



THE INVESTOR'S VOICE

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PROMPT WUI MEMBER ACTION HELPS DERAIL OBJECTIONABLE MANDATORY DEBT LEGISLATION

As a result of strong, concerted action by Wisconsin Utility Investors (WUI) members, a scheduled hearing on Senate Bill 448, which could have had seriously negative impacts on utility investor returns, has been cancelled. The result should mean the issue is dead for the current legislative session. WUI had covered the issue extensively in the February issue of the

Legislative/Regulatory Update and had alerted members about the proposal by postcard. Phone calls, letters and emails by WUI members were credited with holding down co-sponsorships on the bill, and further extensive grassroots contacts appear to have been responsible for canceling the hearing. WUI members are congratulated for these efforts, which demonstrate how shareholder action can have a positive impact on public policy.



Wisconsin Utility Investors, Inc.
ISSUE ALERT
January 21, 2008

Legislators have to decide before February 1 whether they want to allow the state bureaucracy to force utilities into borrowing hundreds of millions of dollars for environmental improvements.

With the state running regular deficits, forcing healthy companies into borrowing too much could be a disaster for our state and the utilities we invest in.

Normally, utilities recommend how much of a project should be funded by borrowing and how much should be funded with our stock dollars. The stock investments are the only way we make a dividend and grow our stake in the company.

If LRB 2722 becomes law, utilities could be forced to borrow 100% of the cost of certain projects, no matter how much it hurts our dividend or our stock price.

Forcing healthy companies to take on more debt is wrong. **Contact your legislator TODAY before the Mandatory Debt Bill is introduced and tell them this is wrong.**

Call the Legislative Hotline TODAY at 800-362-9472.

ACT TODAY TO PROTECT YOUR INVESTMENT

- Tell Your Legislator Not to Force Utilities into Debt!
- Tell them to OPPOSE LRB 2722 the Mandatory Debt Bill.

Call the Legislative Hotline TODAY at **800-362-9472**

WISCONSIN LEGISLATIVE SESSION WINDING DOWN FOR THE YEAR

The 2007-2008 Wisconsin legislative session is scheduled to end on March 13th, so it is possible that it will be nearly adjourned by the time you receive this month's issue. The Legislative Fiscal Bureau has projected a \$652 million dollar state budget deficit, and it is likely that the Governor will call a special



session with proposals to address this issue. In light of the deficit, spending measures before the Legislature are not likely to gain any momentum unless there is a clear link to a significant boost to the Wisconsin economy.

Although the presidential primary in Wisconsin has garnered most of the headlines lately, important statewide contests, including the Supreme Court race on April 1, many critical local races, the fall primaries, and the general election of all of the State Assembly and 16 (of 33) State Senate seats are all of critical importance to utility investors.

NUCLEAR SAFETY

By Bruce Barnaby

This is the second in a four part series about nuclear energy.

There are 104 nuclear powered plants generating electricity in the United States. Most of them are owned and operated by investor owned electric utilities and the rest are owned by federal entities such as the Tennessee Valley Authority (TVA). Together they generate about 20% of the electricity used in the United States. How safe are they? And what should we as consumers and investors know about nuclear safety?

Answers to these questions are more complex than can be provided in this brief series, but here are some thoughts to begin with.

Since September 11, 2001, it is not surprising that some people have visions of a jetliner crashing into a nuclear reactor, causing a breach of the structure. But that would be like trying to break a rock by throwing an egg at it. The reactor is contained in a steel reinforced concrete structure three to four feet thick with much of it below ground. There is no way that a jetliner would penetrate.

That does not mean that an incident of this type would leave the power plant undamaged. The nuclear power plant, just like any power plant, consists of several other buildings as well: the turbine that generates the electricity, the switch yard that connects to the electrical transmission lines, the control room and all the maintenance facilities. These buildings could be damaged by a crashing jetliner and the fuel could burn and cause serious secondary fires. Careful safety analysis, such as NUREG-1150, concludes that the nuclear reactor itself would be unaffected. The inherent and designed-in safety features are capable of keeping the nuclear reactor intact.

