



THE INVESTOR'S VOICE

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WUI MEMBERS URGED TO ATTEND HEARINGS ON PROPOSED MERCURY RULE

As previously reported, the Wisconsin Department of Natural Resources (DNR) Board of Directors has scheduled a series of hearings around the state to take testimony on new mercury clean air rules being proposed by the DNR staff. This highly contentious issue, which has been the subject of much emotional and unscientific hysteria over the past several years, could have major and expensive ramifications for Wisconsin's utilities and its stockholders.



Several years ago, utility officials spent a great deal of time and effort working with DNR staff to formulate reasonable and scientifically defensible state mercury rule. In addition to requiring aggressive mercury reductions, this rule contained provisions that required DNR to reconcile its rule with the new federal mercury rule. However, this agreement is being undermined by the newly state proposed rule that would require reductions of 90% by 2018 and precludes emission trading. These provisions, that exceed the federal requirements, increase costs dramatically. Moreover, as noted in the page two background articles, these costs provide no real benefits to the state. It is essential that WUI shareholders make

every effort to attend the hearing in their area and express their opinions through oral or written testimony. Hearings will be held as follow:

GREEN BAY

Tuesday, May 15, 1007 at 1:30p.m.
Green Bay State Office Building, Room 152-A
200 North Jefferson Street, Green Bay

STEVENS POINT

Thursday, May 17, 2007 at 1:30p.m.
Portage County Annex Building
Conference Room 2
1462 Strongs Avenue, Stevens Point

EAU CLAIRE

Tuesday, May 22, 2007 at 1:30p.m.
DNR Office Building, Front Conference Room
1300 West Clairemont Avenue, Eau Claire

MADISON

Wednesday, May 23, 2007 at 1:30p.m.
General Executive Facility III, Room 041
125 South Webster Street, Madison

MILWAUKEE

Thursday, May 24, 2007 at 1:30p.m.
DNR Headquarters
2300 North Martin Luther King Drive, Milwaukee

ALLIANT IOWA PLANT TO MATCH CASSVILLE TECHNOLOGY



Alliant Energy has announced that it will use the same technology at its proposed 600-megawatt coal fired power plant at Marshalltown, Iowa, as it plans to use for its proposed 300-megawatt coal fired plant in Cassville, Wisconsin. The "super-critical pulverized coal boiler technology" allows for

the burning of biomass such a switchgrass and boasts increased efficiencies over traditional plants resulting in reduced greenhouse gas emissions. Alliant is also making provisions to allow for co-generation, in which some of the steam from the plant will be exported to a nearby facility.

Background on Mercury

In 2002, the Wisconsin Utilities Association and Dairyland Power Cooperative initiated a mercury deposition-modeling project to estimate potential impacts of a mercury rule then under consideration by the state. The "Wisconsin Mercury Deposition Case Study" was developed in cooperation with the Electric Power Research Institute (EPRI) and was conducted by Atmospheric and Environmental Research, Inc. The study found that mercury deposition would only decline by from one to four percent over most of the state if Wisconsin utility emissions were completely eliminated. These estimates were based on model simulations that incorporated the DNR's most recent inventory of mercury sources plus regional meteorological and geographic data. The model was verified against actual measurements of mercury deposition collected from the Mercury Deposition Network (MDN). These simulated utility contributions were likely to be conservative because current modeling techniques simplify the chemical reactions that take place in power plant emissions. The findings in the report therefore likely represented upper limits on regional deposition from Wisconsin coal plants.

The modeling represented the most extensive study on Wisconsin mercury emissions completed to date. The results of two previously available agency-funded mercury modeling studies using EPA models were reviewed and compared to the case study's findings. These were the U.S. Environmental Protection Agency (EPA) study conducted in the mid-1990's and a more recent study funded by the Lake Michigan Air Directors Consortium (LADCO) comprised of state air regulatory agencies of the upper Midwest. The LADCO study was released in January of this year. It estimated that utility sources in Wisconsin contribute one to five percent of the deposition as simulated at the locations of the four Wisconsin MDN monitors. The EPA study was part of the comprehensive Mercury Study Report to Congress, required as part of the 1990 Clean Air Act Amendments. It was estimated that less than seven percent of mercury emissions from large coal-fueled utility boilers is deposited within 50 kilometers of each facility.

