Steam shock

Downtown Milwaukee businesses are again on the defensive against higher building heating costs as We Energies seeks approval to spend $79.9 million to convert the coal-fired Menomonee Valley power plant to natural gas.

The valley power plant generates electricity, but it primarily runs to produce steam to heat the majority of downtown Milwaukee's buildings. Currently, nearly 450 downtown steam customers pay 10 percent of the cost of operating the plant, with the broader pool of electrical ratepayers picking up the rest.

As proposed by We Energies, steam customers would pay roughly 10 percent of the bill to convert the plant to natural gas. The Citizens Utility Board of Wisconsin last year unsuccessfully lobbied to require steam customers to pay a higher share of the cost to run the plant. There's concern the CUB will do the same for the natural gas conversion bill.

Downtown businesses support We Energies' proposal, said Steve Haas, Metropolitan Milwaukee Association of Commerce director of governmental affairs.

"You stack up steam prices in the heart of downtown and the entire vitality of downtown takes a hit," he said.

The CUB will make its recommendation to the Wisconsin Public Service Commission by October, said Kira Loehr, general counsel. The PSC will decide how to split the costs.

"Is this a plant that is helpful to electrical ratepayers?" she said, "if it is not, electrical ratepayers shouldn't be paying for it."

We Energies' proposal increases steam customers' rates by 7.7 percent in 2016 but decreases electrical customers' rates by 0.31 percent.

2016
Goal for completion

// THE TAKE

Downtown businesses and organizations like Marquette University back We Energies' proposal to split construction cost.

$73.4M
Cost to electrical ratepayers

$6.4M
Cost to steam ratepayers