

WPPI Energy to Buy Wind Energy from Bishop Hill III

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WPPI Energy recently announced a power purchase agreement (PPA) with Chicago-based developer Invenergy that will result in the construction of the 132-megawatt Bishop Hill III Wind Energy Center (Bishop Hill III) in Henry County, Illinois. Under the PPA, WPPI Energy will buy all of the electricity from the facility through mid-2040 in order to serve its 51 member utilities and their customers across Wisconsin, Upper Michigan and Iowa.

Bishop Hill III is projected to be the most cost-effective option currently available to WPPI Energy. The addition of more wind energy resources will also increase the diversity of the organization’s power supply portfolio.

“This agreement provides WPPI Energy with a highly cost-effective resource that will more than double the amount of wind energy in our power supply portfolio,” said Mike Peters, president and CEO of WPPI Energy.

The addition of Bishop Hill III as a power supply resources will also have environmental benefits.

“When the Bishop Hill III project comes online, our power supply will be more than 40% emission-free,” said Peters.

The wind energy generated by Bishop Hill III will increase the percentage of WPPI Energy’s power supply that comes

from renewable energy to more than 20%. This will be further increased to more than 22% in 2021 when the 100-MW Point Beach Solar Energy Center near Two Rivers, Wis. comes online.

Bishop Hill III is scheduled to begin commercial operation by mid-2018.



WPPI Energy's primary power supply resources

WPPI Energy is a regional, not-for-profit power company serving 51 locally owned electric utilities. Through WPPI Energy, these public power utilities share resources and own generation facilities to provide reliable, affordable electricity to 200,000 homes and businesses in Wisconsin, Upper Michigan and Iowa.

Advocating for Public Power

Earlier this year, I had the opportunity to attend the American Public Power Association's (APPA) Legislative Rally in Washington, D.C. The rally is an important opportunity for supporters of public power to speak about issues that are important to us.

Representing the People

Legislators provide a voice for the families, local businesses and communities in their district. Since their duties often take them away from home, legislators value the community insights and industry knowledge our utility managers and local officials provide.

A Stronger Voice Together

When utility managers and staff, mayors, city administrators, elected and appointed officials and WPPI Energy staff come together to represent local communities and the 2,000+ public power utilities across the nation, it has a large impact. Over many years of participating in advocacy events such as the APPA Legislative Rally, WPPI Energy members and supporters have built a strong reputation with government officials.

Tax-Exempt Municipal Bonds

Maintaining the tax-exempt status of municipal bonds remains one of our main advocacy issues. Trillions of dollars of U.S. infrastructure is financed with municipal bonds, and removing their tax-exempt status would have a profoundly negative impact on local communities across the country.

For communities served by a public power utility, it would increase rates for all utility customers. The not-for-profit utility would face higher borrowing costs when financing necessary infrastructure, and these costs would have to be absorbed through higher electric rates.

Cyber Security

Making cyber and physical security a priority is also important. The health of our nation's electric grid is essential to nearly all functions and systems people in the U.S. use on a daily basis.

The electric utility industry is the only critical infrastructure sector to have enforceable cybersecurity standards in place to ensure performance and reliability. Future cybersecurity initiatives should not be duplicative of these standards, and we should continue the close collaboration between experts across the electric industry and the federal government.

We also believe that one-size-fits-all compliance standards appropriate for the nation's largest utilities might not be feasible or cost-effective for smaller utilities.

Advocacy is a Continuous Process

It's important that we continue to speak out about these and other topics that matter to public power communities. We appreciate everyone who's been involved in our advocacy efforts at the federal and state level and we will continue to seek member involvement in the future.



The Municipal Finance Caucus

In 2016, Congressmen Dutch Ruppersberger (D-MD) and Randy Hultgren (R-IL) founded the Municipal Finance Caucus (MFC). The bipartisan group, which now includes over 40 legislators, recognizes and seeks to raise awareness about tax-exempt municipal bonds' essential role in building U.S. Infrastructure. Wisconsin Representatives Ron Kind (D-WI) and Glenn Grothman (R-WI) are members. Thank you to all of the members of the MFC for lending your voices to this important issue.

