

# PUBLIC UTILITIES FORTNIGHTLY<sup>®</sup>

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**Joining  
Forces**





# Lighting the Way for Our Clients to Lead the Way

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# Two Utility CEOs on What's Up in 2025

Conversations with WEC Energy Group CEO Scott Lauber  
and Xcel Energy CEO Bob Frenzel.

Co-moderated by PUF's Steve Mitnick,  
with Guidehouse's Dan Hahn and Chris Rogers



Two well-respected energy companies have given their CEOs' time to look ahead in 2025 and talk about how they will be meeting surging demand and other challenges. WEC Energy Group CEO Scott Lauber and Xcel Energy CEO Bob Frenzel have much to say on the important topics of the day.

WEC Energy Group is one of the nation's largest electric generation, distribution, and natural gas delivery holding companies, with subsidiaries serving 4.7 million customers in the midwestern states of Wisconsin, Illinois, Michigan, and Minnesota. Xcel Energy is an electric and natural gas company serving more than 3.7 million electric customers and 2.1 million natural gas customers across parts of the eight states of Colorado, Michigan, Minnesota, New Mexico, North and South Dakota, Texas, and Wisconsin.

Both companies have in the works massive billion dollars in investment plans and talked about the why, where, and how with Public Utilities Fortnightly's Steve Mitnick, along with Guidehouse's Dan Hahn and Chris Rogers. There is much going on and much to learn.

## Scott Lauber WEC Energy Group CEO

**PUF's Steve Mitnick:** What are your top goals for the company in 2025?

**Scott Lauber:** We always start the year with the basics: safety for the community, customers, employees, and customer satisfaction. I'm very proud we hit the highest customer satisfaction numbers in our last quarter and hopefully at the end of the year.

In addition, we want to continue to improve reliability and of course, the company needs to have strong financial performance.

This year, we have additional significant items we're working on, including supporting robust economic development in southeastern Wisconsin. To achieve that economic development, we need additional capacity and energy on the system.

We have a large set of projects before the Wisconsin Commission. Hopefully we get regulatory approvals by midsummer and will start construction later this year. A lot of the economic development projects that are going to need that capacity are being built right now.

We have over five billion dollars in proposed projects pending before state regulators – the largest total generation projects I've ever seen in Wisconsin. Economic development is strong in Wisconsin, and for us to meet the energy needs, we need to build the additional capacity and the distribution and transmission.

**Guidehouse's Dan Hahn:** What are the top issues when it comes to achieving those programs and capital plans? It's aggressive construction and a daunting task to meet that demand.

**Scott Lauber:** Our customer demand over the next five years is going up about one thousand eight hundred megawatts, largely driven from that southeastern Wisconsin I-94 corridor. That's a twenty percent increase over the next five years.

It's driven by a lot of customers in the area. Haribo is doubling the size of production. Eli Lilly announced a big

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investment in southeastern Wisconsin. Microsoft is in southeastern Wisconsin.

There's a variety of other growth, including that of residential and small C&I customers. In order for us to be successful, we've got to execute our twenty-eight-billion-dollar capital plan.

Key for us will be partnering with our suppliers and major vendors to line up all the supply chain components. We are also planning to make sure we have the labor. We're going to have a lot of projects on the ground.

There are a couple projects in southeastern Wisconsin. One has announced they're going to have two thousand three hundred construction workers, another's going to have two thousand construction workers with our projects.

It's making sure we have the workforce available to accomplish all this work. Between our projects and the other economic development taking place across the state, labor is a challenge. Our team has been spending a lot of time staying on top of the supply chain and lining up the workforce.



When we get these final orders from the commission, we can execute efficiently. In fact, we've gone a step further and done aggressive ordering ahead, also putting down payments to make sure we stay in the queue.

We have individuals who do site visits to make sure all our products are going to perform as needed. We're doing a lot of aggressive work to make sure we can deliver what we need for reliability in the region.

With such large construction workforce in the region, think of all the restaurants, hotels, all the secondary economic effects. There is going to be a buzzing atmosphere here, which is great.



**These new, large energy users understand they need to pay their fair share and understand they don't want to be a burden on other customers. That is a great thing. In fact, some of them even put testimony in our rate cases explaining that.**

**PUF:** Talk about affordability challenges, but also public support, political and administrative support, regulatory and so forth. What are you seeing?

