

POWER REPORT

Spring 2009

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members

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

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

From the CEO: WPPI Energy Cuts Budget to Hold Down Costs

Roy Thilly, rthilly@wppienergy.org



WPPI Energy recognizes that member communities, their businesses and residents are facing difficult challenges because of the current recession. We all must do what we can to hold down costs

and mitigate the effects of the economic downturn. In recognition of this imperative, WPPI Energy has reduced its 2009 budgets and instituted a number of measures to control costs.

WPPI Energy's recent budget cuts include a reduction of 8.5 percent of our combined administrative and general and operation and maintenance budgets. In addition, we are currently estimating a 6.7 percent reduction in our cost of purchased power and fuel. These modifications are projected to reduce the total revenue required to be collected from our member utilities by about \$25 million. The actual impact of these reductions on member

and retail customer power costs will depend on a variety of factors including weather, changes in fuel and purchased power costs and any difference in actual load experienced from the load forecast used in our budget. WPPI Energy's rates are based on actual costs incurred and do not include a return on equity.

Especially during these difficult economic times, the shared strength and unity of purpose of WPPI Energy and its members guides us. We are dedicated to providing reliable, affordable power and excellent service to our communities and their customers, now and for the long term.

While we cannot control major energy cost drivers such as fuel prices, weather and wholesale power markets, we can be careful to be frugal and act prudently to reduce the costs we can control. What is most important now is that we demonstrate a commitment to reduce costs without imperiling our strategic objectives.

"WPPI Energy has reduced its 2009 budgets and instituted a number of measures to help members and their customers meet the challenges of the current economy."

Wisconsin Public Power Inc. Becomes WPPI Energy

Wisconsin Public Power Inc. has become WPPI Energy. The change, which is reflected in the new look of this issue of *Power Report*, was approved at a December 2008 meeting of the WPPI Energy Board of Directors. A new tagline—the way energy should be—and logo were

adopted to complement and highlight WPPI Energy's updated identity.

This updated identity reflects recent growth in membership and the addition of member utilities in Upper Michigan

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WPPI Energy Offers Members Loans for Energy Efficiency

WPPI Energy has established a \$10 million revolving loan fund to help members lead by example in the areas of energy conservation and renewable energy. Through the WPPI Energy Member Loan program, zero-interest funding is available for WPPI Energy members—which include 49 municipalities in Wisconsin, Michigan’s Upper Peninsula and Iowa, and one Upper Michigan cooperative electric association.

The funding is intended to help WPPI Energy members undertake projects to improve existing facilities and equipment, and to make sure new facilities and equipment are highly efficient, thereby lowering operating costs and meeting members’ local energy needs with local renewable resources. Typical projects will include:

- Building or equipment efficiency upgrades
- Meeting U.S. Green Building Council Leadership in Energy and Environmental Design standards

- LED street lights and traffic signals
- Efficient fleet vehicles
- Photovoltaic solar panel systems

Energy efficiency and the use of renewables are two of the most important areas in which we can invest to build a better energy future for our communities. Saving energy helps lower costs for member communities, defer the need for expensive new power plants, reduce greenhouse gas emissions, and keep customer bills down in a rising rate environment. And, increasing our reliance on local, renewable energy resources is an effective and efficient way to prepare our system for meeting the challenges of a carbon-constrained future.

“WPPI Energy and its members are challenging themselves to lead by example, and practice what we preach when it comes to energy efficiency and the use of renewable energy,” said WPPI President and CEO Roy Thilly. “The revolving loan

fund is designed to help members achieve this goal.”

Energy services representatives from WPPI Energy will work to help member communities identify qualifying projects and assist with the member loan application process. Only projects involving property owned by WPPI Energy member utilities or municipalities may qualify.

additional funding options

In addition to the loan program, members continue to have access to a variety of WPPI Energy conservation and efficiency programs and services, including project consulting and grant funding. Projects receiving loan funding are also eligible for other WPPI Energy programs.

Communities Win Energy Independence Grants

Columbus, Evansville and Oconomowoc are winners of Wisconsin’s first round of Energy Independent Community Partnership 25x25 Plan grants. Wisconsin Governor Jim Doyle and the state’s Office of Energy Independence announced the award winners in January.

