



THE INVESTOR'S VOICE

A Bimonthly Publication of the Wisconsin Utility Investors Inc.

Volume 4, Number 5

September 2006

IN THIS ISSUE

Reform of Fuel Rules Moves Ahead	1
WUI Annual Meeting of Members to be Held in Madison on September 28th ..	1
Alliant to Submit Application for New Cleaner Coal Fired Plant	2
Companies Appeal for Energy Conservation During the Recent Hot Spell	2
WPS Resources and Peoples Energy File with Illinois Commerce Commission	3
Supply Situation Not Helped by Severe Lightning Strike at Weston 3 Power Plant	3
We Energies to Sell Unneeded Shoreline Property	4
Have You Sent in Your 2006 WUI Dues?	4

Reform of Fuel Rules Moves Ahead

WUI at the Table Fighting for Investors

The Public Service Commission of Wisconsin (PSCW) has begun the official process of revising its formula for adjusting electric rates because of major fluctuations in fuel prices. The decision to begin the formal process is a victory for WUI and the state's investor-owned electric companies.

WUI and the companies had argued in meetings with PSCW staff that the process needed to be reformed to prevent the huge losses incurred as a result of unforeseen increases in fuel prices in the fall and winter of 2005. These fuel related losses amounted to over \$100 million. Because these costs had to be passed on to shareholders, WUI formally filed to become an "intervener," something which was unprecedented in the last decade of PSCW deliberations. Previously, only organizations claiming to represent the interests of ratepayers had filed to be a part of PSCW negotiations.

As a true grassroots organization representing the many thousands of individuals who rely on utility dividends for their retirement and economic security, WUI can have a strong voice at the Commission. With the formal process begun, WUI will seek to be a full party to the negotiations on behalf of its shareholder members. Failure to correct this problem at the PSCW could lead to seeking a legislative solution. Fighting this fight will stretch the resources of WUI as never before. But the loss of over \$100 million last year alone makes it imperative to be at the table. That's why we are appealing once again to every member to send in your 2006 dues. WUI relies on these contributions to help get the job done.

WUI Annual Meeting of Members to be held in Madison on September 28th

The 2006 WUI Annual Meeting will be held at the Raddison West Hotel on Thursday, September 28th. Registration and continental breakfast will begin at 9:00 am with the meeting beginning promptly at 10:00 am. In addition to the business meeting, a representative of the Edison Electric Institute will present an analysis of future energy needs and options for filling them. An executive of the American Gas Association will address the outlook for our most volatile energy source, and a panel of utility experts from Wisconsin utility companies will discuss current activities and interests. Finally, an official from the American Transmission Company will cover that company's efforts to build new transmission to meet future needs.



If you have not preregistered for the WUI 2006 Annual Meeting of Members, you may do so by calling the WUI office at 608-663-5813. Don't miss this opportunity to learn more about events and policies affecting your utility investments!

Alliant to Submit Application for New Cleaner Coal Fired Plant

Alliant Energy will likely submit an application to build a new coal-based power plant in Southern Wisconsin to the Public Service Commission by the end of this month.

Two public forums held this summer by the company indicated little public opposition in either Cassville or Portage, Wisconsin, the two proposed sites for the plant. In Cassville, the company's preferred choice, community leaders have said they strongly favor the project because it would create up to 400 construction jobs and 35 permanent jobs in an area of the state that needs economic development.



compared to year 2004 emissions levels. Specifically, SO₂ could be reduced by 90%, NO_x by 55%, and mercury by 25%.

The proposal generates nearly \$1 million for local and county governments in the form of "shared revenue" payments from electricity sales.

The plant uses CFB technology, which means in addition to coal it can burn agricultural crops, wood or other renewable biofuels. It also sits between the river and a major rail line, giving Alliant bargaining power over transportation and coal prices.

"The community support we've seen in Cassville has been wonderful," said Scott Smith, a spokesman for Alliant Energy. "The leaders in Cassville and throughout Grant County (located in the southwest corner of the state) have been especially strong in saying they would like to host this facility."

