



POWER REPORT

A REPORT TO WPPI MEMBERS AND THEIR RETAIL CUSTOMERS

FALL 2008



- Alger Delta CEA
- Algoma
- Baraga, MI
- Black River Falls
- Boscobel
- Brodhead
- Cedarburg
- Columbus
- Cuba City
- Eagle River
- Evansville
- Florence
- Gladstone, MI
- Hartford
- Hustisford
- Independence, IA
- Jefferson
- Juneau
- Kaukauna
- L'Anse, MI
- Lake Mills
- Lodi
- Maquoketa, IA
- Menasha
- Mount Horeb
- Muscoda
- Negaunee, MI
- New Glarus
- New Holstein
- New London
- New Richmond
- Norway, MI
- Oconomowoc
- Oconto Falls
- Plymouth
- Prairie du Sac
- Preston, IA
- Reedsburg
- Richland Center
- River Falls
- Slinger
- Stoughton
- Sturgeon Bay
- Sun Prairie
- Two Rivers
- Waterloo
- Waunakee
- Waupun
- Westby
- Whitehall

Elm Road agreement eliminates costly risks

WPPI is pleased to have reached a settlement that resolves all outstanding litigation on permitting issues for the Elm Road Generating Station (ERGS). WPPI owns 8.33 percent of this 1200-megawatt (MW) supercritical coal-fired plant currently under construction in Oak Creek, Wis.

The settlement brings to a close three years of litigation by Clean Wisconsin and the Sierra Club over the permit for the ERGS water intake system. It also provides a number of public benefits consistent with the state's priorities to move toward greater energy independence, advance renewable energy technology deployment, and improve Great Lakes water quality. Included in the settlement is an annual payment to improve water quality in Lake Michigan.

"This is good news for customers of WPPI member utilities because it allows the project to



move forward to completion without the substantial risk of costly design changes or delays created by continuing litigation," said WPPI President and CEO Roy Thilly. "This supercritical coal-fired power plant will serve our customers for decades to come at a cost far lower than new plants being proposed today, and it will be the cleanest and most efficient coal plant in Wisconsin." ■

Powering WI toward clean energy goal

During a press conference at WPPI, Wisconsin Governor Jim Doyle announced that the state will purchase more than 92,000 megawatt-hours (MWh) of renewable energy from six WPPI members and two other Wisconsin utilities. Together, the WPPI member municipal electric utilities of Boscobel, Menasha, Plymouth, Richland Center, River Falls and Waupun — each of which hosts a state facility — will sell a total of 33,000 MWh of renewable energy per year to the state for 10 years.



The energy, which is supplied from renewable resources secured by WPPI for its members as part of WPPI's environmental stewardship program, will provide approximately 80 percent

of the total electric usage for the six state facilities served by WPPI members.

In 2006, Governor Jim Doyle signed the Energy Efficiency and Renewables Act into law (2005 Wis Act 141) requiring state agencies and university campuses to purchase, on average, 10 percent of their energy from renewable sources now and 20 percent by the end of 2011. Under the renewable energy purchase power agreements with WPPI's members, Wisconsin will purchase green power for:

- Wisconsin Secure Program Facility (Boscobel)
- University of Wisconsin (Fox Valley, Menasha)
- Kettle Moraine Correctional Facility (Plymouth)
- University of Wisconsin (Richland Center)
- University of Wisconsin (River Falls)
- Waupun Correctional Institution (Waupun). ■



Brownberry of
George Weston
Bakeries

Oconomowoc, Wis.

Brownberry was founded by Catherine Clark, who believed that commercially available white breads were tasteless imitations of what bread should be. In 1946 she fired up the oven and began baking hearty wheat bread. Clark eventually built a plant in Oconomowoc, Wis. that still serves as the major bakery for Brownberry products today. Brownberry is now part of the George Weston Bakeries family of fresh baked goods and today Brownberry is still baked according to Catherine Clark's original recipe, the old fashioned way — one batch at a time.

Winning strategies at Brownberry



Thanks to a number of energy efficiency measures implemented by Brownberry of George Weston Bakeries, the company has earned not only cost savings, but statewide recognition as well. The Wisconsin Department of Natural Resources (DNR) recently recognized Brownberry for its voluntary strategies to conserve energy and improve air quality.