A common finding across the three modeling simulations was that over most of the state all of the models contribute less than 10 percent of local or regional deposition to utility sources. The case study's low estimates of mercury deposition that would be accomplished from in-state mercury control actions strongly suggest that the resulting impact on mercury levels in fish would also be low, and that no reduction in fish advisories could be expected even if the expensive proposed rule were enacted.

Mercury Talking Points

The objective of the Wisconsin Mercury Deposition Case Study was to estimate the proportion of mercury being deposited in Wisconsin's lakes and waterways that comes from sources inside the state. The study placed special emphasis on potential contributions from utility coal plants since they were the focus of proposed DNR rule. The study drew on the experience of leading national research scientists that routinely work with state and national environmental regulatory agencies, including U.S. Environmental Protection Agency (EPA).

- The model simulations focused on the upper Midwestern and Northeastern U.S. The study used the DNR's most recent inventory of mercury sources, plus actual monitored data collected from the Mercury Deposition Network, which included four sites in Wisconsin.
- The study found that mercury deposition would decline by only one to four percent over most of the state when Wisconsin utility emissions were completely eliminated. These results were based on comparing modeling simulations with and without Wisconsin utility emissions of mercury included. The model was verified using actual mercury data measured at four monitoring sites across the state.
- The results of two agency-funded mercury-modeling studies were reviewed and compared to the findings of this case study. U.S. EPA conducted mercury modeling in the mid-1990's, and the second study was completed by the Lake Michigan Air Directors Consortium (LADCO), comprised of the DNR and other state air regulatory agencies of the upper Midwest, this past January. A common finding across the three modeling simulations was that none of the models showed more than 10% of local or regionally deposited mercury coming from utility sources.
- The newly proposed mercury control actions are intended to reduce the amount of mercury that falls on Wisconsin waters and ultimately, mercury levels in fish. However, since the expected reduction in the level of mercury deposited to lakes is so low, no reduction in fish advisories can be expected.
- The simple and indisputable truth is that Wisconsin sources are an extremely minute part of all mercury in the environment. The United States as a whole accounts for a rather small contribution. The vast majority of Mercury comes from natural sources and from many countries with rapidly developing economies around the world. It flows through the air, circling the globe and can only be effectively dealt with on a national and international basis. The DNR rule, which will lead to the squandering of hundreds of millions of utility and consumer dollars in Wisconsin, will not result in measurable improvements and should be rejected as currently proposed.

Wisconsin Governor Announces New State Energy Policy

Governor Jim Doyle has announced initiatives that are part of his plan to achieve the goal of "25 by 25" - getting 25 percent of our electricity and 25 percent of our transportation fuels from renewable sources by 2025.



Governor Jim Doyle

OFFICE OF ENERGY

INDEPENDENCE: Gov. Doyle signed an executive order creating a new Office of Energy Independence to promote the Governor's energy policy and the state's biofuel industry. The office will serve as a single-point of contact for citizens, businesses, local units of government and non-governmental organizations pursuing bio development, energy efficiency

and energy independence. The office will also work to identify federal funding opportunities and serve as the State Energy Office.

TASK FORCE ON GLOBAL WARMING: Governor Doyle has signed an executive order creating a Task Force on Global Warming that will bring together a diverse group of Wisconsin business, industry, government, energy and environment leaders to examine all aspects of climate change in Wisconsin.

CREDIT-TRADING SYSTEM: To keep the cost of renewable energy down and to encourage more development across the Midwest, the Wisconsin Public Service Commission will launch a market driven regional effort with Minnesota, Iowa, South Dakota, North Dakota and the province of Manitoba to track and trade renewable energy credits. The Midwest Renewable Energy Tracking System will work to support and stimulate a trading market to help these regional partners meet their renewable energy standards.

