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WUI Members Receive Energy Industry Briefings at 2006 Annual Meeting



Senator Schultz and Chairman Cole discuss utility legislation.

A standing-room-only crowd was treated to informative briefings on the current state of the utility industry in the nation and state at the 2006 Annual WUI Meeting of Members, held at the Radisson Hotel, Madison, on September 28. Executives from Edison Electric Institute and the American Gas Association were joined by a speaker from the American Transmission Company, State Senate Majority Leader Dale Schultz, Representative Phil Montgomery, and a panel of governmental affairs experts from the state's five gas and electric utilities. WUI Chairman Roger Cole conducted the annual business meeting.

Weston 4 Construction Passes Midpoint



The outside façade of Weston 4 is taking shape.

October 21 marked the completion of two years of construction on Wisconsin Public Service Corporation's 500-megawatt Weston 4 power plant located near Wausau. Construction managers report the plant is now 55 percent complete, on-time and on-budget.

The company expects the plant to be operational in June of 2008. There are currently about 900 workers on the site, with 15 miles of underground pipe installed and an additional 31 miles of pipe being installed in the generation building. There will be approximately 380 miles of wiring plus another 81 miles of wire for lighting. About 40 local contractors are being used to complete the work.

Kewaunee Nuclear Plant Seeks Additional Storage

Officials at the Kewaunee, Wisconsin nuclear power plant plan to ask the local board for permission to build dry storage bunkers for spent radioactive nuclear fuel at the facility located on Lake Michigan. The bunkers will be updated versions of those already being used at Wisconsin Energy's Point Beach Nuclear Power Plant located a few miles south of the Kewaunee plant. The dry storage would replace the current pool storage inside the plant which is nearly at its capacity. Although the owner, Dominion Resources, does not need a federal permit to add the bunkers, it does need a local building permit. The bunkers, themselves, have been pre-approved by the Nuclear Regulatory Commission. They will not be visible from the lake and are designed to handle transport to the planned Yucca Mountain storage site, tentatively scheduled to open in 2017.

We Energies First in Nation to Test New Technology

We Energies' Pleasant Prairie power plant will be the first-in-the-nation test site for a new technology that a French company has developed to capture carbon dioxide before its release through the plant's smokestack. Construction will begin this fall on the capture system which will start operation next year. The test comes as part of a utility industry research effort into technologies to allow coal fired plants to continue to operate economically if the United States limits or taxes emission of carbon dioxide and other contributors to global warming. We Energies' partners in the project are the Electric Power Research Institute and Alsom, the French company that developed the technology. We Energies is also working with the U.S. Department of Energy on a different project, known as Toxecon. That project, located at the Presque Isle power plant in Marquette, Michigan, is testing technologies to reduce emissions of mercury from that coal-fired plant. The company said this year that it will study whether to deploy a less polluting form of generating electricity from coal, known as gasification, for its next power plant. The company, which last year started construction on two coal-fired plants in Oak Creek, Wisconsin, anticipates that rising electric demand could create the need for yet another power plant by 2015 or 2017.

WPS Resources Will Sell its Niagara Falls Generating Plant

WPS Resources has announced that its non-regulated subsidiary, WPS Energy Services, Inc., has agreed to sell WPS Niagara Generation, LLC to a subsidiary of US Renewables Group, LLC for \$30.2 million. WPS Niagara Generation owns the 53-megawatt Niagara Falls generation facility, located in the Niagara Mohawk Frontier region in Niagara Falls, New York. The total pre-tax gain on the sale is estimated to be \$24.5 million. Company officials said the facility will be upgraded to burn more biomass fuel in order to generate renewable energy.



WPS Resources Corporation

A Variety of Excellent Speakers Inform WUI Members on Utility Issues



MGE Signs New Wind Power Agreement

Madison Gas and Electric has signed an agreement to build and own 30 megawatts of renewable energy at a wind farm complex near Mason City, Iowa. The agreement will increase MGE's wind power portfolio by nearly four times.

The Top of Iowa Phase II wind energy project is being developed by Midwest Renewable Energy Projects, LLC. MGE will invest \$56 million in the project which is expected to go on-line in the last quarter of 2007. With this purchase, the company will power about 5% of its annual energy demand using renewable energy sources. The project will provide enough electricity to supply about 12,000 homes annually.