Member Spotlight: Cedarburg, Wisconsin

The Community

Cedarburg is a charming, vibrant community of about 11,500. Although it's only 20 miles away from the hustle and bustle of Milwaukee, the open fields and natural beauty of this city built along the Cedar Creek make it feel like another world.

Several limestone and cream brick buildings constructed by Cedarburg's original settlers still stand, now home to a variety of restaurants, shops, galleries and other businesses. The community houses several museums and historical sites, as well as one of the last standing wooden covered bridges in Wisconsin.

The unique shops, diverse dining options and thriving arts community make Cedarburg a favorite destination for tourists and other visitors. The city's many festivals, community events, and live musical and theatrical performances are part of Cedarburg's culture of community involvement.

Cedarburg Light & Water Utility

Cedarburg Light & Water Utility (CL&W) provides approximately 6,000 Cedarburg homes and businesses with electricity and water services. Like the community, the utility also has a culture of involvement.

"I want my supervisory group to be involved with at least one outside group as part of their overall performance appraisal and development," says Dale Lythjohan, General Manager of CL&W.

He and his staff of 21 are active with a number of groups, including WPPI Energy committees and advisory groups, software user groups and community organizations.

"What I've always told people is you're going to receive more than you give, whether through networking or getting a better understanding of how some of the systems work," he says.

CL&W is locally owned and not-for-profit. To ensure the utility is truly working for the benefit of Cedarburg residents



The Kuhfuss House Museum, located in Cedarburg's downtown National Historic District, is one of the city's oldest homes. Built in 1849, it housed five generations of families before becoming a museum in 1989. *Photo courtesy of the Cedarburg Chamber of Commerce*

and businesses, it's governed by a seven-person utility commission comprised of local residents appointed by the mayor. The commissioners have diverse personal, educational and business backgrounds, which Lythjohan says, "allows us to have some depth in our discussions."

Although there's a range of experience levels on the commission, most commissioners stay for several years. The late Charlie Bradburn was on the commission for 54 years, and his father was on the commission for 27 years before that. Former Mayor Jim Coutts has been on the commission for 14 years.

CL&W and WPPI Energy

CL&W was a founding member of WPPI Energy (then Wisconsin Public Power Inc.) in 1980, and has been an active member ever since. Lythjohan was chair of the WPPI Energy Board of Directors from 2007 to 2011. He's currently a member of the Executive Committee, the Personnel Committee and the Rates Services Advisory Group (RSAG). CL&W's engineer is on the Outage Management Task Force (OMTF),

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CEDARBURG FAST FACTS

County: Ozaukee

Number of customers: 6,261

Utility website:

www.cedarburglightandwater.com

Did you know?

- Kemps earned the Guinness World Record for the Largest Scoop of Ice Cream weighing in at 3,010 lbs at Cedarburg's 2014 Strawberry Festival.
- Ludwig Groth, Cedarburg's first recorded settler, built his home along the banks of Cedar Creek in 1842.
- Country music singer-songwriter Josh Thompson was born in Cedarburg. His singles "Way out Here" and "Beer on the Table" peaked at number 15 and 17 on Billboard's Hot Country Songs (US) chart. Thompson has written songs for Jason Aldean, Brad Paisley and James Wesley.

Cedarburg, continued from page 3...

its electric superintendent is on the Distribution Services Advisory Group (DSAG), and one of its commissioners is on the Policy & Communications Leadership Council (PCLC).”

“WPPI Energy is a member-driven organization, and for a member-driven organization to really succeed, you’ve got to have engaged members,” says Lythjohan. “I think those are WPPI Energy’s biggest strengths - member involvement and member harmony.”

Similar, Not the Same

CL&W is known in the Cedarburg community for great customer service thanks in part to a mindset the staff has adopted.

“When I first came here in ‘93, we had an adage that we were going to treat all the customers the same, but that’s kind of like a glove that says it’s one size fits all,” says Lythjohan. “The reality is that it doesn’t fit everybody. We worked hard to develop a culture of serving customers similarly. Everyone doesn’t need the exact same things from us, but they all have needs.

