

POWER REPORT

July 2011

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members

Wisconsin	Mount Horeb	Wausaukee
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	Crystal Falls
Evansville	Prairie du Sac	Gladstone
Florence	Reedsburg	L'Anse
Hartford	Richland Center	Negaunee
Hustisford	River Falls	Norway
Jefferson	Slinger	
Juneau	Stoughton	Iowa
Kaukauna	Sturgeon Bay	Independence
Lake Mills	Sun Prairie	Maquoketa
Lodi	Two Rivers	Preston
Menasha	Waterloo	

WPPI Energy is a regional power company serving 51 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 195,000 homes and businesses in Wisconsin, Upper Michigan and Iowa.

WPPI Energy Purchases Power from Point Beach Nuclear Plant

WPPI Energy recently took a major step to help ensure an affordable power supply for the long term while also reducing our carbon footprint. Under an agreement reached in May with a subsidiary of NextEra Energy Resources, LLC, WPPI Energy will purchase approximately 162 megawatts (MW) of electric power output from the Point Beach Nuclear Plant.

The Point Beach facility, located along Lake Michigan near the WPPI Energy member community of Two Rivers, Wis., is a two-unit nuclear plant with an original total capacity of approximately 1,023 MW. Earlier this year, NextEra Energy Resources received approval from the Nuclear Regulatory Commission to increase, or "uprate" the plant's output by approximately 162 MW.

Upon completion of the uprate for each unit, WPPI Energy will purchase all of the resulting increase in output. Installation of the Unit 2 uprate was completed in June. The uprate to Unit 1 is expected to be completed in December. The term of the purchase will continue through the duration of the units' operating licenses, which extend to 2030 for Unit 1 and 2033 for Unit 2.

The agreement will supply at fixed cost a substantial portion of the power needed by WPPI Energy, resulting in significant long-term savings compared to the cost to purchase power from other sources. The agreement will also diversify WPPI Energy's resource portfolio and help mitigate the risk of rising energy costs due to stricter environmental regulations on fossil fuel-based electric generation.

A Smaller Carbon Footprint



The addition of this major source of electricity supplied from carbon-free, reliable nuclear power complements WPPI Energy's other efforts to reduce our carbon footprint in order to operate as cost-effectively as possible in a variety of economic conditions and legislative or regulatory environments.

In recent years, WPPI Energy has taken steps to reduce carbon emissions by:

- Substantially increasing the availability of customer energy efficiency and conservation programs, and
- Increasing the use of renewable energy from resources such as wind, solar, hydropower and biogas. WPPI Energy had resources in place six years early to meet Wisconsin and Michigan laws requiring the use of 10 percent renewable energy by 2015.



As my first year as WPPI Energy's new President and CEO progresses, I continue to be impressed with the degree of focus and commitment that our members and staff bring to their roles. A sense of mission clearly underlies the activities and priorities of WPPI Energy and our member utilities. Everyone involved understands that it is our responsibility to provide reliable, affordable power and excellent services to the 51 member communities we serve.

As I lead this organization, I intend to rely heavily on the feedback and suggestions I receive from our members, and to seek out their comments and concerns.

In the near term, our focus will continue to be on optimizing our operations. We

have established a strong foundation for the future in our diverse power supply portfolio and other resources. Now, much of our attention is focused on implementing operational efficiencies, balancing our power supply portfolio and making the most of every resource. We will use our collective voice in legislative and regulatory affairs to full advantage, do all we can to help our business and homeowners reap the benefits of our energy efficiency programs, and make strategic use of the emerging technologies that will enable us to serve customers most efficiently in the future.

WPPI Energy continues to make investments that can help ensure affordable power costs for the long term for our members. A perfect example is our recent purchase of some of the electric output from the Point Beach Nuclear

Plant, which is detailed on the front page. This agreement will result in significant long-term savings compared to the cost for WPPI Energy to purchase power from other sources, and help us lower our carbon footprint to help mitigate the risk of rising energy costs due to stricter environmental regulations on fossil fuel-based electric generation.

WPPI Energy is operating from a position of strength – with a diverse energy portfolio, excellent financial health and a unity of purpose. We are well-positioned to protect the interests of our member utilities and the communities they serve, and we are committed to making the right choices for these communities over the long term.

QUICK TAKES

WPPI Energy News in Brief

Peters Elected to ATC Board of Directors



WPPI Energy President and CEO Michael W. Peters has been elected to the board of directors of American Transmission Co., which owns, operates, builds and

maintains the high-voltage electric transmission system serving portions of Wisconsin, Michigan, Minnesota and Illinois.