**Scott Lauber:** We've had tremendous support from the Governor, regulators, legislators, and local communities. Because with names like Haribo, Microsoft, Eli Lilly, these are outstanding companies coming to the region, and all of them have talked about how to make the area even better.

They are committed to up-skill other employees. When it comes to economic development and people with opportunities to earn a higher wage, with great paying jobs, it's a win for everyone.

The key is affordability. We need to make sure the large customers, like the Microsofts of the world – which have said they need to pay their fair share – are paying. We're working hard to develop tariffs that will make sure everyone pays their fair share.

It's about the economic development, additional property taxes, and how that spurs the restaurants, the hospitals, retail; all of that is just great for the region.

**PUF:** A lot of the companies are exploring together with their commissions and state governments how to have a tariff that fits this situation and is a win for everyone.

**Scott Lauber:** Absolutely. These new, large energy users understand they need to pay their fair share and understand they don't want to be a burden on other customers. That is a great thing. In fact, some of them even put testimony in our rate cases explaining that.

That's positive that these companies took that step forward. But that's what we need to do to be successful. They'll make the whole region successful.

**Dan Hahn:** These folks want AI and data centers fast. But utility investments are made with twenty- to twenty-five-year horizons, and much additional generation will be renewable. As you plan on meeting this capacity demand, how do you balance that with environmental goals?

**Scott Lauber:** You need to think long-term, strategically, and about fuel diversity, which has been the strength of our history. In our capital plan, we've got significant investments in renewables and natural gas generation to hit that peak demand.

So, the wind doesn't blow, the sun doesn't

WEC Energy Group crew delivers a utility pole on a cold and snowy day.



shine, and batteries last four hours. In the near term, we've got to hit that capacity demand. But we're also putting about 9.1 billion dollars of renewables in our five-year capital plan, because it adds diversity to that fuel mix.

Renewables work, and they're fuel-free energy. So, if gas prices spike, it's a natural hedge, and the batteries extend the life of the sunshine and the wind. That natural gas is a backbone. We also continue to make progress on our carbon reduction goals, and it's coming around naturally, because we're retiring some of our older coal plants.

We just retired two units in May of 2024. We're retiring two more units at the end of 2025 at our older Old Creek site that were put in during the early 1960s. Those would need substantial capital investments to stay open.

We're taking steps now that will eliminate coal as a fuel source by 2032 and constructing some natural gas plants that won't run 24/7. They may run forty percent or less of the time. The key is that they are there when they are needed – when it's so cold or so hot that we need that capacity.

We're also looking at our newer units, our Power the Future



Wisconsin Public Service Co. owns 82 MW of the Red Barn Wind Park, which can produce 92 MW of electricity, equal to powering more than 50,000 homes.

coal units and a coal unit at the Weston Power Plant, that we're converting to natural gas.

In fact, this last summer we ran a combination of coal and natural gas at one of our plants. We're up to about a thirty or forty percent blend. That dispatchable power keeps the lights on, and natural gas prices are low, which helps customer bills. It was good to have natural gas as part of the mix.

We are also focusing on fuel storage during this transition. What's good about coal is it has stored fuel. You see a pile of





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coal. It's not the most attractive thing, unless it's cold, then it's nice to have. As we replace coal, we're putting in liquefied natural gas tanks.

In fact, the one tank is going to go exactly where a coal pile is, so we have stored fuel to support our gas and electric customers on the coldest day of the year; if a compressor has an issue on someone else's pipeline, et cetera, we have that to keep the lights on.

We're trying to make sure we're strategic with diversity on how we supply the energy, a mix of long-term natural gas and renewables and continue to add a mix of generation as we go forward. That's going to help make sure we can balance the needs of our customers.

Providing that fuel-free energy with wind and solar is fantastic, but that gas supply is needed on that day when the sun isn't shining and the wind doesn't blow, and you can't make it windy, and you can't make the sun shine. But there are other days when the sun is shining and the wind is blowing, and that's fantastic.

We're focusing on a balanced approach as we go through it. What's good is customers, like Microsoft and others we're talking

to, also have strong environmental goals. We want to make sure we're supportive and they're supportive of our goals. It's really just moving in that right direction all along. That's very helpful too.

**PUF:** What else would you say to those across the electric and gas, and the regulatory communities? What do you want to leave them looking forward to in 2025?