Among the award-winning measures taken by Brownberry are the installation of numerous energy-saving fixtures, including energy efficient lights, a high-speed receiving dock door, programmable thermostats, digital spark igniters in ovens, sensor-controlled faucets and low-flow shower heads. To further increase its operational savings, the company also reduced air compressor pressure and operation time, reorganized its production schedule and optimized washing of the bread cooler.

Additional energy-saving efforts by Brownberry included continuous improvements through the installation of meters to monitor oven and boiler gas usage; frequent ongoing inspections to replace worn parts, fix air leaks, and clean parts to maintain proper function; the installation of an air make-up automation system,

with annual cost savings of more than \$80,000; and the installation of variable frequency drives on mixer motors to reduce electrical spikes.

For its energy-saving efforts, Brownberry received the DNR's 2007 Wisconsin Partners for Clean Air Recognition Award. The Wisconsin Partners for Clean Air program works to effect behavioral change to improve air quality and reduce harmful air emissions by informing Wisconsin businesses and residents about quality issues.

Brownberry continues to research ways to further reduce energy losses from exterior lights, ovens, loading docks, steam and HVAC systems. In collaboration with Oconomowoc Utilities and WPPI, Brownberry also formed an Energy Team to evaluate and maintain operation efficiencies.

"We congratulate Brownberry on its significant accomplishments in the area of environmental stewardship and sustainability," said Oconomowoc Utilities Manager Dennis Bednarski. "Our utility is dedicated to serving as a local resource on the efficient use of energy, and we are pleased to support Brownberry's efforts." ■

WPPI now offers Green-e Energy certified renewable energy



WPPI has been awarded Green-e Energy certification for its renewable energy programs, including Green Power for Business and its companion program for residential customers. Both programs enable customers to make voluntary purchases of renewable energy from WPPI member utilities.

Green-e Energy was established by the non-profit Center for Resource Solutions to provide information and an objective standard for consumers to compare renewable energy options, and to verify that consumers get what they pay for. For more information on Green-e Energy certification requirements, call 1-888-63-GREEN or log on to www.green-e.org.

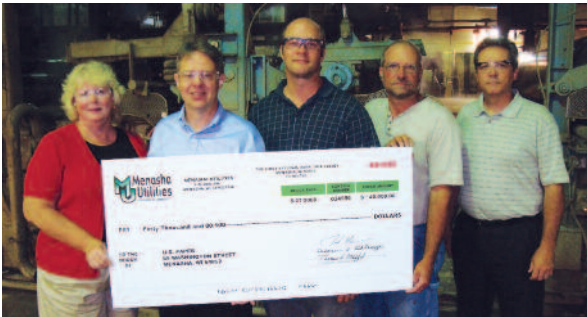
Through WPPI's Green Power for Business program, organizations can support the use of electricity generated from environmentally friendly, renewable resources such as wind, landfill gas and hydropower. The program provides businesses with an opportunity to enhance their image among customers and employees, add appeal to their products or services, and distinguish themselves from competitors.

Customers benefit from variety of industrial incentives, grants

As the largest energy consumers, commercial and industrial customers of WPPI member utilities are encouraged to take advantage of a variety of energy efficiency funding options.

- Any WPPI member retail customer with a valid commercial, industrial, municipal or agricultural electric account is eligible to apply for an Efficiency Improvement Incentive. **Efficiency Improvement Incentives** are available to fund new electrical energy-saving or demand-reducing measures that will result in lasting impacts and that meet minimum efficiency requirements set by the program.

U.S. Paper Mills in Menasha, Wis., recently received a \$40,000 Efficiency Improvement Incentive from Menasha Utilities and WPPI for an energy efficiency project on the paper mill's No. 1 Paper Machine. U.S. Paper Mills used the incentive to take advantage of a very effective and fairly new technology referred to as a floating rotor assembly. The new design allows the paper machine's rotor to balance the hydraulic forces evenly on both sides, resulting in a reduction in the amount of power required to make the same strength paper.



Left to right: WPPI Key Accounts Manager Peggy Jesion, former Menasha Utilities General Manager Doug Young, U.S. Paper Mills Plant Manager Troy Huebner, U.S. Paper Mills Energy Champion Dale Schoenick, and Menasha Utilities Customer Service Manager Dave Rodriguez.