Renewable Energy Participation Grows

Customer participation in the Renewable Energy and Green Power for Business programs across the entire WPPI Energy membership recently hit a milestone, with more than 4,200 residential participants and more than 350 business customers now purchasing green energy among the 42 WPPI Energy members that offer the program.



WPPI Energy Annual Report Available

WPPI Energy's 2010 Annual Report themed "Ready for Tomorrow" is now available online at www.wppienergy.org.

Subscribe Online

If you would prefer to receive *Power Report* by e-mail, simply send your request to PowerReport@wppienergy.org. Include your name, organization and mail address, and you'll be added to the electronic distribution list.



MEMBER SPOTLIGHT

Alger Delta, Michigan

alger delta, michigan fast facts

Counties: Alger, Delta, Dickinson, Marquette, Menominee, Schoolcraft

Number of Members: 9,858

Member Website:
www.algerdelta.com

Did you know:

- Mining has a long history in Michigan's Upper Peninsula, and it dominated the economy there in the 19th century. Today, tourism is the main industry. The Upper Peninsula features an extensive coastline on three Great Lakes—Lake Superior, Lake Michigan and Lake Huron—along with large tracts of state and national forests. The natural beauty and low population density attract visitors for many types of outdoor recreation.

WPPI Energy member since 2007.



Alger Delta Cooperative Electric Association office facility.

The Joint Action Advantage

In January 2007, the Alger Delta Cooperative Electric Association became the first electric cooperative to be served by WPPI Energy. For more than 70 years prior, Alger Delta purchased its wholesale power from nearby investor-owned utilities and the Marquette Board of Light and Power. Now Alger Delta partners with the 50 other electric utilities that are members of WPPI Energy to realize the benefits of joint action, including combined power purchases.

As an electric cooperative, Alger Delta is owned and governed by the cooperative's electric consumers, known as "members." Governed by a nine-member board of directors elected by the members of the cooperative, the board is responsible for setting policy, rates, and service rules for the cooperative and for hiring the general manager, Tom Harrell. The nonprofit cooperative serves members across six counties in the central portion of Michigan's Upper Peninsula. The majority of the service area is comprised of small rural communities with full-time and seasonal residents.

Utility Services

Energy Optimization programs available through Alger Delta provide energy efficiency education, programs and rebates designed to help consumers better manage their energy usage. These efforts, required of all Michigan utilities by state law, include several energy efficiency rebate

programs and conservation resources, including:

- Rebates for the replacement of old, inefficient appliances, compact fluorescent lights, and residential heating, ventilation, air-conditioning equipment;
- Online tools and resources to help members better understand and manage their home energy use and costs;
- Incentives for the installation of energy efficient products and equipment; and
- Energy efficiency assistance, including weatherization and efficiency products and installation services.

In addition to these optimization programs, members of Alger Delta have access to an array of energy efficiency and conservation programs and services available through WPPI Energy, the cooperative's wholesale power supplier.

School Improvements Yield Energy Savings

Using grant programs through Alger Delta, WPPI Energy and Energy Works Michigan, the Burt Township School in Grand Marais, Mich. installed a 1.15

Alger Delta, Michigan

kilowatt (kW) solar photovoltaic unit and a 2.4 kW wind turbine. The solar unit provides 1,115 kilowatt hours (kWh) of clean energy each year. The wind turbine yields an annual estimated production of 1,875 kWh. A weather station provides instant wireless communication to track and monitor energy progress, making it an ideal resource to educate students and community members about the operation and performance of these renewable energy technologies.

Using similar funding opportunities, the Wells Township School benchmarked energy use and enrolled the facility in ENERGY STAR® Portfolio Manager, an online software tool that allows school facility managers to gauge the school's progress toward reducing their energy use. Alger Delta worked with the school to conduct an energy assessment of the facility. The school then replaced incandescent lights with large specialty compact fluorescent lights in the gymnasium and various classrooms, and changed all exit signs to light-emitting diode models. The project resulted in a demand reduction of 13.9 kW and an energy reduction of 12,600 kWh per year, with an annual energy savings of \$1,800.

Deerton Couple Lives the "Green" Lifestyle

Through the GreenMax Home initiative, Alger Delta and WPPI Energy provided assistance to homeowners Christine and Sam Simonetta of Deerton to make sustainable improvements to achieve net zero energy use in their home. A net zero energy home is one that produces at least as much energy as it consumes.