**Scott Lauber:** As an industry and as a company, we need to continue to progress, but we have to remember reliability is so critical. Some days it gets twenty-plus below zero. Other days it gets extremely hot. How do we ensure reliability as we transition to a generation fleet that relies more on renewable generation?

As I mentioned earlier, in a period where we are attracting new, large energy users – how do we make sure everyone pays their fair share, so we don't have subsidies?

These are very large customers with a great business plan for AI and other products; they just need to pay their fair share for the commodity, so it doesn't affect the other customers. Those are the two guiding principles in my mind. Protect our customers, make sure we look out for our customers from a cost perspective, but also reliability. ○

# Bob Frenzel

## Xcel Energy CEO

**PUF's Steve Mitnick:** What are Xcel Energy's investment and growth plans this new year and beyond, and the benefits for customers?

**Bob Frenzel:** We focus a lot on growth and what it means for our customers. Looking at the larger picture and where we are as a country, there is clearly a renewed focus on growth, onshoring, reshoring, friendshoring, and industrial expansion.

We as an electric industry, are leaning into that. Whether it's new areas, like data centers, or existing industries looking to lower their carbon footprints, or growth in electric vehicles, we are leaning into the economic development of our states. I think we partner exceptionally well with our state partners and how they want to grow.

Our build process and cycle announced last quarter in our Capital Investment Plan is a component of how we're thinking about the growing need for electricity as we look ten, twenty, and thirty years into the future.

We are making large investments in the electric grid, both transmission and distribution, to serve our customers, as well as a significant investment in new and clean generation. We've been a national leader in wind power for decades, and now the company is leaning into solar. We are adept at other clean generations sources, like nuclear, hydro, and geothermal.

We have massive amounts of solar opportunities across the states we serve. While Colorado, Texas, and New Mexico are obvious, Minnesota is also a reasonable solar resource, even in the upper Midwest.

**We are making large investments in the electric grid, both transmission and distribution, as well as a significant investment in new and clean generation.**

All those policies are informed and done in alignment with our states and the energy mix they are seeking. This ensures we're doing right by our customers, states, and communities. Economic development is imperative for growth.

As I mentioned, we announced our largest capital investment plan in the history of the company last year, and we're going to exceed even those projections in November with additional details as we continue finding tremendous opportunities to deploy capital that benefits our customers.

**PUF:** There is a lot of growth in your territories.

**Bob Frenzel:** Yes, there are two types of growth. Economies and electric sales are expanding, often driven by the clean energy transition.

In our oil and gas footprints in the Southwest, we serve a large part of the Delaware Basin. There are upstream oil and gas companies that want to electrify their Scope One emissions, so they're looking to electric compressors and electric jack-up rates.

The broad phrase is beneficial electrification. Industrial processes that are fossil-fuel fired today but the customer wants them to be electrically fired in the future – that drives about half of



Xcel Energy CEO Bob Frenzel and Minnesota Governor Tim Walz celebrated completion of the first phase of Sherco Solar with a "plugging-in" event in November 2024. Once complete in 2026, Sherco Solar's combined capacity of 710 megawatts will provide clean energy to power 150,000 homes, replacing capacity of the Sherco plant's first coal unit, retired in 2023.





**The broad phrase is beneficial electrification. Industrial processes that are fossil-fuel fired today but the customer wants them to be electrically fired in the future – that drives about half of our growth. The other half is driven by data center demand. We’ve got a backlog of about 9,000 MW of demand.**

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our growth. That can be in old-line industries, like mining for minerals, or in new areas, such as electric vehicles.

The other half is driven by data center demand. We’ve got a backlog of about nine thousand megawatts of demand. About a thousand megawatts of that is under contract and construction, and the likely outcome of it will be about three thousand megawatts in the next six or seven years.

That’s not uncommon. Many data centers are knocking on doors of companies like ours asking for transmission or generation capabilities that serve their needs.

**Guidehouse’s Chris Rogers:** What needs to be different to attract and address the data center demand that’s different than the other types of growth described earlier?

**Bob Frenzel:** Well, philosophically, we want to be aligned with our states and their economic development plans. Our states are great places to do business, but we must ensure they are right for this type of business. Data centers require access to fiber and human capital.

We have some of the highest-rated airports in the United States; the Minneapolis - St. Paul International Airport, as well as Denver International Airport, and they are extremely valuable hubs to attract data center interest.