As to inherent safety, it is absolutely impossible for a reactor to explode like a nuclear weapon. The source of energy in a reactor is nuclear fission. This results from a reaction between a neutron and the nucleus of fissionable material, usually uranium 235. The reaction splits the nucleus into two smaller nuclei and two or more neutrons, all of which come away with enormous

energy. The neutrons go on to cause more fission, making the reaction self-sustaining.

Fission that results in an explosion is "uncontrolled fission" whereas fission that is used to produce energy is "controlled fission". The difference is not only the amount of fissionable material. Controlled fission also contains nonfissionable material, particularly uranium 238 that acts as an absorber of neutrons, thereby maintaining control. Simply put, a nuclear weapon cannot function if there is extraneous material mixed with the fissionable material. A reactor has all manner of material: steel, metal oxides, water, and other stuff that would get in the way. Thus, there is no weapon in a nuclear reactor.

Designed-in features, which incidentally were not in the Chernobyl reactor, include the emergency core cooling system. This is perhaps the most important feature because a nuclear reactor converts the energy into heat. The big hot device called a core, in which fission occurs, heats water to about 620 degrees Fahrenheit. The hot water (and steam) powers a turbine that generates electricity. If something happens, like a pump failure, to suspend the normal transfer of that heat from the core to the turbine, the temperature of the core would increase significantly. So there is an independent system, the emergency core cooling system, to remove the excess heat while the nuclear reaction is shutting down. Once the nuclear reaction stops, no more heat is generated by fission and gradually the entire reactor cools.

In the May newsletter, we will look at specific nuclear sites such as Three Mile Island and Palo Verde.



BRUCE BARNABY IS A PHD PHYSICIST, A MEMBER OF THE AMERICAN NUCLEAR SOCIETY AND DEDICATED TO FOLLOWING NUCLEAR ENERGY. HE IS A MEMBER OF THE NEW MEXICO UTILITY SHAREHOLDER ASSOCIATION.

PRAIRIE ISLAND UNIT 1 NUCLEAR REACTOR BEGINS REFUELING OUTAGE



Operators at the Prairie Island nuclear plant have begun a scheduled refueling outage on Unit 1. Approximately 700 contractors are helping plant staff complete more than 1,300 maintenance work orders and replace one-third of the unit's fuel. The outage follows record electricity production at the two-unit Prairie Island plant of 8.89 million megawatt hours net in 2007, surpassing the prior record of 8.83 million megawatt hours net set in 2003.

The Prairie Island plant near Red Wing, just across the Mississippi River from Wisconsin, generates 1,100 megawatts of electricity, enough to power approximately 1.1 million homes. The plant is owned by Xcel Energy and is operated by the Nuclear Management Company based in Hudson, Wisconsin.



INTERSTATE POWER AND LIGHT COMPLETES REBUILD OF DISTRIBUTION LINES IN SEVEN CENTRAL IOWA COUNTIES

On February 18th, Interstate Power and Light Company (IPL), a subsidiary of Alliant Energy, wrapped up rebuild work on more than 155 miles of distribution lines in Marshall, Grundy, Tama, Poweshiek, Jasper, Benton and Hardin counties. The February, 2007, ice storms left many distribution lines in poor condition. IPL crews inspected 2,800 miles of distribution lines in these seven counties, identifying where major maintenance was needed. Some areas were damaged so badly that it was necessary to rebuild them.

The maintenance and rebuilds were done at a cost of approximately \$9.5 million by more than 150 IPL employees and external contractors working countless hours to restore reliability and eliminate any safety hazards that resulted from the ice storms. IPL completed its initial restoration efforts territory wide on March 7, 2007, with permanent repairs to the system continuing throughout 2007 and into 2008. More than 269,000 IPL customers lost electric service as a mix of freezing rain, high winds, sleet and snow caused extensive damage to IPL's electric distribution and transmission infrastructure in the two storms.

