



**WISCONSIN LEGISLATIVE AUDIT BUREAU  
LETTER OF TRANSMITTAL**

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September 7, 2001

Senator Gary R. George and  
Representative Joseph K. Leibham, Co-chairpersons  
Joint Legislative Audit Committee  
State Capitol  
Madison, Wisconsin 53702

Dear Senator George and Representative Leibham:

We have completed a review of the Environmental Cooperation Pilot Program, which was established by 1997 Wisconsin Act 27. This pilot program, operated by the Department of Natural Resources (DNR), is intended to provide increased flexibility for businesses in complying with environmental regulations, while maintaining existing levels of environmental protection. The Legislative Audit Bureau is required by statutes to monitor and report annually on this pilot program.

The program allows DNR to sign up to ten cooperative agreements with businesses. No cooperative agreements were established during the program's first two years. Of the nine companies that submitted letters of intent to join the program, three have withdrawn or chosen to pursue their objectives within existing regulations. In February 2001, an agreement with Wisconsin Electric Power Company became the first to be executed under the program. Agreements with the remaining five companies are in various stages of development.

Both DNR staff and program participants identified challenges associated with the Environmental Cooperation Pilot Program. These challenges include encouraging businesses to participate despite the time required to advance through the application process and reach a signed agreement, the uncertainty of the final outcome for program participants, and the process for involving the federal Environmental Protection Agency. Addressing these challenges will be important because the Legislature will likely be asked to consider a new flexible environmental management program, known as Green Tier, which has been proposed by a DNR-appointed committee to enhance the environmental performance of companies.

We appreciate the courtesy and cooperation extended to us by DNR during our review.

Sincerely,

Janice Mueller  
State Auditor

JM/DB/ss

[letter report, PDF file \(185 KB\)](#)