Access to water and to low-cost, sustainable energy are also critical. Denver and Minneapolis have both, making the two greater metro areas uniquely attractive regions for data center location.

Companies exploring data centers also want state support and are looking for sales tax exemptions for high-tech and computer equipment. We have legislation that allows for that in Texas, Minnesota, Wisconsin, and we’re working on it for Colorado, as well.

These states are attractive for this kind of investment opportunity. There must be access to the grid and the generation profile. We’ve got the opportunity to deliver some, but not all the demand in our backlog.

Meeting the rest of the demand will take acceleration of siting, permitting, and building infrastructure. The Minnesota

legislature passed a siting and permitting bill last year accelerating the ability to do that.

Work on the federal level is needed as well. The Manchin-Barrasso bill didn't cross the goal line, but we continue to think the tenets embedded in it are important for the country. We also want to accelerate the infrastructure bill required to drive the economic development this country wants to achieve.

**PUF:** How is Xcel Energy mitigating the risk from wildfires?

**Bob Frenzel:** This is a growing risk, national in scope and not limited to California or to the West. Sadly, we've had wildfires in Connecticut, New Jersey, West Virginia, and Florida this year, catching many folks by surprise.

Wildfires used to be thought of as a forestry problem, but now there are more grassfires and scrub brush that burns. We faced that in the Smokehouse Creek fire in Texas in early 2024 and a similar tragedy is unfolding in Southern California.

We've done a lot at Xcel Energy to address this growing problem. We've operated under a wildfire mitigation plan in Colorado for five years. We renewed it this year, and it's up for utility commission approval in the August timeframe.

We also recognize that the Western utilities have been addressing this problem for some time and reached that Rubicon first. We've studied their programs and approaches deeply and are applying their learnings in our jurisdictions. We've invested over five hundred billion dollars in infrastructure in Colorado already.

We've also requested another two billion dollars in our wildfire mitigation plan. It's in the expected areas. First and foremost, it's about situational awareness and operational capabilities to exercise – whether it's Electric System Power Safety Shutoffs, the EPSS, or in the most drastic of circumstances, Public Safety Power Shutoffs, the PSPS.

We've built that capability across our states over the last six months. We make a determination every day regarding our posture for the next day and the next seven days to make sure we can protect our communities and our customers. These are common-sense protections.

We're building in the situational awareness and operational capabilities, as well as upgrading our infrastructure. This is where we work on poles and wires with selective undergrounding and selective cover conductors. It's all the infrastructure needed to protect communities for the long term.

In the short term, it's understanding risk, the weather, and deciding if the system should be operated in heightened sensitivity or potentially turned off. We are investing in the hardening of the infrastructure so it can withstand high winds, drought conditions, and high-threat environments.

We're also working on our communications. While our customers are incredibly resilient, we must continually educate our stakeholders and keep in contact with them during an event.

This includes having the capability to talk to them, so they understand where the outages are, and where a wildfire might spread. That is what we're investing in right now as a company.

Other questions we're also asking are what needs to move on the state and federal legislative front that will protect our customers and our communities, and what common-sense actions can we take right now.

This won't surprise you. I'm going to start with state and federal forestry work and vegetation management. With less fuel, there is less risk of wildfires.

**Another area of importance is ensuring access to a reasonable risk pool, or insurance pool. It's hard to get residential or commercial insurance in a wildfire risk area. Anything we can do to enable a well-functioning risk pool that spreads risk and recognizes these climate-related risks is important.**

Second, are building codes and shared assets. I recently heard Senator Sheehy from Montana speak on these issues. He's a Navy SEAL and former CEO of an aerial wildfire firefighting company, so is an expert.

He said that we don't have enough standing fixed assets in this country, whether it's human capital or aircraft, helicopters, and firefighting equipment designed solely for this purpose of mitigating the spread of a wildfire. That must be explored at both the state and federal levels. We need to ensure there are enough fixed-wing and rotating-wing aircraft to fight fires once they occur.

Another area of importance is ensuring access to a reasonable risk pool, or insurance pool. Right now, it's hard to get residential or commercial insurance in a wildfire risk area.

Anything we can do to enable a well-functioning risk pool that spreads risk and recognizes these climate-related risks is important. These are a few of the policy areas that we're working on as a company.

We're doing it in cooperation and partnership with our states, federal legislators, external customers, and external stakeholders. It's with the idea of doing sensible things that provide affordable risk reductions for our communities so we can enable people to live where they want to live, we can serve them with our product when and where they want it, and at a price that's as low as possible.