WPS Resources (Now Integrys Energy Group)

Again on Most-Admired List



WPS Resources Corporation, recently renamed Integrys Energy Group, Inc., has been named the second-most-admired energy company in the United States by *FORTUNE* magazine. In 2006, WPS Resources claimed the top spot in the *FORTUNE* rankings. This year, the company missed the number-one ranking by just two one-hundredths of a point. The fact that the company maintained a high ranking is laudable, considering its mid-year acquisition of Aquila Corporation's Michigan and Minnesota natural gas distribution operations and the July, 2006, announcement of the WPS Resources and Peoples Energy merger.

**"Being on
FORTUNE's
most-admired list
again is a credit to
the dedication of
our employees"**

LARRY L. WEYERS
INTEGRYS PRESIDENT AND CEO

"Being on *FORTUNE's* most-admired list again is a credit to the dedication of our employees," said Integrys President and CEO Larry L. Weyers. "It shows that we are continuing to follow through on our commitment of providing value to our customers, shareholders, fellow employees, and the communities we serve."

The Most Admired list is the definitive report card on corporate reputations, according to *FORTUNE* magazine. *FORTUNE* survey partners at Hay Group started with the *FORTUNE* 1,000 — the largest companies in the United States, ranked by revenue — and the top foreign companies operating in the United States. Hay sorted them by industry and selected the 10 largest in each. To create the 63 industry lists, Hay asked executives, directors and analysts to rate companies in their own industry on eight criteria, from investment value to social responsibility. Only the best are listed as most admired.

Kewaunee Nuclear Plant Seeks New Way to Store Spent Fuel



Dominion Resources, owner of the Kewaunee Nuclear Power Plant, would like to begin construction of a dry-cask storage system for spent nuclear fuel by the end of the year. The fuel is now stored in the plant's spent-fuel pool, but space is rapidly running out. Initially, the 3-acre facility would house 10 modules, each of which can hold a 75-ton fuel rod storage cask. Each cask would hold 32 fuel assemblies. The Kewaunee reactor has 121 assemblies, with about one-third being replaced every 18 months. All 121 assemblies are placed in the pool during refueling and those in use for three refueling cycles are permanently removed. The welded steel canisters

would be designed to be leak-proof. They will be kept in a dry storage facility consisting of a series of reinforced concrete modules measuring 8.5 feet wide by 14 feet high and 20 feet deep with walls and roof that are up to 4 feet thick.

2005 - 2006

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Other Legislative Issues Being Followed by WUI

ELECTRICIAN LICENSING: Presently, local jurisdictions may license electricians, electrical contractors and inspectors, but are not required to do so. This has led to a patchwork of regulations between jurisdictions, creating particular problems with farm-installed wiring, which can lead to stray voltage issues if done improperly. Proposed legislation would create a statewide system of licensure, including testing for electricians, electrical contractors and inspectors within the state Department of Commerce.

LEAD WINDOW REPLACEMENT: A bill is being considered which would offer \$20 million in loans to replace lead windows with lead-free, energy efficient windows. The proposal would be funded through the state public benefits program that is paid for by utility customers through a tax on their bills.

SCRAP METAL RECYCLING: The theft of scrap metals, including copper, has been fueled by the rising prices of these commodities. The theft of copper from utility substations has also resulted in deaths. These activities endanger utility workers, the thieves, and the general public and can threaten reliability, increase costs of repairs, and create costly unplanned outages. Legislation is being prepared which would create a paper trail for recycled metals, making it easier to track stolen metals and discourage theft.

Alliant Subsidiary Purchases Consulting Company

Madison environmental engineering firm RMT, a subsidiary of Alliant Energy, has acquired MHA Environmental Consulting, of San Mateo, California. The purchase of MHA, which has 12 employees, could lead to additional jobs in Madison according to Barbara Robins, RMT's Director of Strategic Marketing. RMT has over 500 employees in 25 offices in the U.S., the United Kingdom and France. Approximately 200 work in Madison.

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