- With support from WPPI, member utilities also offer a variety of **energy management programs and services** specifically for commercial and industrial facilities, including energy audits, load monitoring, construction plan reviews, technical training and more.

- Through **Focus on Energy**, customers of WPPI member utilities in Wisconsin can take advantage of prescriptive incentive funding for improvements to lighting systems; heating, ventilation and air conditioning systems; motors and variable frequency drive systems; compressed air systems; and various other industrial energy efficiency measures. For more information on Focus on Energy incentives, visit www.focusonenergy.com. Customers of WPPI member utilities in Michigan and Iowa have access to similar funding through WPPI and the local utilities.
- WPPI's **RFP for Energy Efficiency program**, designed especially for large power customers, makes electric energy saving projects a worthwhile business investment. Through this program, large customers bid for funding from WPPI to make energy-saving upgrades to equipment and systems. Grant recipients are selected based on potential energy savings, the customer's contribution to the project, and the level of funding requested.

In the most recent round of RFP for Energy Efficiency funding, **Community Memorial Hospital**, a customer of Oconto Falls Municipal Utilities, was awarded \$35,000 for an energy-saving upgrade to the central chiller plant to provide air conditioning and dehumidification to the hospital's Primary Care Clinic. The **Village of Little Chute**, a customer of Kaukauna Utilities, will receive \$50,960 to offset the costs of installing variable speed drives on two of its wells. One of the wells will also receive an upgrade to its supervisory control and data acquisition (SCADA) system. **Madison-Kipp Corporation**, a customer of Sun Prairie Water & Light, will receive \$50,000 to replace two existing air compressors with a new high efficiency variable speed drive air compressor to regulate air pressure with reduced cost. And, **Johnsonville Sausage**, a customer of Plymouth Utilities, was awarded \$27,000 to replace two bi-parting freezer doors with two air conditioned air curtain systems.

For more information on the RFP for Energy Efficiency and other industrial energy efficiency project funding opportunities available through WPPI, visit www.wppisys.org. ■

MI enacts 10 percent renewables requirement

On October 7, Michigan Governor Jennifer Granholm signed into law three energy bills, including a mandate that 10 percent of energy sold in the state come from renewable resources by the year 2015. The Governor, who characterized the new renewable standard as a jobs creation bill, said she expected "tens of thousands of new energy jobs" as a result.

The Michigan renewable standard is similar to existing Wisconsin law. WPPI and its six members located in the Upper Peninsula of Michigan — Alger Delta CEA, Baraga, Gladstone, L'Anse, Negaunee and Norway — are on target to meet the 10 percent mandate six years early, in 2009.

Municipal utilities are not regulated by the Public Service Commission

in Michigan, but are required under the new law to file plans with the Commission demonstrating how they will meet the new renewable standard, including an opportunity for public comment on those plans. Under the new law, a renewable resource is defined as any existing hydroelectric facility, biomass, solar, wind (including marine wind), geothermal, municipal solid waste, and landfill gas resource. The law has economic off-ramps in the event the cost of compliance is overly burdensome.

The additional two energy bills signed by Governor Granholm establish a statewide energy efficiency program and modify existing state law to cap at 10 percent the retail electric market that can be served by competitive energy suppliers. ■

Helping schools create a better energy future

For WPPI's members, helping schools save energy offers dual benefits: helping their communities save both energy and money, and educating the next generation for a better energy future. Through the **WPPI Energy Management for Schools** program, educational facilities in member communities can get help benchmarking their energy use, setting energy reduction targets, and taking steps to achieve their goals.

WPPI members also provide an array of educational programs to help inspire future generations of energy users. At elementary schools across the WPPI system, WPPI member utilities sponsor energy education performances by the **National Theatre for Children (NTC)** — the world's largest in-school touring educational theatre company. In 2008, students were wowed by NTC's performance of "Boomerang Jack and the Unseen Green Machine," which taught about conservation and renewable energy. This year alone, WPPI members have sponsored 163 NTC shows at 101 schools, reaching more than 29,000 students.

For older students, WPPI has piloted a **"service learning" approach**, allowing high school students to gain hands-on experience putting energy-saving principles into action. Through the program, students in several high schools have studied energy efficiency and conservation measures and proposed specific and measurable energy-saving measures to school boards. Students have carried out service learning projects in a number of WPPI member school districts and communities, including Reedsburg, Evansville, Stoughton, Waunakee and River Falls.

