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WUI ANNUAL MEETING TO BE HELD IN WAUKESHA, WISCONSIN



The Wisconsin Utility Investors, Inc. Annual Meeting of Members will be held at the Country Springs Hotel in Waukesha on September 27, 2007. All members and their guests are urged to attend to learn about legislative and regulative matters affecting their investments. Lunch will be provided and company officials and legislative leaders will be present to provide up-to date information.

WUI to Hold Regional Membership Meetings at Great Locations Throughout the State

This year Wisconsin Utility Investors will host luncheon meetings around the state to bring members together to learn about issues facing the companies directly from company officials and government leaders. "Getting together with government leaders is a great way to show the commitment of our members to their investments and our state," said WUI Chairman Roger Cole. "These meetings will help bring in new members and activate and inform current members."

Bob Seitz, WUI Executive Director said, "We are also going to have some fun. We will be meeting at places people want to see, a railroad museum, botanical gardens and another outstanding regional museum. Our locations, plus fun prize drawings and a good lunch, make these events you shouldn't miss."

WUI is a non-profit, grassroots organization. It relies on a strong membership throughout the state and nation to help represent shareholders in Wisconsin investor owned utilities. In addition to bringing in new members and educating them on issues critical to their investments, the sessions will allow an easy and productive way for all members to have close contact with policy makers from Wisconsin government. "We hope everyone will bring a friend to take a look at all that WUI has to offer," said Cole. "We will have special door prizes at each even for the people who bring in new members."

• MEETINGS SCHEDULED INCLUDE •

MADISON
OCTOBER 17, 2007
Olbrich Botanical Gardens
3330 Atwood Ave.
Madison, WI 53704

GREEN BAY
OCTOBER 18, 2007
National Railroad Museum
2285 S. Broadway
Green Bay, WI 54301

EAU CLAIRE
NOVEMBER 15, 2007
Chippewa Valley Museum
P.O. Box 1204
Eau Claire, WI 54702

WUI Membership Luncheons are free to members and guests who hold stock in any of Wisconsin's five investor owned utilities. Please RSVP at the WUI office at (608) 663-5813 or by email at toniseitz@starband.net.

Nelson Dewey Plant to Have Major Changes

High-definition television, the computer, and videogame systems were all just a dream back in 1959. That same year, Wisconsin Power and Light, a subsidiary of Alliant Energy, began operating its state of the art Nelson Dewey Generating Station in Cassville, Wisconsin. For nearly 50 years, the 200 megawatt (MW) plant has served WPL customers well. As the times have changed, however, so has the demand for new energy resources.



Alliant Energy continues to see historical electricity demand growth of 3% annually, much higher than the national average of 1.9% per year. To

meet the anticipated demand the utility has filed an application with the Public Service Commission of Wisconsin (PSCW) to make a major addition to the Nelson Dewey facility.

The plans call for expanding the facility to 500MW, or roughly enough additional power to meet the peak demand of 150,000 homes. The design of the new plant will use circulating fluidized bed (CFB) technology. In this process, limestone is used to fluidize the coal during combustion, capture sulfur, and lower operating temperatures, resulting in reduced formation of nitrogen oxides.

Perhaps the most impressive element of the new facility is that this plant will be designed to use biomass for at least 10%, or 30 MW of its fuel source. Not only does biomass - such as switch grass and corn stover burn cleaner, it also should present an economic boon to farmers in the state. An estimated 30,000 to 100,000 acres of biomass crops will be needed to power the Nelson Dewey facility. As the State of Wisconsin looks to expand its commitment to renewable fuels, Alliant Energy's plans should help jump-start the use of biofuels in the state.

The proposed construction of the base-load coal-fired generating unit will result in some additional air emissions, but if the Nelson Dewey site is chosen by the PSCW, WPL will also install emissions-reducing equipment to the existing units at the plant. This move will reduce the overall emissions of the existing and new units combined, to levels lower than that of the existing units today. In addition, by 2015, Alliant Energy plans to reduce emissions rates for its entire generating fleet, including the new base-load plant, by 56 percent for sulfur dioxide; 46 percent for nitrogen oxides; and 42 percent for mercury, when compared to 2005 levels.

Public Service Commission to Review American Transmission Application

The American Transmission Company's application seeking approval to construct a new 345-kilovolt electric transmission line in south central Wisconsin has been declared complete by the Public Service Commission of Wisconsin. The determination marks the beginning of the roughly six-month regulatory review of the proposal that will include engineering and environmental scrutiny and a public hearing. The application, which was filed with the PSCW in May, is the first transmission line proposal within the service area of the Midwest Independent System Operator (MISO) that is justified on economics. ATC's projects in recent years have largely been constructed to address weaknesses on its transmission system and resolve reliability issues. Although area reliability will be enhanced, the primary benefit of this high-voltage line to the south comes from the ability of utilities to access and purchase cheaper power in the region for their customers. The proposed line, called Paddock-Rockdale, will add a connection between the Rockdale Substation in the Town of Christiana in Dane County and the Paddock Substation located in the Town of Beloit in Rock County.

WE Energies Proposes Spending \$750m to Reduce Emissions



We Energies has proposed spending \$750 million to put so-called scrubbers on its existing coal-fired power plant in Oak Creek. It is already planning to spend \$2.3 billion to build two new coal plants at the site. The utility says the project is needed to comply with new U.S. Environmental Protection Agency rules as well as to comply with an agreement with the EPA that remains pending in U.S. District Court.