The Simonettas' saltbox-style home, built six years ago, contains many unique and efficient features, including structural insulated panel walls, triple-pane windows and a metal roof for additional shielding from harsh Michigan winters. A residential-sized wind turbine supplies about 75 percent of the Simonettas' electricity.

The couple replaced a propane boiler with an electric air source heat pump, added supplemental insulation, and expanded the home's renewable wind energy system. The electric air source heat pump, an innovative and highly efficient technology less commonly seen in the Midwest, will meet the majority of their home heating needs. The Simonettas will be monitoring their energy performance for a period of 12 months to assess how

much energy is saved due to the enhancements they have made to their home. For more information on the Simonettas' energy consumption and environmentally progressive home, visit www.greenmaxhome.com.



(L to R) Alger Delta Directors Darryl Small and Roy Hubbard congratulate homeowners Christine and Sam Simonetta and Alger Delta Cooperative Electric Association General Manager Tom Harrell at the October 2010 dedication event.

System Improvements Benefit Members

In February 2011, Alger Delta moved service for all of its Big Bay electric members to a new substation. The new substation feeds the Big Bay portion of the cooperative's electric system and is fed from the American Transmission Company's 138,000-volt transmission line.

Built on taller, stronger poles, the line has more capacity to deliver energy and will help improve power quality and service reliability, according to Alger Delta General Manager Tom Harrell.

The line rebuild also enabled Alger Delta to meet the current and future power needs of the Eagle Mine owned by Kennecott Eagle Minerals in Northwest Marquette County. Service to this member was energized on March 24, 2011, bringing a significant boost to economic development in the region.

When Kennecott Eagle Minerals requested electrical service to its new nickel mine, Alger Delta responded with a project that became the largest undertaking in the history of the cooperative. At a cost of \$8 million, funded by Kennecott, the project entailed building a new 10 megawatt substation, replacing nearly 24 miles of outdated three-phase line with a new double-circuit, and installing 12.5 miles of new line.

Kennecott's original plan for providing energy to the mine called for using diesel generators stationed on the mine site. As a result, Alger Delta is promoting long-term reliability and affordability by supplying the electricity needed by this major area employer.

An Asset to the Region

Alger Delta actively promotes and supports programs and services that help all electric consumers save energy and lower their electric bills. In addition, the cooperative supports the economic health of the area by being responsive to the power needs of industrial members. Through these efforts, Alger Delta adds significant value to the quality of life in Michigan's Upper Peninsula.

MEMBER NEWS



- **Columbus, Independence, Richland Center, River Falls, Sun Prairie and Two Rivers** were honored by the American Public Power Association (APPA) with Reliable Public Power Provider recognition for providing their customers with the highest degree of reliable and safe electric service.
- **Brodhead, Cedarburg, Columbus, Lodi, Menasha, Muscoda, New Holstein, Reedsburg, Richland Center, Stoughton, Sun Prairie, Two Rivers, Waunakee and Waupun** earned APPA's Electric Utility Safety Award of Excellence for safe operating practices in 2010.
- **Jeff Feldt**, general manager of **Kaukauna Utilities**, received APPA's Harold Kramer-John Preston Personal Service Award for substantial contributions toward APPA goals. **Reedsburg Utility Commission** General Manager **Dave Mikonowicz** received APPA's Honor Roll award for his longstanding commitment to public power.
- For her contributions to local government, **Evansville Mayor Sandy Decker** was recently recognized with a "Woman of Achievement" award from Wisconsin Women in Government.

- The U.S. Department of Energy's National Renewable Energy Laboratory (NREL) recently named **Lake Mills Light & Water, River Falls Municipal Utilities** and **Waterloo Utilities** among the top utilities in the United States for renewable energy program performance. **River Falls** and **Lake Mills** ranked ninth and tenth, respectively, for customer participation rates. **Waterloo** earned the No. 1 spot and **River Falls** the No. 5 spot for green power sales as a percentage of total retail electricity sales.



- WPPI Energy welcomes **Mike Gentry**, energy services representative serving **Cedarburg, Hartford, Hustisford and Slinger**.

Mike Gentry, (262) 391-6428
mgentry@wppienergy.org

- **Plymouth Utilities** broke ground for its new utility office and operations building on April 27. The new operations center will consolidate the utility's office, garage and warehouse facilities from three other locations into one single location and is slated for completion in April 2012.