Finally, because energy education doesn't end with students, WPPI and its members also provide programs to help teachers inform their students and communities about energy issues. WPPI members offer scholarships for local teachers to attend **Wisconsin K-12 Energy Education Program (KEEP)** environmental education courses. The courses provide educators with continuing education credits and classroom curriculum resources. Since 1997, WPPI members have provided KEEP course scholarships for more than 200 teachers in 36 communities. ■



For fast-growing Sun Prairie, Wis., saving energy in the community's schools is an important way to help control costs and protect the environment. The district has worked with WPPI and its member utility, Sun Prairie Water & Light, on energy-saving projects across the district for many years. During a period of building to accommodate rapid growth in enrollment, the district has continued to look for new ways to save energy. For example, thanks in part to a combined \$70,000 in funding from Sun Prairie Water & Light and WPPI, Sun Prairie now uses a geothermal system to provide heating and cooling at Horizon Elementary School. The community's new high school and Creekside Elementary are also being constructed with geothermal technology.

Recently, the district also benefited from the utilities' energy management services. Tamara Sondgeroth, WPPI energy services representative for Sun Prairie Water & Light, approached Energy Educator/Manager Gregory Klaas with an offer to benchmark energy use at all schools in the district. Klaas and Sondgeroth enrolled the school in ENERGY STAR® Portfolio Manager, an online software tool that allows school facility managers to gauge their progress towards reducing their energy use. The software tool will help track use of electricity and natural gas and identify ways to help conserve energy and reduce operating costs.

In recognition of the school's participation in this nationally recognized program, Sun Prairie Water & Light and WPPI presented the school with energy-saving equipment worth a total of \$4,500. In addition, officials also learned that a number of the district's facilities meet or exceed energy efficiency standards for prestigious ENERGY STAR certification from the U.S. Environmental Protection Agency. As a result, five schools in the Sun Prairie district — C.H. Bird, Eastside, Horizon, Royal Oaks and Westside elementary schools — have applied for this national recognition for protecting the environment through superior energy performance.

Energy costs on the rise

Rising energy costs are one of the most important challenges faced by everyone in the region. Major drivers include fuel costs, which have risen dramatically and are likely to stay high over the long term; significant costs associated with the Midwest Independent System Operator wholesale market; major investments for needed new generation and transmission infrastructure; the cost of compliance with new mercury emission regulations; and great uncertainty related to the scope and stringency of future carbon dioxide emission regulation. WPPI, like all utilities in the region, is experiencing rising costs as a result.

What is WPPI doing to help control costs?

Over the long term, WPPI's primary objective is to control power costs through smart resource decisions, efficient operations and cost-effective conservation and energy efficiency programs.

- WPPI works hard to contest wholesale rate increases and audit ongoing wholesale rates from our major energy suppliers. WPPI's ongoing aggressive intervention in rate cases will result in lower power costs for members and their retail customers in the future, as it has in recent Alliant Energy and We Energies cases.
- The recent settlement of all remaining permitting issues for the Elm Road Generating Station will allow this important project, of which WPPI is a part owner, to move forward without risk of very costly design changes or potential delays. This 1200-MW supercritical coal-fired power plant will serve customers for decades to come at a cost far lower than new plants being proposed today.
- There is great uncertainty concerning the timing and cost of new environmental regulations to address climate change. As a result, it is very difficult and very expensive to build new power plants today. WPPI is fortunate to have planned carefully to meet our long-term energy needs. We will not need to build any new

plants until at least 2017. We want to push this need back even further, to beyond 2020.

- WPPI is committed to managing our portfolio of owned resources and power supply purchases as efficiently as we possibly can to hedge against price volatility from any one supplier.
- WPPI will continue increasing its renewable energy portfolio. WPPI's fixed-price renewable energy contracts will prove increasingly valuable to customers as the expected costs for fossil fuel generation rise substantially in the future.
- WPPI believes climate change regulation will be enacted within three to five years, most likely in the form of a cap and trade system. The details of this regulation will be very important. WPPI and its members are engaging in advocacy efforts, doing everything they can to make cost mitigation for utility customers a primary goal of any such program. This year, WPPI President and CEO Roy Thilly served as co-chair of Wisconsin Governor Jim Doyle's Task Force on Global Warming. The Task Force's more than 60 policy recommendations are consistent with WPPI's plans and include an innovative approach to cap and trade that would provide cost certainty for utility customers while also protecting the environment.
- WPPI members have substantially increased funding for conservation and energy efficiency programs. Helping customers become much more efficient will help keep customer bills down now, decrease emissions, and enable WPPI to defer the construction of expensive new plants, keeping long-term costs down.
- WPPI continues to monitor member utility competitive positions carefully and is committed to enabling its members to maintain a strong advantage for the long term. ■

