



THE INVESTOR'S VOICE

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Mercury Compromise Agreed Upon by Utilities, DNR, Governor and Legislative Leaders

After extensive negotiations, most major parties with an interest in the Department of Natural Resources (DNR) proposed mercury rule have agreed on a compromise that will allow the measure to move forward. The final version of the rule was approved by the Natural Resources Board at its June 23rd meeting. As expected, environmental groups, which had wanted a state rule far more stringent than the federal rule, are unhappy about the agreement.

The DNR and the Doyle Administration have, in effect, agreed to implement the pending federal mercury rule when it is promulgated. Negotiations had primarily related to the timing of a second state rule implementing the federal rule in the state. The rule as originally proposed would have continued to create legal requirements until superseded by a new state rule implementing the federal rule. As result, a delay in the effective date of this follow-up state rule could have resulted in more restrictive and/or inconsistent legal requirements in Wisconsin. The language agreed upon sets forth an 18-month deadline for promulgation of the second DNR rule that can be met, either by regular rulemaking procedures, or by an emergency rule, as appropriate. Key provisions in the revised rule address the following issues.

If a federal standard limiting mercury emissions from a major utility is promulgated as a part of the federal clean air act, the DNR must adopt a similar standard no later than 18 months after promulgation of a federal emission standard. The department's standard must have the same mercury emissions reductions as the federal standard. The administrative requirements of the standard adopted by the department relating to baseline calculations, monitoring, record keeping and reporting must be the same as the federal standard.

Wisconsin Utility Investors, Inc. supports this agreement and is pleased that once the legislature concurs, all rulemaking issues relating to mercury should be resolved, pending promulgation of the federal rule.

WUI Active at Annual Meetings



Newest WUI Board Member Ralph Baeten Helps Out at the WUI Booth During WPS Resources Annual Meeting.

WUI staff and board members manned booths at three company annual stockholders meetings held during the month of April. These included Wisconsin Energy in Milwaukee, May 5th, MGE Energy in Middleton, May 11th and WPS Resources in Green Bay, May 13th. In addition to making attendees aware of WUI activities and the benefits of membership, drawings were held for thirteen-inch combination color TV-VCRs. WUI would like to congratulate the winners who included Louise Dumke of Milwaukee, (Wisconsin Energy), June Werren, Madison, (MGE Energy), and Brian Johnson, Milwaukee, (WPS Resources). All persons registering for the drawings will receive future copies of the Investor's Voice and the WUI Legislative/Regulatory Update.

Public Expresses Opinion at Hearing on Sale of Nuclear Power Plant

Out of about 70 people testifying at a Public Service Commission (PSCW) hearing June 24th on the sale of the Kewaunee Nuclear Power Plant, all but six favored the sale. The hearing, held at the Holiday Inn in Manitowoc, was broken into three sessions, and attracted a crowd including local government officials, customers, plant employees, union officials, environmentalists and others.

The PSCW must decide whether to allow Wisconsin Public Service Corporation, of Green Bay and Wisconsin Power and Light Company, a subsidiary of Alliant Energy, to sell the nuclear power plant, located in the Town of Carlton, to Dominion Recourses of Richmond, Virginia.

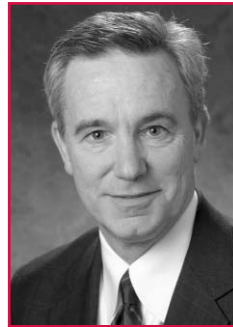
Under the proposed sale, Dominion would pay \$220 million. Another \$200 million in decommissioning funds would be returned to customers of the two utilities. Those testifying argued that the sale would be good for the state's economy, the customers of the two utilities, and the employees that work at the plant. Because of the economic risks associated with relicensing the plant, it was stated that now is the time to sell it to a much larger company that is a national leader in nuclear energy.

Big Changes at Wisconsin Energy

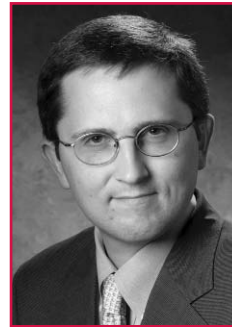
Rick Kuester, President and Chief Executive Officer of We Generation; Allen Leverett, Chief Financial Officer; and Larry Salustro, Senior Vice President and General Counsel, have been appointed Executive Vice Presidents of Wisconsin Energy Corporation and We Energies. In addition, Kristine Rappe, Vice President and Corporate Secretary, has been named Senior Vice President and Chief Administrative Officer for Wisconsin Energy and We Energies. Gale Klappa, Chairman, President and Chief Executive Officer made the announcement on May 12.



**Gale Klappa, Chairman,
President and CEO**



Rick Kuester



Allen Leverett



Larry Salustro

Application Submitted for Relicensing of Point Beach Nuclear Plant

The Nuclear Management Company (NMC), on behalf of We Energies, has submitted an application to the U.S. Nuclear Regulatory Commission (NRC) for renewal of the two nuclear reactors at Point Beach. A license renewal would allow the plant to operate beyond its current operating license by extending the original forty-year period for an additional twenty years.

The original license term was selected based upon economic and antitrust considerations, not technical limitations. The relicensing process was developed by the NRC to examine the technical and environmental issues associated with the added years of operation.

As of May, the NRC had approved relicensing for 23 nuclear units at 12 sites around the country. Applications for an additional 19 units at 11 site are pending, and a further 13 sites are expected to file by the end of 2006. Point Beach is located in the town of Two Creeks, Wisconsin, 10 miles north of Two Rivers and 100 miles north of Milwaukee.