STATE UPDATES



Governor Rick Snyder appointed **Steven H. Hilfinger** as director of the Michigan Department of Energy, Labor & Economic Growth in February 2011. Hilfinger, who is working to transition the organization to become the Department of Licensing and Regulatory Affairs, is expected to take a leadership role in reinventing the state's licensing and regulatory environment and its impact on Michigan consumers and businesses. Recently, Gov. Snyder announced the creation of the Michigan Office of Regulatory Reinvention within Licensing and Regulatory Affairs. Hilfinger will also serve as director of this office and chief regulatory officer for the state of Michigan.



Governor **Terry Branstad** appointed former State Representative Libby Jacobs to the Iowa Utilities Board. Jacobs' term on the board will last from May 1, 2011 to April 30, 2017. Jacobs served in the Iowa House of Representatives from 1994 to 2008. She sat on the House Commerce Committee for 14 years and served as Majority Whip from 1999–2006.



Governor Scott Walker has appointed former State Representative **Phil Montgomery** to a six-year term as Chair of the Public Service Commission (PSC) of Wisconsin. Montgomery worked on utility, energy and telecommunications issues during his 12 years in the Legislature, including serving as chair of the Assembly Energy and Utilities Committee.

Wisconsin PSC Commissioner **Lauren Azar** has resigned from her position to work as a senior advisor to Secretary Steven Chu at the United States Department of Energy. Azar's resignation took effect June 3. Governor Scott Walker appointed Waukesha County official **Ellen Nowak** to fill the unexpired term of Azar. Nowak started her job on July 5 and her term will expire in 2013.

Wisconsin Utilities Offer New Whole-Building Lighting



Is your facility equipped with more lighting than it actually needs? Or was lighting inefficiently installed for the lowest possible cost at your facility, making efficiency upgrades a smart idea today? As you ask yourself these questions, consider if a whole-building lighting upgrade is right for your facility.

Facility owners often struggle to keep pace with the constant changes and modifications to lighting standards, technologies and design practices. As a result, they must continuously re-evaluate their lighting needs, addressing outdated and over-lit areas that waste energy and money. In Wisconsin, your utility offers financial incentives to help offset the costs of energy efficiency and renewable energy installations such as lighting upgrades and replacements. A new Focus on Energy program, the Whole-Building Lighting Program, focuses on increasing lighting efficiency by encouraging school and government facilities and lighting design professionals to work together to reduce energy use through advanced lighting design technologies. Together, the building representative and the lighting system designer are able to research and evaluate alternatives to standard lighting.

By taking advantage of incentives offered from the Whole-Building Lighting Program, you can challenge and maximize your building's lighting potential. The program promotes a comprehensive whole-building approach over a less-costly partial upgrade, thereby fostering aggressive energy savings. A review of your building's current lighting can reveal significant opportunities to reduce energy consumption and optimize lighting levels.

For Wisconsin WPPI Energy member communities interested in learning more about how to reduce your building's energy costs through the Whole-Building Lighting Program, contact your local Energy Services Representative or contact Focus on Energy at 800.762.7077, www.focusonenergy.com.

Earn Money and Save with Financial Incentives



Are you looking for ways to control your energy costs and save on your monthly electric bill? It isn't always obvious where to start when it comes to reducing demand and controlling costs, but through your local utility and WPPI Energy, many energy conservation and efficiency programs exist to benefit your business.

Efficiency programs help you control energy costs by providing cost-effective conservation resources and financial incentives to help you overcome some of the initial costs associated with implementing energy-saving measures. These programs also help reduce maintenance costs, enhance efficiency and improve productivity. Such resources and incentives include, but are not limited to:

- Design assistance for new construction of commercial facilities;
- Financial incentives and financing opportunities to help your business carry out energy efficiency projects, and to offset renewable energy installation costs; and
- Support services and financial assistance to improve energy management in existing and planned school facilities.

For a limited time, your qualified energy efficiency and renewable energy projects may be eligible for enhanced incentives and technology bonuses to help you effectively reduce energy use while also earning additional dollars for your project. Contact your WPPI Energy member utility or Energy Services Representative for more information on how you can make wise and worthwhile business investments and earn money for energy-saving projects.