The Governor’s “Clean Energy Wisconsin” plan calls for Wisconsin to generate 25 percent of its electricity and transportation fuels from renewable resources by the year 2025. Winners of the “25x25” grants will receive funding to aid in the development of 25x25 plans for their own communities. Their pilot efforts are anticipated to provide leadership for renewable energy efforts across the state.

The grant applications from Columbus, Evansville and Oconomowoc were

Since the Wisconsin Energy Independent Community Partnership was established in 2008, 16 WPPI Energy member communities have signed on, committing to help advance energy independence in Wisconsin.

among the 10 winners selected from a pool of more than 40 entries. Grant funds awarded to the three WPPI Energy member communities will total \$150,000.

WPPI Energy members worked with the Energy Center of Wisconsin (ECW)

to prepare grant applications and will continue working with the ECW to develop their 25x25 plans. The communities will complete energy audits on their municipal facilities and assess fleet vehicles. Resulting data will be used to help the communities evaluate their conservation, energy efficiency and renewable energy opportunities and to select and prioritize projects for implementation.

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MEMBER SPOTLIGHT

Norway, Michigan

norway, michigan fast facts

County: Dickinson

Population: 2,959

Annual Events:

- Leif Erickson Fall Festival
- Scandinavian Midsummer Fest
- Victorian Holiday Celebration

Hot Spots:

• **Norway Mountain** -

Great for skiers and winter sport enthusiasts and home to the annual Yooper Day extravaganza

• **Piers Gorge** -

A scenic marvel perfect for hikers and outdoor fanatics

• **Dickinson County**

Fairgrounds -

Home to the Dickinson County Fair and host of several events, including the *Skerbeck Carnival*, the largest family owned and operated carnival in the State of Michigan

WPPI Energy member since 2006



Sturgeon Falls Hydroelectric Plant.

Nestled along the Menominee River in Michigan's Upper Peninsula, the city of Norway dates back to 1889 and is known for its Scandinavian heritage and mining. The city developed from "The Norway Mine," the first iron mine established in the city by Scandinavian J.J. Hagerman, president of a local mining company. The community's mission is to provide essential service to community residents while ensuring the continuation of Norway's quality of life.

The Public Power Advantage

In June 2006, Norway, Michigan became the 43rd municipal electric utility to join WPPI Energy. The City of Norway's Department of Power & Light is the locally owned and operated electric utility, serving more than 3,000 customers in the Norway area. The city of Norway owns the Sturgeon Falls Hydroelectric Plant, which supplies an integral part—approximately two-thirds—of Norway's power needs. With a maximum output of 5 MW in the spring,

the Sturgeon Falls facility has provided reliable electric power since the city of Norway purchased the plant in 1947. Construction for the hydroelectric facility began in 1905, with a dam and powerhouse constructed in 1906. The first power at Sturgeon Falls was used in 1907.

After more than 100 years of operation, the Sturgeon Falls Hydroelectric Plant is undergoing mechanical, electrical and structural updates. The plant is currently upgrading a bank of damaged turbines that will significantly improve the plant's efficiency operations. With more efficiently controlled and designed turbines, the facility is expected to produce additional capacity.

Utility Services

As a member of WPPI Energy, the City of Norway's Department of Power & Light offers a variety of programs and services for customers that encourage public and community support for

continued on next page

Norway, Michigan



Sturgeon Falls Renewable Energy Center.

renewable energy, energy conservation and energy efficiency. Through the Energy Star® Appliance Incentive Program, the utility offers residential and business customers in Norway up to \$500 in rebates for purchasing new Energy Star qualified appliances. In celebration of Public Power Week, the utility sponsors an annual CFL bulb giveaway.

The City of Norway's Department of Power & Light also supports an array of educational programs in local schools. In 2008, the utility sponsored "Boomerang Jack and the Unseen Green Machine," an educational program presented by the National Theatre for Children (NTC), and will sponsor the NTC "Captain Wattage" show in 2009. The Holy Spirit Central School and the Norway-Vulcan Area Schools have also completed Energy Star benchmarking and are enrolled in Energy Star Portfolio Manager. The Norway-Vulcan Area Schools recently completed two energy efficiency projects, including a lighting retrofit in the gymnasium and the installation of wall and ceiling occupancy sensors for hallway and classroom lighting.