AMERICAN TRANSMISSION COMPANY ARROWHEAD-WESTON LINE ENERGIZED

The American Transmission Company's 220-mile, 345-kV Arrowhead-Weston transmission line linking Wausau, Wis., with Duluth, Minn., has been energized.

It is one of the nation's largest recently built transmission lines, completed safely, ahead of schedule and within budget. The line has a carrying capacity of up to 800 MW — enough to power more than 250,000 homes.



WISCONSIN ENERGY NAMES NEW VICE PRESIDENT, CORPORATE SECRETARY, ASSOCIATE GENERAL COUNSEL

SUSAN HAM MARTIN has been appointed vice president, corporate secretary and associate general counsel of Wisconsin Energy Corporation. Martin will succeed Anne Klisurich as Vice President and Corporate Secretary. Klisurich will remain a Vice President until her retirement in February, 2008. She has served as Corporate Secretary since August, 2004.

Martin joined We Energies, the principal utility subsidiary of Wisconsin Energy, in March, 2000, as an attorney and was appointed Law Director -- We Generation in June, 2006. Prior to joining We Energies, she was associated with the Milwaukee law firm of Foley & Lardner for six years. Martin earned her bachelor's, master's and doctorate degrees in English and literature from the University of Michigan, and a juris doctor degree cum laude from the University of Wisconsin.

ALLIANT ENERGY NAMES BARTLETT DIRECTOR OF PUBLIC AFFAIRS

Alliant Energy Corporation has named **BOB BARTLETT** Director of Public Affairs. As Director of Public Affairs, Bartlett will oversee public policy development at the local, state and federal levels for Alliant Energy's two primary domestic utility subsidiaries, Interstate Power and Light Company and Wisconsin Power and Light Company. Bartlett comes to Alliant Energy from the Wisconsin Petroleum Marketers and Convenience Store Association, where he had served as President since 1993. Prior to that, he worked as the Assistant Director of the Wisconsin Petroleum Council, as well as serving as Senior Policy Advisor to former Wisconsin Governor Anthony Earl.

"Bob's extensive background in public policy, along with his leadership and decision-making abilities, will truly make him an asset to our team," according to Barbara Swan, Executive Vice President-Alliant Energy. "This is a key role within our company, and we are excited to welcome someone of Bob's stature to Alliant Energy."

Bartlett holds Bachelor of Science degrees in political science and public administration from University of Wisconsin-La Crosse.

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WISCONSIN PUBLIC SERVICE RECEIVES REGULATORY APPROVAL TO BUILD NEW FACILITY

On January 16, 2008, Wisconsin Public Service's application for a new operations facility in Rhinelander, Wisconsin, was approved by the Public Service Commission of Wisconsin (PSCW). The Commission's approval allows Public Service to begin construction. Public Service will now begin the detailed building design and engineering with hopes to break ground in spring. The company will design and construct the facility using LEED (Leadership in Energy and Environmental Design) construction techniques.

"Building an environmentally friendly and energy-efficient facility is very important to us," said Deb Berns, Public Service project manager. LEED building guidelines encompass five key areas of human and environmental health: sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality. In December, 2007, Public Service purchased 20 acres of land along the Hwy 17 by-pass on Navajo Street. The company hopes to move into the new facility in the spring of 2009. WPS is making the move to combine the two Rhinelander operation sites and improve safety.

**BUILDING AN ENVIRONMENTALLY
FRIENDLY AND ENERGY-EFFICIENT
FACILITY IS VERY IMPORTANT TO US."**

Deb Berns, Public Service project manager

DEWEY ELECTED TO MADISON GAS & ELECTRIC AND MGE ENERGY BOARDS

Londa J. Dewey, currently President of The QTI Group, has been elected to the Madison Gas and Electric and MGE Energy boards, effective February 1, 2008. Ms. Dewey had previously served as President of the U.S. Bank Private Client Group. She received her bachelor's degree in finance from the University of Illinois in Champaign.

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