The Nuclear Regulatory Commission will accept written comments on the relicensing until July 14, 2004. They may be sent to:

Chief, Rules and Directives Branch
Division of Administrative Services, Office of Administration
Mailstop T-6D59
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001



Wisconsin Public Service and Wisconsin Power and Light Propose New Plant

Wisconsin Public Service Corporation and Wisconsin Power and Light Company, a subsidiary of Alliant Energy Corporation, are jointly pursuing plans to build a new 500-megawatt base load electric generating plant. No site has been chosen, however they hope to have the plant in operation by 2010. It would become a part of the state's base load electric supply, possibly fueled by coal. If this fuel were chosen, it would be the third such project underway in the state. The Public Service Commission recently approved two coal-fired generators in the Milwaukee suburb of Oak Creek.

The companies said they decided to pursue the project jointly to diversify the electric supply, ensure reliability for customers and to manage financial risk while achieving economies of scale.

Challenges for the Coming Session

By William Skewes, Executive Director, Wisconsin Utilities Association, Inc.



In the coming 2005-2006 legislative session, we will confront a number of issues that will continue to challenge us. They include:

Mercury: (see story on page one) WUA has worked extensively on this rule to help craft it into a form that will minimize the rate impact on customers and not place Wisconsin at a competitive disadvantage with other states, until a federal rule is promulgated. After three years of negotiating, we have an agreement in concept, and have nailed down concessions from the DNR that Wisconsin's rule will recede when the federal rule is implemented.

AB 774: was a comprehensive tax bill, authored by Rep. Jensen, which passed the Assembly during the past session and died in the Senate. Rep. Jensen has told us the bill will be back next session. Under the bill, existing generating units would use a capacity-based formula for calculating utility aid payments to local governments; local property taxes would be extended to general structures and distribution substations; transmission impact fees would be changed from a cost-based to a net book value-based system; and the Wisconsin Department of Revenue would be required to convene a study committee to examine placing all utility property on the tax rolls and report to the Legislature by May, 2005. The Wisconsin Utilities Association (WUA) has testified for information only on this proposal in the past, but is in support of the concept.

Stray Voltage: The Governor vetoed an important protection for utilities in stray voltage cases, SB 49, which adopted the Daubert standard on expert witness testimony in civil trials. We expect the issue of stray voltage and other electrical phenomena to be one of our top legislative challenges in the next session. The WUA Legislative Committee and the Stray Voltage Committee are working to develop ideas - possibly legislation - to protect utilities, customers and shareowners from the flood of lawsuits that have been going against the industry in recent court cases. I suggested that we seek legislation to allow rate recovery for jury awards in which the Public Service Commission level of concern was met and the jury decided to award a judgment anyway. In addition, WUA is developing a series of one-page communication pieces for legislators and staff about the various electrical phenomena, such as EMF, stray voltage and "electrical pollution", in collaboration with the stray voltage committee.

Infrastructure Coalition: WUA will chair the Wisconsin Infrastructure Coalition, founded by the Transportation Development Association last year. The Coalition includes road builders, telecoms, underground contractors, engineers, builders, economic development groups, airports, MMAC and others. The group will work to inform policy makers and the public about the need for sound regulatory and investment policies that ensure the industry sector remains vibrant, and increase awareness about the link between infrastructure, economic development and job growth. The group is just getting off the ground and has asked me to serve as President. I guess that's what they do to you when you miss a meeting.

MGE Receives Approval to Own Shares of New Coal Plants

Madison Gas and Electric Co. (MGE) has received approval from the Public Service Commission of Wisconsin (PSCW) to own or buy up to 100 megawatts of electricity from two new clean-coal power plants on Lake Michigan. Wisconsin Energy Corp. previously received PSCW approval to build the plants in Oak Creek and is slated to begin operating the first unit in 2009 and the second unit in 2010.

A PSCW staff report called the ownership a "reasonable and prudent way" for MGE to meet the rising demand of its electric customers.

MGE expects to make a determination by the end of the year whether to exercise the company's ownership options in the two plants.



WUI Chairman Don Gardner and Executive Director Kies talk to a Prospective Member at the WPS Resources annual meeting.

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2003-04 Board of Directors

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Vice-Chair, Arlene Logan
Secretary, Carlyle Fay
Treasurer, Thomas Cassidy
Assistant Treasurer, Roger Cole
Ralph Baeten
John Hanson
William Huegel
Arthur Kriewaldt
Richard Krueger
Robert Logan
Kenneth Merkel

Executive Director

Kenyon Kies

Regional Meeting Held in Wausau

About fifty people attended a WUI Regional Meeting held in Wausau on May 6th. All members living within 45 miles of the city were invited, as well as WPS Resources shareholders who may not have been members. Following lunch, attendees heard remarks by WUI Chairman Don Gardner about the organization and its activities. WUI Executive Director Kenyon Kies described recent legislative and regulatory developments of interest to shareholders and discussed ways in which members can have an influence on policies affecting them.

Other speakers included Joe O'Leary, Senior Vice President and Chief Financial Officer of WPS Resources who covered the financial picture at his company, and Thomas Meinz, Senior Vice President - Public Affairs at WPS Resources who discussed recent developments at the company. Both men answered numerous questions raised by members of the audience.

South Dakota Shareholders Information Omitted

The list of information about other state utility investor organizations in the May Voice neglected to mention the Utility Shareholders of South Dakota. This organization is located at 212 E. Capitol Avenue in Pierre, SD. Its president/CEO is Nettie Myers. The organization can be reached at 1-866-672-0222. Additionally, the correct phone number for the Arizona Utility Investors is now 602-257-9200.

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