

The Investor's Voice is
published bimonthly for the
members of the Wisconsin
Utility Investors.

January 2004
Volume 2, Number 1

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WUI Opposes "Stray Voltage" Bill

Farm herd health and production problems are often very difficult to diagnose. The same symptoms may be caused by environment (unsanitary conditions), poor diet, bad farming practices and many other things. Unfortunately, many farmers discount all possible non-electrical causes and blame something called stray voltage. Because of the highly technical nature of electricity and the lack of knowledge of often-sympathetic juries, lawsuits have become the equivalent of winning the lottery for some dairy farmers.

Stray voltage is a natural phenomenon that involves a small amount of electric current that flows through a cow when in contact with two surfaces such as a water bowl and the barn floor. If excessive, the small shocks may cause animals to be apprehensive about drinking water, sometimes leading to health or production problems. The problem is often the result of poor wiring on the farm. The Public Service Commission of Wisconsin has studied the matter extensively and determined what levels of stray voltage are safe. However, many farmers and a host of untrained "stray voltage experts" who prey on these farmers, either discount the PSCW findings or blame animal problems on other mysterious and unexplainable electrical phenomena.

Assembly Bill 529, which will have had a hearing on January 6, 2004, attempts to address these perceived but undocumented problems by allowing lawsuits, fines and trespassing charges. The bill, which its author says will prevent "electrical pollution," could also apply to homes, offices, schools and other buildings. However, it lacks scientific merit, could cost ratepayers millions of dollars and fails to offer any positive solutions. For these reasons, WUI strongly opposes it. Please let your legislators know that AB 529 is not the answer.

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A Bimonthly Publication of the Wisconsin Utility Investors Inc.

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New Year Looks Positive for Wisconsin Businesses

With the successful compromise on a new "Job Creation Act," the state's existing and new businesses can look forward to a very Happy New Year. The bill, which had been strongly supported by Wisconsin Utility Investors along with most of the state's other business groups, will make sweeping reforms in regulation including permitting, rulemaking, air management, water matters and in a variety of other areas. The bill is designed to make it easier for businesses to operate, expand or be newly established in the state.

On December 19th, Assembly Speaker John Gard, Senate Majority Leader Mary Panzer and Governor Jim Doyle finally agreed on which items would be included in the historic measure. Jim Haney, President of Wisconsin Manufacturers and Commerce, whose organization played a major role in negotiations, said, "This agreement is a great Christmas gift for the families of Wisconsin." A survey last June found that a large percentage of respondents said regulatory relief is the "one thing government could do to help businesses in the state." Jobs and the economy were found to be the top issues with voters.

The bill addresses the most serious obstacles to business and job creation. For example, obtaining necessary air permits in a timely manner has been the single biggest regulatory impediment for manufacturers looking to expand or build in the state. The bill modifies the law to assure timely permits and streamlines other administrative hurdles to business expansion. It also provides clarification on when

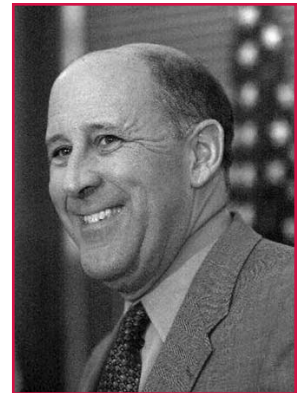
the Department of Natural Resources can exceed federal requirements. It requires agencies to more thoroughly document their justification for rules, creates the right for affected parties to petition for the preparation of an Economic Impact Report, and sets priorities for water related permits.

Miscellaneous provisions assure that the regulated community has a fair opportunity to challenge agency actions that adversely affect their businesses. These include awards of costs against parties who bring legally or factually frivolous claims, establishing a better system for assigning hearing examiners and prohibiting administrative law judges from deciding certain constitutional issues.

Although the bill does not weaken any environmental protections, environmental organizations are expected to continue to object to it. The Legislature will return shortly after the holidays to act on the measure which the Governor has agreed to sign.



Senate Majority Leader
Mary Panzer



Wisconsin Governor Jim Doyle



Assembly Speaker
John Gard

Federal Energy Issues Fall Short in 2003 Congressional Action

A comprehensive energy bill with wide-ranging electricity implications fell two votes short of reaching a final vote in Congress during 2003. As a result, Congress failed to take advantage of what may have been the best chance in a decade for enactment of legislation long sought by the electric utility industry.

Factors such as the largest black-out in U.S. history and a war in the oil-rich Middle East were thought to provide the impetus needed for passage of an energy bill. However, even these events proved insufficient to overcome a variety of other factors, culminating in a bipartisan Senate filibuster which blocked the bill in the session's final weeks.