The proposed Cassville plant, planned to begin operation in 2012, would be a 300-megawatt cleaner circulating fluidized bed (CFB) plant built next to two existing generation units at the Nelson Dewey generating station north of the community along the Mississippi River.

The project provides a number of benefits, in addition to new jobs, that have made it popular in Southwestern Wisconsin, Smith said.

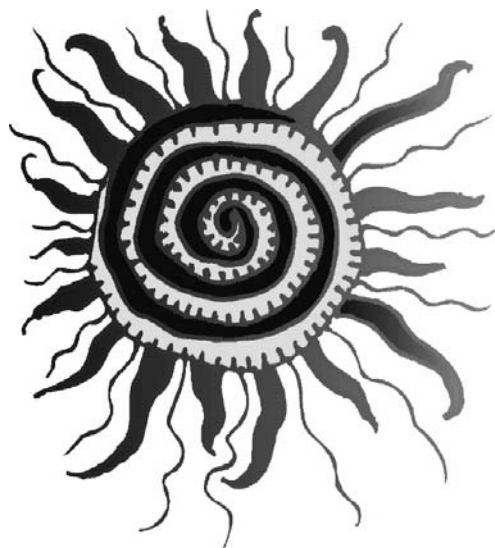
Once the expansion is complete, generation capacity at Nelson Dewey will increase from 200 MW to 500 MW. However, air pollutants will be reduced from 25% to 90%

The project announcement this summer was coupled with an announcement to build and own the Cedar Ridge Wind Farm, a proposed wind farm in the towns of Eden and Empire in Fond du Lac County, Wisconsin. The wind farm will consist of up to 41 wind turbines with a capacity of between 80 and 100 megawatts, dependent upon the final number and model of wind turbines selected. Alliant Energy has filed for approval from the PSC and expects to gain approval early next year.



Companies Appeal for Energy Conservation During the Recent Hot Spell

The severe hot spell experienced at the end of July and early August brought calls for energy conservation from all Wisconsin utilities, as well as the Public Service Commission of Wisconsin. Temperatures approaching and exceeding 100 degrees put a strain on the capacity of Wisconsin companies to meet power demands; however they met the challenge with flying colors. In many cases interruptible customers (primarily industrial customers who agree to be shut-off in exchange for more advantageous rates) did receive curtailed service.



New Glarus AUSA Conference a Success

The Alliance of Utility Shareholder Associations' Annual Summer Conference, held at the Landhaus Inn in New Glarus, Wisconsin, brought participants from six states as well as excellent speakers from Washington D.C. and Wisconsin utility companies. The meeting was hosted by WUI with help from the Edison Electric Institute (EEI). Participants visited the American Transmission Company Control Center near Madison and received a tour of the State Capitol building. Speakers from both the EEI, which represents the American electric industry in Washington, and from the American Gas Association, representing the nation's



natural gas industry, briefed attendees on the latest news and concerns affecting the country's utility companies. The meeting, which ran from August 3rd thru the 5th, also allowed the executives from state shareholder organizations to compare notes and discuss policy issues

likely to affect utilities and the value of members' investments. At a Swiss style dinner, guests were entertained by yodeling and alpenhorn music. WUI Chairman Roger Cole participated in the sessions, representing the WUI Board.