From residential to industrial, the City of Norway's Department of Power & Light offers a variety of energy efficiency programs and services that bring value to all sectors of the Norway community. With funding from power supplier WPPI Energy, United Kiser recently completed an energy efficient lighting retrofit that will reduce demand consumption by 8.5 kilowatts. United Kiser improved lighting conditions by replacing inoperable T12 HO lights with new HP T8 high bay lights,

providing better light quality and reducing electrical costs. Under the project management of Hydroelectric Development Services, United Kiser is upgrading the turbine system at the Sturgeon Falls Hydroelectric plant.

In the spring of 2008, the Sturgeon Falls Renewable Energy Center opened in Norway and serves as the control building for the hydro plant and an educational center for local schools. The center is located near the Sturgeon Falls Hydroelectric Plant on the Sturgeon River in Norway.

The City of Norway's Department of Power & Light's environmentally focused initiatives and innovative programs help residential and business customers save energy, thereby protecting the environment, helping to keep customer bills down, and delaying the need for new, expensive plants.



For more information about utility programs and services in Norway, contact Brett Niemi, energy services representative for WPPI Energy, at (906) 284-2298 or bnieni@wppienergy.org.

Ebert Joins WPPI Energy



Dan Ebert, former Chair of the Public Service Commission of Wisconsin, has joined WPPI Energy as Vice President of Policy and External Affairs. Ebert will oversee the legislative and regulatory affairs, corporate communication and policy development functions for WPPI Energy.

Deadline Extended for Net Zero Homes



In the 50 communities served by member utilities of WPPI Energy,

homeowners and builders can now take advantage of extended and expanded opportunities to complete a home with net zero energy use.

The GreenMax Home program provides grant funding to cover part of the incremental costs involved in taking a home building project from highly energy efficient to achieving net zero energy use.

A net zero energy home is one that combines state-of-the-art green building approaches and energy-saving technologies and practices with the use of renewable energy systems to produce as much energy as

the home consumes. In addition to helping fund new net zero home construction projects, WPPI Energy's GreenMax Home program was recently expanded to also include the remodeling of existing homes. The application deadline has also been extended from December 30, 2008, to April 3, 2009.

The first WPPI Energy GreenMax Home is near completion in Black River Falls, Wisconsin. The home is anticipated to be the first practical production of a net zero energy home in the region that can be reasonably and affordably replicated in a cold climate region.

Proposals for the GreenMax Home program are due April 3, 2009. For more information and a list of WPPI Energy member utilities, visit www.greenmaxhome.com or contact WPPI Energy Program Coordinator Kurt Pulvermacher at (606) 834-4500.

Community Contributions Wrap-Up

WPPI Energy members are committed to making their communities better places to live and work. Through the WPPI Energy Community Contributions program, member utilities donated more than \$241,600 to support community causes in 2008. Contributions included scholarships for students and donations to local charitable causes, service groups, festivals and economic development organization.

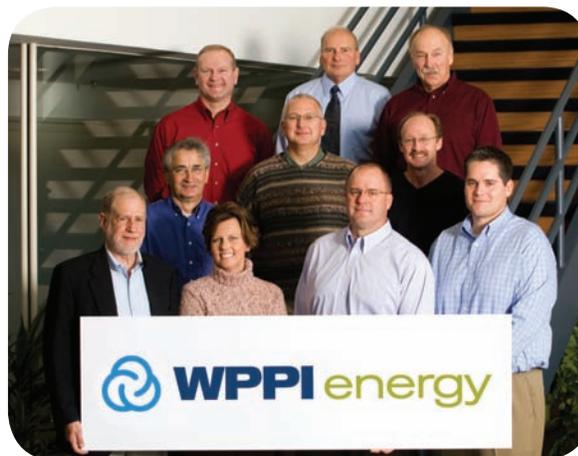
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Wisconsin Public Power Inc. Becomes WPPI Energy: continued from page 1

and Iowa and also preserves WPPI's name recognition. Addition of the word "Energy" provides quick description of the organization's unchanging mission—to provide reliable, affordable electric power to member communities for the long term. The new logo, three blue half-circles joined together, symbolizes WPPI Energy members' shared strength. These public power utilities are joined together to share resources and own the facilities necessary to provide reliable and affordable energy in an environmentally responsible manner—the way energy should be.