We Energies spokesman Brian Manthey said the scrubbers would reduce emissions of sulfur dioxide by 50 percent to 60 percent and of nitrogen oxide by 85 percent to 90 percent. We Energies said its analysis of various options determined that spending \$750 million in upgrades would be more than \$600 million cheaper than shutting down the old coal-fired plants at Oak Creek and replacing them with another new plant.

The scrubbers would extend the life of four coal-fired boilers that have been operating since the 1960s. The company had been considering retiring two of its four old boilers at Oak Creek, but the plan filed with state regulators Thursday calls for keeping all four in operation through 2030. We Energies said its analysis took potential global warming regulations into account, and that installing the scrubbers still would be less expensive for customers over the long term.

Additional Comments Filed on DNR Mercury Rule Study Finds DNR's Rule Doubles Costs Background on Mercury



The deadline for filing comments on the Wisconsin Department of Natural Resources (DNR) controversial mercury rule was June 11. As reported in the June Legislative/Regulatory Update, Wisconsin Utility Investors attended and testified at all five DNR hearings around the state. WUI sentiments were echoed by other industry testimony which focused on those provisions that exceed the EPA's Clean Air Mercury Rule (CAMR). The DNR proposed rule generally tracks CAMR for the first two phases, resulting in a 69 percent reduction in mercury emissions from utility coal-fired units by 2019. However, a final Phase III (2020 and beyond) requires a 90 percent reduction.

The proposed rule also allows only limited trading of reductions to achieve compliance in Phases I & II, and bans trading altogether under Phase III (i.e., each unit must hit the 90% target). Industry comments such as those filed by Wisconsin Manufacturers & Commerce (WMC) highlighted a recent study by the Center for Energy and Economic Development (CEED).

The CEED Mercury Cost Study found that DNR trading restrictions and the 90 percent target would increase the cost of operating coal-fired generation facilities in Wisconsin by \$450 million between 2010 and 2020, or more than twice the cost of EPA's CAMR. Industry testimony noted that these costs would substantially increase electric rates but would produce little or no environmental benefit. The study tracked WUI's argument that the incremental reductions produced under DNR's proposed rule will do virtually nothing to reduce mercury found in Wisconsin's lakes and streams that comes primarily from deposition carried in the air from many sources around the world.

Wisconsin 2006-07 State Budget Remains Unresolved



With only six hours of debate, the State Senate passed its version of the 2007-09 biennial budget bill on an 18-15 party line vote and sent the \$66 billion budget on the State Assembly where the document will undergo substantial modifications.

The different versions of the budget can be expected to be significantly different since the Assembly hopes to remove new or increased fees and taxes. Assembly Speaker Mike Huebsch has indicated that the Assembly hoped to take up the budget before July 4. However, that has proven to be difficult given the timing of the Senate action and subsequent drafting issues.

The Senate and Assembly activity will lead to a Conference Committee between the two Houses - a committee that will be expected to do some tough negotiating and arrive at some agreements that can garner a majority vote in both houses and be signed by the Governor.

While the current biennium and fiscal year officially ended on June 30, Wisconsin government does not shut down and the state continues to operate under the 2005-07 budget framework, with appropriate adjustments made after the new biennial budget is finally approved.

WUI Works to Create State Utility Shareholder Organizations in Other States

WUI Executive Director Bob Seitz joined his counterparts from the seven other states with utility shareholders organizations at the Edison Electric Institute's (EEI) Annual Meeting in Denver. EEI is made up of all of the investors owned utilities in the United States.

Because utility executives from across the nation have seen the impact grassroots investors can have in bringing common sense to utility regulation, the shareholder organizations were asked to help replicate similar shareholder organizations in states not presently having them.

"The work we have done on issues like fuel rules and preserving the dividend tax break has been noticed," said Seitz. "We need to have shareholders at the table when policy is made in every state."

As the first state utility shareholder organization in the nation, WUI has been working to propagate similar organizations in other states for 27 years. Seitz said, "We were proud to be representing the oldest utility shareholder organization in the United States and proud to brag about our members' accomplishments in Wisconsin. We expect three to five other states to follow our lead this year alone."

While at the conference, Seitz met with Wisconsin utility executives and representatives of national utility associations and heard speakers discuss the future of the utility industry.

2005 - 2006
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Asst. Treasurer, Kenyon Kies
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Don Gardner
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William Huegel
Arthur Kriewaldt
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EXECUTIVE DIRECTOR
Robert Seitz

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Alliant Energy Closes Sale of Laguna Del Mar Property: Sale Marks the End of the Company's Foreign Investments

Alliant Energy Corporation has announced that the company has completed the sale of its ownership interest in the Laguna Del Mar property, located in Puerto Peñasco, Mexico, to a group formed by Salvago Mexico for net proceeds of approximately \$65 million.

The buying group formed by Salvago Mexico is comprised of the real estate subsidiary of the Iberdrola, the Spanish-based investment fund, Global Loan, and the Spanish developer, TIASTA Promosiones. Alliant Energy worked with Jones Lang LaSalle to manage the sale. The company plans to use net proceeds from the sale for general corporate purposes.

Integrys Army Descends on Northeastern Wisconsin to Restore Power

Fifty six Wisconsin Public Service line crews and 30 additional contracted personnel worked diligently to restore electric power to parts of Northeastern Wisconsin that were hit hard by high winds and storms in mid June. Many customers were without power in the Wabeno and Wausaukee areas in Forest, Marinette and northern Oconto counties. There were a total of 15,000 Public Service customers in central and northeastern Wisconsin that were powerless immediately following the high winds and storms that toppled trees and power lines.



Electric restoration officials had the majority of the power restored rapidly; however, in some areas power restoration took longer because of the large amounts of trees and debris that had to be cleared before crews could get equipment in place to work.

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