



THE INVESTOR'S VOICE

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Seven State Organizations Join in National Grassroots Effort

Wisconsin Utility Investors, Inc. (WUI) along with similar investor groups in Arizona, Minnesota, Nevada, New Mexico, North Dakota and South Dakota have joined to form a national coalition of utility shareholders called the Alliance of Utility Shareholder Associations (AUSA). The mission of this organization is to enhance the voice and impact of utility shareholders in dealing with state, regional and federal legislative and regulatory policies affecting them.

WUI and the other organizations employ grassroots political activity to inform shareholders about energy related legislation that may affect the value of their stock investments, bring shareholders together with their state and local elected officials to discuss important issues, and act as advocates representing investors before legislative and regulatory hearings.



Issues affecting utilities and their investors are seldom unique to one state. By working together, exchanging information, and leveraging the strengths of other independent organizations with similar interests such as state utility organizations, Edison Electric Institute, the American Gas Association and many others, AUSA will work to encourage the formation of new investor groups in states where they do not currently exist.

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Energy 2010 Hearings an Opportunity for Investor Input

The Public Service Commission of Wisconsin (PSCW) has released its draft Strategic Energy Assessment (SEA), a report that identifies Wisconsin's energy challenges for the next seven years, and will be holding six public forums across the state beginning May 3 and ending June 3. These forums will not be public hearings, but rather open, informal gatherings designed to educate citizens about the state's energy picture. Forums will include panels comprised of local officials and community and business leaders. Attendees will be encouraged to ask questions about energy issues. Refreshments will be provided. The PSCW will hold an actual hearing on the draft report on Tuesday, June 8, at 9 a.m. at the PSCW offices located at 610 N. Whitney Way, Madison.

Energy 2010 is the outgrowth of an initiative begun by Governor Jim Doyle last April in which he called upon the PSCW to begin a more comprehensive energy planning process to provide policymakers, regulators and the public with the information necessary to meet Wisconsin's energy challenges.

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Power Plant Opposition Continues

Robert Owen Jr., a wind-energy consultant from Middleton, has asked a Dane County judge to hold the Public Service Commission in contempt for not conducting an in-depth environmental review of the impact of natural gas-fired plants. He is hoping to stop construction of two new Wisconsin Energy Corporation plants being built in Port Washington, WI.

In March, the commission approved an environmental review that the commission believed would satisfy concerns previously raised by Judge Moria Krueger. The \$640 million project includes two 545- megawatt natural gas plants built on the site of an aging coal-fired plant. The first is scheduled to open in 2005 and the second in 2008. Robert Mussallem, deputy general counsel at the Commission said it is confident it has complied fully with the judge's decision. Any further delay in the project will have a very negative impact of the state's electric reliability.

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While the state's immediate energy outlook is good, its demands for energy is growing by 2 to 3 percent each year, roughly equivalent to the annual production of one baseload generator. Yet the state has not constructed a new baseload plant in more than 25 years. Another factor is the state's geography. Bordered on two sides by lakes, the state's transmission capacity is constrained. Finally, changes in federal energy policy have had and will continue to have major impacts of the state.



The Public Service Commission of Wisconsin

Key findings of the Strategic Energy Assessment draft may be found on page three. WUI members are encouraged to study them and to attend a public forum nearby. Dates, locations and times are:

May 3 - Chippewa Valley Tech College, RCU Center, Eau Claire (7-9 p.m.)

May 5 - UW La Crosse, Cartwright Center (7-9 p.m.)

May 12 - UW Madison, Memorial Union (7-9 p.m.)

May 26 - UW Green Bay, University Union (7-9 p.m.)

June 1 - MATC Auditorium, Milwaukee (7-9 p.m.)

June 3 - UW Stevens Point, Collins Classroom Center (7-9 p.m.)

For further information on addresses, please contact WUI. Members who would like to submit written comments on the Draft SEA should mail them before July 14th to:

Lynda Dorr
Public Service Commission
P.O. Box 7854
Madison, WI 53707-7854
FAX: 608 266-3957

It's Company Annual Report Time

All stockholders have received, or will soon be receiving, annual reports from the companies in which they hold investments. This year's reports appear to be the best ever, but it's important to get beyond the glossy pictures and marketing and really put these documents to the use for which they are intended. All reports must include:

- A five-year comparison of selected financial data
- A consolidated Balance Sheet, Income Statement, Cash Flow Statement and changes in stockholders' equity for the past two years
- A management discussion and analysis of results and changes over the past two years; and
- Notes indicating accounting policies, information on taxes, pensions, plans, related party transaction and future financial obligations.