Row 1 (l-r): WPPI Energy President and CEO Roy Thilly; Diane Gard, Oconomowoc; WPPI Energy Board of Directors Chair Dale Lythjohan, Cedarburg; Zak Bloom, Waupun; Row 2: Carl Gaulke, River Falls; Jeff Feldt, Kaukauna; Mike Reynolds, Boscobel; Row 3: Jim Stawicki, Sturgeon Bay; Robert Kardasz, Stoughton; Dave Mikonowicz, Reedsburg.

Public Power Fuels Economic Development: 4 Lakes Label and Printing Relocates to Sun Prairie

The benefits of doing business in a public power community help to fuel local economic growth, attracting and retaining local companies. The public power utilities served by WPPI Energy provide a wide array of beneficial programs and services for businesses, including competitive

rates; financing and incentives for energy efficiency improvements; the Green-e Energy certified Green Power for Business program; operating cost estimates and energy cost comparisons; power quality services; new construction design-phase technical assistance; and more.



Sun Prairie Business Park.



4 Lakes Sun Prairie facility.

In one recent example of the public power advantage at work, 4 Lakes Label and Printing chose to relocate from Madison, Wisconsin, to Sun Prairie, Wisconsin, where the company will occupy a 35,000 square foot facility under construction in the Sun Prairie Business Park. The company settled on the 6.2 acre site in Sun Prairie for several reasons, including the community's low electric rates offered by WPPI Energy member utility Sun Prairie Water & Light and the opportunity for future expansion.

"Competitive utility rates played an important role in our relocation decision, and we were extremely pleased with the pre-assessment services and rate comparisons provided by Sun Prairie Water & Light," 4 Lakes Label and Printing Plant Manager Eric Schmidt said. "As we look toward the future, we will be able to expand our operations in an efficient, economical way while maintaining and keeping our costs down."

Reminder: Energy Efficiency Funding Available

WPPI Energy member utilities offer a comprehensive menu of programs and services to help commercial and industrial utility customers make the most of their energy dollars. How can we help make energy savings part of your business?

RFP for Energy Efficiency

Funding continues in 2009 for WPPI Energy's RFP for Energy Efficiency program, which encourages investment by large commercial and industrial utility customers in energy efficient improvements. WPPI Energy requests proposals for projects to reduce customers' annual total energy consumption by 150,000 kilowatt-hours or more, and/or projects to reduce on-peak electrical demand by at least 25 kilowatts from 1 p.m. to 4 p.m., July through August. The program is open to all commercial, industrial and institutional power customers served by WPPI Energy member utilities.

Up to \$250,000 of incentive funding is available for the current RFP for Energy Efficiency bid cycle. Bid applications are

due March 27, 2009, and project awards will be announced on April 24. Visit www.wppienergy.org/rfp for details.

Wisconsin Focus on Energy Incentives

Commercial and industrial customers in Wisconsin member communities also have access to a broad spectrum of cost-effective energy efficiency and renewable initiatives through the statewide Focus on Energy program. By taking advantage of the prescriptive incentives available through the Focus program, business customers can reduce operating costs, increase their bottom lines and improve productivity, employee comfort and customer satisfaction. Visit www.focusonenergy.com.

Customers of WPPI Energy members in Michigan and Iowa have access to similar funding and programs administered through WPPI Energy. Visit www.wppienergy.org.

New Construction Design Assistance

Creating energy-efficient buildings now provides long-lasting advantages in terms of cost savings and environmental benefits for as long as those buildings exist. WPPI Energy's New Construction Design



Assistance program helps prospective building owners in member communities deliver high performance buildings with improved energy efficiency and systems performance. Contact your WPPI Energy member utility for information on how your new construction project can achieve improved energy efficiency, reduced peak loads, optimized systems performance, and greater comfort.