"This additional wind power allows MGE to meet its commitment under Wisconsin's renewable portfolio standard three years ahead of the 2010



deadline," said Scott Neitzel, vice president - Energy Supply. "We anticipate regulatory approval for our project the first part of next year," Neitzel added.

MGE built the first large-scale wind facility in Wisconsin in 1999. The company continues to operate the 11.2-megawatt wind farm in Kewaunee County. The company also provides electricity generated from solar energy, landfill gas and clean-burning alternative fuels that replace coal.

MGE generates and distributes electricity to nearly 136,000 customers in Dane County and purchases and distributes natural gas to more than 137,000 customers in seven south-central and western Wisconsin counties.

Wisconsin Power and Light Company Receives Commission Approval to Refund Customers and Reduce Electric Rates

Wisconsin Power and Light Company (WP&L), a subsidiary of Alliant Energy Corporation, announced that at the end of September, WP&L received approval from the Public Service Commission of Wisconsin (PSCW) to decrease electric rates



and refund customers nearly \$36 million as a result of lower fuel costs.

Last year, the PSCW approved an interim rate increase for WP&L when fuel costs were at an unprecedented high. Fuel-related costs have since declined relative to the forecast that was used to establish interim rates, allowing the company to refund customers the amount that was over-collected plus interest.

"We worked closely with customer groups to develop an agreement that would allow us to refund over collections for fuel

as soon as possible," said Barbara J. Swan, President of WP&L. "We are pleased the Commission acted quickly to implement this agreement."

Beginning on September 30, 2006, typical residential electric customers using 600 kWh per month saw a monthly decrease of approximately \$2.35 on their monthly statements. The typical electric customer will also see a credit of approximately \$27.21 on either their October or November statement to reflect the lower fuel costs the company experienced between December, 2005, and September, 2006. In addition to the refund and reduced rates, the settlement allows the company to include previously deferred costs related to coal conservation efforts in the new rate. These costs were previously included in the company's 2007 base rate case request.

The company had anticipated the refund and recorded a reserve to account for over collections.

WPSC to Send Customers a Second Refund

Wisconsin Public Service Corporation will make a \$15.6 million refund to electric customers as a result of lower than anticipated fuel costs. The refund is the second this year. Earlier, the company sent customers refunds equalling \$14 million. The average residential customer can expect to see a refund of approximately \$5.40 on each of their November and December electric bills.

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**WISCONSIN UTILITY
INVESTORS**

10 East Doty Street, Suite 500
Madison, WI 53703-3397
P: 608 663.5813 • F: 608 283.2589
www.wuiinc.org

Legislative Committee to Visit Yucca Mountain Nuclear Repository

The Wisconsin Legislative Council's Special Committee on Nuclear Power will visit the proposed Yucca Mountain spent nuclear fuel repository in Nevada in December as part of the committee's review of nuclear power in Wisconsin. Funding for air travel and hotels for committee members is being covered by the Council of State Governments which received a grant from the U. S. Dept of Energy for working with state governments on the transportation of spent nuclear fuel. The tour is scheduled for Tuesday, December 5.

The U.S. Department of Energy began studying Yucca Mountain, Nevada, in 1978 to determine whether it would be suitable for the nation's first long-term geologic repository for spent nuclear fuel and high-level radioactive waste. Currently stored at 126 sites around the nation, these materials are a result of nuclear power generation and national defense programs.

On July 23, 2002, President Bush signed House Joint Resolution 87, allowing the DOE to take the next step in establishing a safe repository in which to store our nation's nuclear waste. The Department of Energy is currently in the process of preparing an application to obtain the Nuclear Regulatory Commission license to proceed with construction of the repository. Yucca Mountain is located in a remote desert on federally-protected land within the secure boundaries of the Nevada Test Site in Nye County, Nevada. It is approximately 100 miles northwest of Las Vegas, Nevada.

Five legislators serve on the committee. Rep. Phil Montgomery is the panel's chair and is planning to take the tour. Nine of the 12 public members of the committee have confirmed their participation. The group also includes two representatives of the Public Service Commission, three representatives of We Energies, one DNR representative and a staff member of the Citizens Utility Board, none of whom will be covered by the CSG grant for travel.

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Wisconsin Utility Investors
10 East Doty Street
Suite 500
Madison, WI 53703-3397