WPPI pioneers in homes with net zero energy use

Homeowners looking to build or remodel homes in communities served by WPPI member utilities have an opportunity to reduce their carbon footprint dramatically through WPPI's GreenMax Home program. WPPI is soliciting competitive proposals from homeowners and builders for grants to help fund the construction of up to three net zero energy homes. Net zero homes combine state-of-the-art green and environmentally friendly technologies and practices with renewable energy technology to ensure that the homes produce as much energy as they consume. WPPI's GreenMax



Home grants will cover part of the incremental cost of designing and building a net zero home over the cost of constructing a conventional Upper Midwest house.

The first WPPI GreenMax Home is now under construction in Black River Falls, Wis. High School Principal Tom Chambers and his wife, Verona, recently broke ground on what is expected to be the first homeowner-occupied net zero home that can be practically and affordably replicated in a cold climate region. The couple will work with WPPI to monitor their energy use and fine-tune the home's performance to ensure that its energy use is truly net zero.

Proposals for the next round of GreenMax Home grants are due December 30, 2008. For more information, visit www.greenmaxhome.com. ■

**DID YOU
KNOW?**



WPPI recently broke ground to expand and remodel its office and operations facility. Anticipated for completion in September 2009, the 49,705 square foot facility will be the first in Sun Prairie, Wis., to achieve Leadership in Energy and Environmental Design New Construction "Gold" certification for energy efficiency and sustainability.

WPPI is a regional power company serving 50 customer-owned electric utilities. Through WPPI, these public power utilities share resources and own generation facilities to provide electricity to more than 190,000 homes and businesses in Wisconsin, Upper Michigan and Iowa.

WPPI's goal is to provide an energy supply that is reliable, affordable and environmentally responsible.

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NEWS IN BRIEF

WPPI diversifies renewable portfolio

WPPI has executed a power purchase agreement with Barton Windpower, LLC for the purchase of 30 MW of renewable wind energy from the Barton I wind energy project. The Barton I project, located in Worth County, Iowa, is expected to enter commercial operation in December 2008. The project will harness wind resources using 40 large turbines with a total capacity of 80 MW. ■

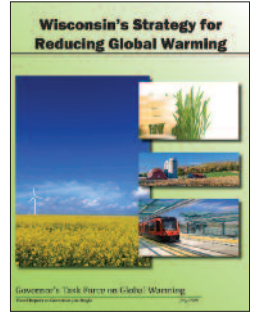
New solar projects in progress



WPPI and its members recently approved funding for several new solar photovoltaic (PV) systems. These highly visible community renewable energy demonstration projects consist of arrays of PV panels that convert sunlight into electricity, providing emission-free, sustainable energy to help power municipal buildings, schools and businesses in member communities. In addition to 11 similar projects completed earlier this year, WPPI recently approved funds for PV installations in Juneau, Menasha, and Westby.

Task Force issues Final Report

The Wisconsin Governor's Task Force on Global Warming, which was co-chaired by WPPI President and CEO Roy Thilly, completed its work at the end of July on a comprehensive set of recommendations for reducing the state's contribution to climate change. The Final Report can be downloaded at: http://dnr.wi.gov/environmentprotect/gtfgw/documents/Final_Report.pdf.



Energy Independent Communities

Thirteen WPPI member communities have elected to participate in "Wisconsin's Energy Independent Community Partnership" through the state's Office of Energy Independence. Columbus, Evansville, Kaukauna, Lodi, Muscodia, New Richmond, Plymouth, Reedsburg, River Falls, Stoughton, Waunakee, Waupun and Westby have joined the partnership resolving to help advance energy independence in Wisconsin and support the state's goal of generating 25 percent of electricity and transportation fuels from renewable resources by the year 2025.

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