DATEBOOK: Fall



WPPI Energy and its 51 members in Wisconsin, Upper Michigan and Iowa sponsor and provide support for energy education conferences and technical workshops benefiting commercial and industrial utility customers. Mark your calendars for these upcoming dates:

Polk County Energy Fair

Polk County Energy Fair

<http://www.polkcountyenergyfair.com/index.html>

- August 19–20, 2011 | St. Croix Falls, WI

Solar & Wind Technologies RE101

Iowa Renewable Energy Association

www.irenew.org/Calendar_Events.html

- September 10, 2011 | Cedar Rapids, IA

Managing Energy at Wastewater Treatment Facilities

Focus on Energy

www.focusonenergy.com/training

- September 27, 2011 | Appleton, WI

SW 101 Solar Domestic Hot Water

Iowa Renewable Energy Association

www.irenew.org/Calendar_Events.html

- September 30, 2011 | Hiawatha, IA

PV 101 Basic Photovoltaics

Iowa Renewable Energy Association

www.irenew.org/Calendar_Events.html

- October 1, 2011 | Hiawatha, IA
- November 17, 2011 | Hiawatha, IA

Introductory and Intermediate eQUEST

The Energy Center of Wisconsin

www.ecw.org/university

- November 1–2, 2011 | Madison, WI

LEED Energy Modeling with eQUEST

The Energy Center of Wisconsin

www.ecw.org/university

- November 3, 2011 | Madison, WI



Make an impact on your business.

Saving energy is a sound investment for businesses.

That's because every dollar you save on energy costs goes straight to your bottom line.

Your local utility's membership in WPPI Energy gives you access to energy solutions that save money, boost productivity, and reduce maintenance costs.

In Wisconsin, Focus on Energy offers financial incentives to help you offset the costs of energy efficiency and renewable energy installations. To find out how smart energy choices can save your business energy and money, contact your local Energy Services Representative—or call Focus on Energy at **800.762.7077** or visit **focusonenergy.com**.

In Iowa and Michigan, customers have access to similar opportunities through their local utilities. Contact your local utility for more information.

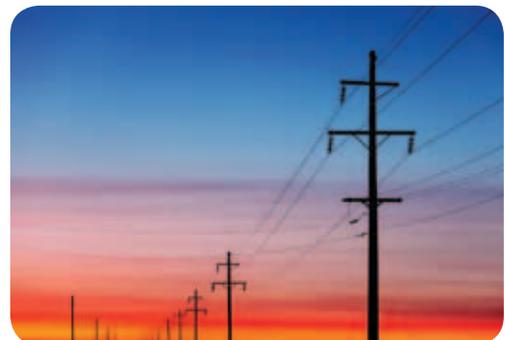
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Resources in Place to Meet Summer Demand

WPPI Energy has sufficient capacity in place to meet the projected summer peak demand of its 51 member utilities. WPPI Energy works closely with other utilities, American Transmission Co., and the Midwest Independent Transmission System Operator to assess, plan for and respond to any potential contingencies and maintain reliable electric service during periods of peak use. While extreme weather conditions and localized outages always have the potential to threaten reliability, no known significant operational issues or restrictions are expected to impact system-wide reliability during the summer 2011 season.



Ask the Experts

Q: *What are the benefits of installing a variable frequency drive and is this an important upgrade for my business?*

A: Variable frequency drives (VFDs) are a common equipment upgrade that can reduce energy use and operating costs in many industrial facilities.

VFDs increase energy efficiency by running motors only as much as they are needed. Many motors do not need to run at 100 percent capacity all of the time. When a motor runs in excess of the job's need or at a constant speed, electricity is wasted, maintenance costs increase, and equipment components wear out more quickly. A VFD solves these problems by providing continuous control, allowing an electric motor to run at varying rotational speeds and match motor speeds to the demands of the work being performed.

VFDs are a reliable and efficient means to control motor speed. According to Focus on Energy, a major benefit of the VFD is their "soft-start" capability that gradually increases a motor's operating speed at startup and greatly decreases the stress on components.

Almost any application that uses motors to drive fans and pumps can save energy and money with the use of a VFD. Focus on Energy confirms the most common applications for VFDs are found in the pumps and fans used for HVAC systems, including chiller-condenser water pumps, domestic-water booster pumps,

air-handling fans and cooling tower fans. The best applications are large motors that operate for several hours at reduced speeds, such as fans for cooling towers, where loads vary.

VFD installations allow business customers to reduce operating costs, increase their bottom line, improve productivity and increase the reliability of their equipment. Even a small reduction in motor speed can lead to a large reduction in horsepower and electricity consumption.

WPPI Energy encourages the implementation of energy-saving measures in utility and municipal-owned facilities. Contact your local WPPI Energy member utility for more information on the financial incentives available and the ways to make efficiency improvements a cost-effective investment for your business.

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.



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