House and Senate Republican leaders have said they intend to make passage of the energy bill a top priority for early 2004. However, election year politics could make final passage difficult.

Federal Mercury Rules Announced

The much anticipated rules regulating the emission of mercury have now been issued by the federal Environmental Protection Agency. A Wisconsin specific rule, which WUI has strongly opposed, has been put on hold, pending the release of the federal provisions.

The new rules include two alternative control plans: a two phase market-based cap-and-trade approach which assumes "co-benefits" reductions of mercury emissions in 2010, and 15 tons after 2018, a reduction of 70 percent from current levels, and provisions which establish separate emissions limits for mercury and nickel for new and existing coal and oil fired electric utility steam generating units. EPA will take public comments on its proposal for sixty days after publication in the Federal Register. It also intends to hold a public hearing with dates and times yet to be determined.

Arrowhead-Weston Transmission Line Gets PSCW Approval

The Wisconsin, Public Service Commission has finally approved the building of a 220-mile high-voltage transmission line extending from Wausau, Wisconsin to Duluth, Minnesota, finding that the project is badly needed and that its price is justified. It is expected to cost approximately \$420 million. Regulatory and other delays brought about by environmentalists, landowners and others had caused the costs to nearly double from the time the line was first approved in October of 2001.

The three-member commission's decision was based on the findings of three consultants who concluded the costs were reasonable. The 345-kilovolt line has been needed to relieve stress on the state's only link to Minnesota. Electric shortages in the state have lead to a critical situation for the state's businesses and residential customers.

The American Transmission Company (ATC) will build and operate the line. ATC has obtained all the necessary permits for the Minnesota portion of the line and is now seeking permits from the Wisconsin Department of Natural Resources.

Unfortunately, several legal challenges remain unresolved. A number of counties must also issue permits. Construction in Minnesota could begin early next year with Wisconsin following by summer. ATC hopes to have the line completed and in operation by 2008.



Hearing Held for Huebsch Bill Lifting Nuclear Moratorium

The Assembly Committee on Energy and Utilities held a hearing December 9 on Representative Michael Huebsch's bill to remove statutory impediments to the consideration of nuclear power plants when planning for future energy needs in the state. WUI joined many others with testimony supporting the measure. An equal number of individuals appeared in opposition.



WUI Executive Director Kenyon Kies told the committee given the public's concerns over emissions from coal fired plants and the strong possibility of increasing costs and uncertain supplies for natural gas, it would seem prudent to consider all possible means of meeting the state's future electric requirements. He told the legislators, "This bill in no way endorses the building of new nuclear plants; it merely allows consideration of all possible alternatives."

New WUI Website Up and Running - Check It Out!

Wisconsin Utility Investors, Inc. is happy to announce that its new website is now complete and online to aid members, and non-members alike in learning about utility issues and ways of influencing legislative and regulatory decisions which affect the financial viability of utility investments. The new site can be found at www.wuiinc.org.

WUI encourages all members to view the site. WUI staff welcome any comments or suggestions to improve the site and make it more useful. They also encourage utilities that may wish to provide content and links not already on the site to contact WUI. The material will be updated frequently and administered in Madison.



We Energies to Relicense its Point Beach Nuclear Plant for Two More Decades

The Nuclear Management Company (NMC), which operates the Point Beach Nuclear Plant for We Energies, has submitted a letter notifying the U.S. Nuclear Regulatory Commission (NRC) it intends to file an application in February 2004 to renew the operating license for the plant's two nuclear reactors for an additional twenty years.

The letter tells the NRC that NMC and We Energies are preparing a thorough application, consisting of thousands of pages of supporting documentation and technical analysis demonstrating the need for continued use of safe and reliable nuclear power. The average renewal process takes approximately two years to complete.

Point Beach, located near Two Rivers, Wisconsin, has 1,034 MW of electrical generating capacity between the two units. Unit 1 began operation in 1970 and is currently licensed until 2010. Unit 2 began operation in 1973 and is licensed until 2013.



Point Beach Nuclear Power Plant, located near Two Rivers, Wisconsin

WUI Board Meets in Fond du Lac

At its November 20 meeting in Fond du Lac, Wisconsin, the WUI Board of Directors met to act on current business and to evaluate the progress being made in improving the programs and activities of the organization. Among other matters reviewed and approved were the annual audit and changing the organization's fiscal year to coincide with the calendar year. The board's next meeting will be held in Madison on January 14, 2004.



Happy New Year!

The WUI Board of Directors and staff hope that you have had an enjoyable holiday season and wish you a very happy and prosperous new year!