“We want to establish relationships with our customers so they know we’re trying hard, we’re honest, we’re doing the best



Cedarburg residents and visitors dine ‘al fresco’ at the Anvil Pub & Grille, overlooking Cedar Creek. Photo courtesy of the Cedarburg Chamber of Commerce

we can and we’re going to serve them responsibly.” says Lythjohan. “We talk about customer service every time we get together, and I think if you do that and people start owning it, it becomes who you are. It’s natural.”

Looking to the Future

In Lythjohan’s opinion, the customer of the past and the customer of the future are two different people. As the father of three daughters in their twenties, he’s seen firsthand the culture and expectations of the next generation of utility customers.

“I think utilities are going to have to be very technologically advanced in order

to continue to succeed and grow,” he says. “One of the challenges is that many municipal utilities are small, we wear many hats. So I think the utility of the future is going to need to rely more and more on joint action in order to serve customers.”

As for WPPI Energy as a whole, Lythjohan anticipates “the future of WPPI will continue to evolve, and I think that’s necessary. However, it’s important to remember the strength of the membership is member harmony. I think that if WPPI Energy maintains that, the future’s bright.”

WPPI ENERGY NEWS

WPPI Energy Now Receiving Power from Nelson Energy Center

In June, WPPI Energy started receiving power from the Nelson Energy Center, a natural gas-fired, combined-cycle power plant located in Lee County, Ill. This is in accordance with a 20-year power purchase agreement WPPI Energy signed in 2014 with the facility’s owner Invenergy to purchase 90 megawatts, starting in 2017. Nelson Energy Center adds another cost-effective, long-term resource to our energy portfolio.

Governing Body Visits

Now through early fall, WPPI Energy senior staff are meeting with member utility commissions, committees and other governing bodies to share a 20-minute presentation entitled, “Doing More Together: Preparing for the Future through Joint Action.” They’ll discuss assumptions and priorities in the 2017-2021 business plan, items for members to consider in their own planning efforts and ways WPPI Energy can help.



WPPI Energy members and staff on a tour of the Nelson Energy Center in mid-June.

MEMBER NEWS

Members Earn RP3 Designation

Kaukauna Utilities, Stoughton Utilities and Menasha Utilities earned American Public Power Association (APPA)'s nationally-recognized Reliable Public Power Provider (RP3®) designation for 2017-2020. RP3 distinguishes utilities that adhere to high standards in reliability, safety, workforce development and system improvement, and is current for a three-year period. Other members with current RP3 designation are Oconomowoc Utilities, Two Rivers Water & Light, City Utilities of Richland Center - Electric, River Falls Municipal Utilities, Cedarburg Light & Water Utility and Evansville Water & Light.

Members Earn Safety Award

18 WPPI Energy members received APPA's Safety Award of Excellence that recognizes locally owned utilities with the lowest numbers of incidents, based on the number of work-related report-



The Sun Prairie Utilities (SPU) line crew in some of their safety gear. SPU received a first place APPA Safety Award of Excellence for the utility's commitment to safety during 2016.

able injuries or illnesses and number of worker-hours during 2016, as defined by the Occupational Safety and Health Administration (OSHA). The following members received the award:

First Place - City Utilities of Richland Center-Electric, Columbus Water & Light, Evansville Water & Light, Lodi Utilities, Muscodia Utilities, Waupun Utilities, Whitehall Electric

Utility, Black River Falls Municipal Utilities, Brodhead Water & Light, New Richmond Utilities, Reedsburg Utility Commission, River Falls Municipal Utility, Stoughton Utilities, Sun Prairie Utilities, Oconomowoc Utilities and Sturgeon Bay Utilities.

Second Place - New Holstein Utilities

Third Place - Two Rivers Water & Light

WPPI ENERGY POLICY UPDATES

Federal

FERC Quorum Restored - Rob Powelson, a Pennsylvania public utility commissioner and former president of the National Association of Regulatory Utility Commissioners, and Neil Chatterjee, an energy policy advisor to Senate majority leader Mitch McConnell, have joined commissioner Cheryl LaFleur on the Federal Energy Regulatory Commission (FERC), restoring FERC's three-person quorum and allowing the commission to resume important work.