At the very least, investors should review sales, earnings, profit margins, debt levels, and actual cash flows. Don't be intimidated by all of the information. Companies are getting much better at making these documents easily understandable to the average reader who may not have a degree in accounting.

Wisconsin's Strategic Energy Assessment Draft Report

Key Findings

- **Demand for electricity shows no slow-down.** Energy use is expected to grow by 2.3 percent, or 375 MW per year (a new major power plant every two years). In 2003, Wisconsin electricity use peaked at a record 13,803 MW.
- **Wisconsin's major utilities must build to meet future energy needs.** Over the next eight years, Wisconsin will increase generation by 3,300 MW or nearly one-third of the state's existing capacity.
- **Wisconsin will continue to import energy from other states.** For the first time, demand for electricity outstripped the state's base-load generating capacity. Four major transmission lines imported the rest.
- **Wisconsin's electricity production relies on a diversity of fuels.** Coal continues to be the main fuel for the state's electricity production, but the development of natural gas-based electricity production is significant. By 2006, natural gas could supply 40 percent of Wisconsin's electric generation capacity as Wisconsin has approved 3,635 MW of natural gas power plants since 1997, and another 2,567 MW are in the planning/construction phase.
- **Coal remains the least-cost source of fossil fuel for power plants.** Coal, which generates the most emissions, averaged five times less expensive than natural gas over the last five years as gas prices soared and coal prices remained steady or lower over the period.
- **Maintaining a diverse mix of fuels is critical to Wisconsin's energy future.** Coal supplies the bulk of base-load, low-cost generation while natural gas supplements fuel supply during peak periods. Building natural gas-fired power plants has created problems with gas supplies and prices, both of which were a factor in the recent approval of two Oak Creek coal-based power plants - the first new coal plants approved since 1985. Wind-powered electrical generation is growing rapidly, but the potential elimination of 1.8 cent federal tax credit for wind could jeopardize that growth.
- **Electricity rates are rising.** Since 1997, consumer rates rose 1.22 cents per kwh, commercial rates 1 cent and industrial rates 0.68 cents. Wisconsin electricity rates remain below the national average, and below the Midwest average in commercial and industrial rates. With \$3.66 billion in new construction of power plants under way, rates could rise 12 percent by 2010.

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Investor organizations have the potential to be strong advocates on energy issues because they have a unique credibility not always recognized in other interest groups. While investors' interests are often similar to those of the utility companies, this is not always the case. Shareholders often rely on their investment returns for their retirement income. They are also utility customers who can view utility issues clearly in terms of reliability and affordability. Last, and far from least, they have the time and energy to be politically active. Member surveys have shown that their voting turnout is far higher than that of the general public.

While WUI is a Wisconsin based organization representing the owners of Wisconsin utilities, a number of its members live in other states. A listing of other state organization and their contact numbers may be found on the sidebar.

Other State Utility Investor Organizations:

Utility Shareholder Association of Nevada

P.O. Box 1823
Carson City, NV 89702
Phone: 1-800-648-8726
Email:
doris@usan.carson-city.nv.us
Doris Knesek, Executive
Director

Utility Shareholders of North Dakota

P.O. Box 1856
Bismarck, ND 58502-1856
Phone: 1-800-981-5132
Email: usnd@usnd.org
Bob Graveline, President

Arizona Utility Investors Association

P.O. Box 34805
Phoenix, AZ 85067-4805
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Email: meek@auia.org
Walter (Bill) Meek, President

Minnesota Utility Investors

405 Sibley Street, #227
St. Paul, MN 55101
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Annette Henkel, President

New Mexico Utility Shareholders Alliance

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Governor Vetoes Bill Protecting Secrecy of Utility Security Plans



Wisconsin Governor Jim Doyle

Wisconsin Governor Jim Doyle, apparently bowing to heavy pressure from the state's newspaper lobby, has vetoed Senate Bill 8, which would have created an exemption from the Open Records Law for utility security plans. Plans included could have related to physical or electronic security of utility facilities, telecommunications or information technology systems. The exemption would have required a determination that the facility or system was so vital to the state that its incapacity or destruction would have a debilitating impact on the physical or economic security of the state or on public health, safety or welfare.

In his veto message, the Governor said, "I recognize that the state's utility systems are vital to Wisconsin's security and that the intent of this bill is to ensure that security. However, current law already provides for the protection of these records without creating another exemption to the Open Record Law." He said, under the Open Records Law, decisions about access to the utility records should be subject to a balancing test on a case-by-case basis to ensure that the public interest is upheld. WUI had urged support for the measure.

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