**Chris Rogers:** With the innovation and investments that Xcel

*(Cont. on page 65)*



## Why SEPA and PUF Are Joining Forces

(Cont. from p. 17)

partnerships that are driving the clean energy transition. Across six categories, the awards highlight innovation, collaboration, and replicability, shining a light on actionable solutions that are advancing our industry.

At the same time, PUF will continue to engage our joint members through luncheons and receptions at industry events, its spring conference – Edison Congress, and its fall conference, Fortnightly Top Innovators – including the associated awards recognizing and honoring the individual, and teams, of innovators at electric, natural gas, and water utilities.

We look forward to seeing our members this year at our collective events educating, convening, and celebrating leaders and companies driving solutions.

## Two Utility CEOs on What's Up in 2025

(Cont. from p. 13)

has been making, how does this make Xcel Energy distinctively differentiated and valuable to your customers?

**Bob Frenzel:** One of the first questions I got a long time ago was, “If you could trade assets with anybody else in the industry, who would you trade with?” I answered, “I don’t think I would.” I’ll tell you why.

What we do as an industry is profound. I always tell our team, “We deliver the greatest product that man has ever made, electricity, with 99.99 percent reliability, and we do it for, on average, the price of a cup of coffee every single day.” It may feel like it cost more like a Starbucks versus a McDonald’s coffee,

## Our Future

We cannot wait to show you what our merged future holds. But, know this – SEPA is committed to working with our PUF team to ensure that this venerable, hundred-year-old platform continues to provide the needed insights and perspectives that will help shape our collective efforts to ensure an affordable, resilient, and clean energy system for all customers and communities for years to come.

This is the value of PUF, now Powered by SEPA – to help government agencies, utilities, technology companies, and other stakeholders navigate these new challenges, understand their options, and make informed choices within the current policy and regulatory frameworks.

We hope that you will join us in celebrating our union, “Public Utilities Fortnightly, Powered by SEPA,” at this month’s NARUC Winter Policy Summit. What a difference a year makes and just wait until you see what we have in store in the coming years. **PUF**

but it’s an amazing, life-sustaining offering for three-and-a-half dollars a day. That’s a valuable asset.

What makes Xcel Energy special? We get to do that with high sustainability. We’ve been a clean energy leader, and we have a geographic advantage because we serve customers where the wind blows and the sun shines.

Over the long term, that will allow us to continue being sustainable and affordable. As we move to higher amounts of renewable energy in this country and lower levels of carbon, we’re going to locate energy-intensive industries in places where energy is cheapest, and that’s going to be in our backyard.

We’re going to drive economic development in our states for the benefit of all our customers through the price and sustainability of our electricity. That’s the secret sauce that allows Xcel Energy to be the best utility in the country. **PUF**

From the February 2016 issue of Public Utilities Fortnightly, “No, Edison Wouldn’t Recognize Today’s Electric Industry” by PUF’s Steve Mitnick: In Edison’s time, cumulative meters were invented and perfected to fairly bill utility customers large and small. Imagine Edison’s excitement if he saw that customer usage could be metered minute-to-minute, as in today’s smart meters, enabling fairer billing, more efficient utility operations and capital investment, and precise information on service outages instantaneously. Consider the greatest innovation over the last twenty years in the industry that Edison invented, the emergence of extraordinarily efficient natural gas-based generation of electric power. Combined cycle has become the dominant generating technology with such low heat rates and such fast response rates. Now with the game-changing innovation in horizontal drilling and fracturing in gas production, combined cycle has almost single-handedly driven electricity to below 1.5% of Americans’ consumer expenditures.

Edison wouldn’t recognize the vastly improved technology of today’s electric industry, the dynamics of regional system operations, or the revolution of the smart grid. He wouldn’t recognize society’s hyper-dependence on electrical machines, appliances and electronic devices, and them and electricity priced so affordably that usage is universal and ubiquitous. He wouldn’t have heard of demand response, net metering, renewable energy certificates, renewable portfolio standards, capacity and ancillary services markets, energy efficiency audits, time-of-day rates, etc. Edison certainly wouldn’t have mocked today’s utilities and the grid for being not much changed from his day. Instead he likely would be fascinated and impressed by how far we’ve come in extending his dreams in every direction by an unimaginable degree.”