Mark your calendar for these upcoming events, conferences and technical workshops for commercial and industrial utility customers:

Best Practices in Industrial Ventilation

Focus on Energy,
www.focusonenergy.com/training
• April 9, Brookfield, WI

Electrical Power Quality

The Energy Center of Wisconsin,
www.ecw.org/university/
• May 12, 2009, La Crosse, WI

Energy Efficient Motors and Drives

The Energy Center of Wisconsin,
www.ecw.org/university/
• May 11, 2009, Madison, WI

eQUEST...the QUick Energy Simulation Tool

The Energy Center of Wisconsin,
www.ecw.org/university/
• March 24–25, Wauwatosa, WI

Optimizing Fans and Pumps

The Energy Center of Wisconsin,
www.ecw.org/university/
• March 24, Eau Claire, WI
• March 25, La Crosse, WI

Practical Energy Management® - Commercial

Focus on Energy,
www.focusonenergy.com/training
• October 29, Green Bay, WI

Practical Energy Management® - Industrial

Focus on Energy,
www.focusonenergy.com/training
• April 30, La Crosse, WI
• September 24, Milwaukee, WI
• October 8, Mosinee, WI
• November 5, Green Bay, WI

Smart Strategies for Healthcare

Focus on Energy,
www.focusonenergy.com/training
• March 24, Eau Claire, WI

Wisconsin Wind Energy Supply Chain Seminar

American Wind Energy Association,
www.awea.org/events
• March 31, Appleton, WI



Ahead of the Curve

WPPI Energy is helping its Michigan members stay ahead of the curve in meeting the requirements of new state legislation. A package of energy bills signed into law in fall of 2008 requires that 10 percent of energy sold in the state comes from renewable resources. WPPI Energy will have resources in place to achieve 10 percent renewable energy in 2009, six years ahead of the Michigan requirement. The legislation also requires utilities to prepare energy optimization plans to help their customers save electricity, an effort with which WPPI Energy will also assist.



Westhoff to Serve Independence, Maquoketa, Preston

WPPI Energy welcomes Tom Westhoff, energy services representative for WPPI Energy's member utilities in Iowa.

Tom Westhoff, (563) 451-3195, twesthoff@wppienergy.org

Public Power's Potential

Efforts are currently underway by municipal utilities in Iowa to study the potential energy and capacity savings achievable through cost-effective energy efficiency programs. The utilities' final report, due to the Iowa Utilities Board in January 2010, will present energy savings goals and the measures the utilities will use to meet the goals.



PSC Studies Increase of Efficiency, Conservation

Pursuant to a recommendation by the Wisconsin Governor's Task Force on Global Warming, the Public Service Commission of Wisconsin has opened a docket for investigation into the adoption and achievement of increased energy efficiency goals in Wisconsin. Visit psc.wi.gov/globalWarming/index-conservationGoals.htm.



Dickson Serving Lake Mills

WPPI Energy is pleased to introduce Ben Dickson, energy services representative for Lake Mills.

Ben Dickson, (608) 834-4506, bdickson@wppienergy.org



Carlson Serving Mount Horeb, New Glarus

WPPI Energy welcomes Beth Carlson, energy services representative for the communities of Mount Horeb and New Glarus.

Beth Carlson, (608) 834-4507, bcarlson@wppienergy.org

Ask the Experts

Q: "I'm a member of a community organization, and we'd like to learn more about an energy-related topic. Can WPPI Energy help?"

A: Yes, we can! WPPI Energy's Speakers Bureau is a great resource for community groups. Staff is available to speak on a wide variety of subjects including:

- Value of public power: How ownership of a municipal utility benefits the community
- WPPI Energy power supply planning and resources
- Generation: Strategy for ownership
- Energy efficiency and conservation
- WPPI Energy renewable resources and distributed generation
- Plug-in Hybrid Electric Vehicle technology
- State and federal legislative and regulatory issues
- Customer programs - large customer programs, mass market energy efficiency

- Rate issues: understanding rates, rate study presentations
- WPPI Energy financial information

If you're interested in hosting a speaker from WPPI Energy, please contact me and I'll be glad to work with your organization or group to select a speaker that will suit your needs.



your questions answered

Have a question you'd like answered by one of WPPI Energy's experts? E-mail your inquiry to PowerReport@wppienergy.org.

Kelly Simonsen, WPPI Energy Community Relations Coordinator,
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The way energy should be