WPS Resources and Peoples Energy File with Illinois Commerce Commission

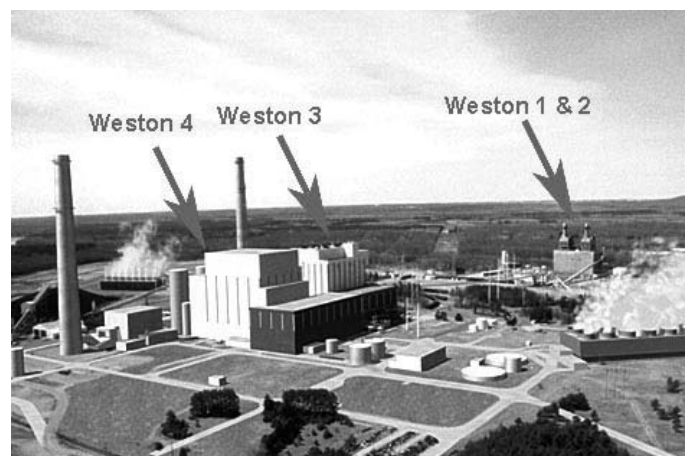
WPS Resources Corporation of Green Bay, Wisconsin, and Peoples Energy Corporation of Chicago, Illinois, have filed an application with the Illinois Commerce Commission to combine the two companies. Both companies are seeking expedited approval of the application by January 1, 2007. This is one of a number of approvals necessary to complete the merger of the companies. Larry Weyers, Chairman, President and CEO of WPS Resources, said "The overall result of the combination of WPS Resources and Peoples Energy will be larger, stronger, and more diversified regulated operations in the Midwest. In a consolidating industry, in which size, scale and diversity of the customer base matter, we are convinced that both companies have found the best possible partner, and that both companies' customers will benefit from the merger in ways that would not be possible but for the merger." Peoples Gas and North Shore Gas, subsidiaries of Peoples Energy, had been planning to file a request for delivery rate increases and will still need such increases since neither company has filed for new rates in over ten years. However, those plans are now on hold so the parent companies can focus on obtaining the approvals necessary for the proposed combination. The merger will create a holding company with nearly 1,700,000 natural gas customers throughout the Midwest.



Larry Weyers, Chairman, President and CEO, WPS Resources

Supply Situation not helped by Severe Lightning Strike at Weston 3 Power Plant

In the early morning of August 2, a severe lightning strike damaged Wisconsin Public Service Corporation's Weston 3 power plant located near Wausau, Wisconsin. The outage affected reliability in the company's northern service area, including Wausau, Merrill, Tomahawk, Minocqua, and Rhinelander. The Weston Plant is critical because Wisconsin must import a substantial portion of its electricity needs from outside the state, and there is very limited transmission availability to the area. The new Arrowhead-Weston Transmission line currently under construction is far behind schedule because of numerous roadblocks thrown-up by individuals and local governments opposing its construction. Weston 2 was also removed from service because of a small coal fire in the unit's coal pulverizer. The company appealed to customers to reduce their usage, and service to interruptible customers was curtailed. Although the plants were returned to service quickly, the shutdowns exacerbated an already serious situation created by the unusually hot weather.



is published bimonthly
for the members of the
Wisconsin Utility Investors.

September 2006
Volume 4, Number 5

2005 - 2006

BOARD OF DIRECTORS

Chairman, Roger Cole

Vice-Chair, Arlene Logan

Secretary, Carlyle Fay

Treasurer, Thomas Cassidy

Asst. Treasurer, Don Gardner

Ralph Baeten

John Hanson

William Huegel

Arthur Kriewaldt

Richard Krueger

Robert Logan

Kenneth Merkel

EXECUTIVE DIRECTOR

Robert Seitz

**WISCONSIN UTILITY
INVESTORS**

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

P: 608 663.5813 • F: 608 283.2589

www.wuiinc.org

We Energies to Sell Unneeded Shoreline Property

We Energies has announced it will sell 11,000 acres of shoreline in Michigan's Upper Peninsula's Ottawa National Forest that are no longer needed for hydroelectric operations. The property, at the Sturgeon River Gorge, was purchased years ago as a potential dam site but was never developed. The company owns 40,000 acres throughout Wisconsin and the U.P. The land could be developed or purchased by resource agencies.



Have You Sent in Your 2006 WUI Dues?

If you have neglected to send in your 2006 dues, please consider doing so today. For WUI to be successful at fighting for you in Madison, the organization must have the resources to help do its work protecting the interests of shareholders in Wisconsin utility companies.

PRSRRT STD
US Postage
PAID
Madison, WI
Permit No. 2783

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