide this incentive payment to plants completed after December 31, 2006. Under my partial veto of this provision, all localities in which eligible cogeneration plants are completed after December 31, 2003 will receive these incentive payments.

Section 23 prohibits an electric public utility from recovering through its rates the cost of mitigation payments to a locality hosting a power plant except if the mitigation payment agreement is received by the Public Service Commission by June 10, 2003 and the commission finds the agreement to be reasonable. I am vetoing this section because circumstances may still exist in which mitigation payments would be both prudent and constructive. While the incentive payments provided by the bill greatly diminish the need for mitigation payments, extraordinary or unique circumstances may still occur that cannot be anticipated by legislation. Consequently, an avenue for these payments must be available. I am also vetoing this section because it creates an unnecessarily broad restriction on the Public Service Commission's authority that may have unintended consequences. As a result of my veto, the Public Service Commission will be able to employ its current discretion in determining when mitigation payments are appropriate. These payments are expected, however, to be increasingly rare once the incentive payments provided by this bill become effective.

Respectfully submitted,



JIM DOYLE
Governor