Tammy Baldwin Introduces Rail Shipper Fairness Act - Senator Tammy Baldwin (D-Wisconsin) has introduced the Rail Shipper Fairness Act, S. 1233. The bill would build on recent reforms to the Surface Transportation Board and includes measures aimed at improving rail service, competition and rate stan-

dards. Thanks to Sen. Baldwin for her advocacy and leadership in calling for reliable, fairly priced coal delivery to WPPI Energy's co-owned Elm Road Generating Station, Boswell Energy Center Unit 4 and power plants across the country.

Wisconsin

New PSCW Commissioner - Commissioner Lon Roberts was appointed to a six-year term at the PSCW by Governor Scott Walker in March and confirmed by the State Senate in April. Commissioner Roberts previously served as the Secretary of the Department of Financial Institutions. He fills the seat vacated by former PSC Commissioner Phil Montgomery, whose six-year term ended in March.

Waste Heat Recovery Bill - Wisconsin State Senate President Roger Roth (R-Appleton) and Rep. Rob Brooks

(R-Saukville) introduced bipartisan legislation that categorizes recycled waste heat from manufacturing processes as a renewable resource according to the state's renewable portfolio standards law. The proposal was signed into law by Governor Walker. WPPI Energy supports this effort to provide tradeable renewable energy credits to manufacturers that recycle waste heat and increase energy efficiency.

Iowa

IUB Jurisdiction Bill - Former Governor Terry Branstad signed a bill which will allow municipal utilities to handle financial deposits made by electric customers according to city code and not Iowa Utilities Board rules. The Iowa Association of Municipal Utilities strongly supported the bill, as it restores local control.

Business and Energy: Seasonal Electricity Costs Reminder

As mentioned in the last issue of the Power Report, this year WPPI Energy's monthly wholesale price and member utility prices will more accurately reflect seasonal differences in the cost of power. The average customer will see higher bills for usage during June through September and lower bills the other eight months, making total annual costs comparable to previous years.

However, there are some exceptions. For instance, some industrial customers operate primarily in the summer months when power is more costly and shut down during other times of year. WPPI Energy member utilities provide resources to help these customers, including programs and services, on-bill financing for energy efficient upgrades and design assistance to ensure energy efficient equipment and systems are included in a new construction project. Here is a breakdown of what these entail.

Programs and services - Your local WPPI Energy member utility's Energy Services Representative can analyze your business' energy usage, identify any inefficiencies and suggest changes that will reduce waste and save money. These local energy experts can also identify programs and services to help, such as financial incentives for installing or upgrading to energy efficient systems and/or incorporating energy efficient practices into company procedures. Incentive programs are offered by the local utility and WPPI Energy, state programs, federal programs and more.

On-bill financing - While many business owners would like to save energy by replacing or improving inefficient equipment, initial cost barriers can make



Last year, Stoughton Trailers finished more than 20 energy efficiency upgrades across all its manufacturing facilities (located in Stoughton, Brodhead and Evansville). The company received more than \$315,000 in incentives and other energy efficiency funding through WPPI Energy and Focus on Energy.

it difficult to get started. Through on-bill financing, your business can access the upfront funds needed to start a qualifying energy efficiency project and pay it back over time in 60 equal installments on your electric bill. The monthly energy savings resulting from the projects often serve to offset most or all of the repayments. In addition, most provide energy savings long beyond the repayment period, providing a long-term boost to your bottom line.

New construction design assistance

- If you're planning a new construction project, your local WPPI Energy member utility can connect you with developers, design professionals and construction contractors that will help you design a building that meets your business' needs

while also incorporating features that encourage energy efficiency, reduced peak load, high systems performance and employee comfort. These features could include lighting, HVAC, and other building systems. Your utility, WPPI Energy and state programs such as Focus on Energy and Efficiency United also offer financial incentives for businesses that implement energy efficient features, as well as incentives to help design team members offset the cost of advanced designs.

Contact your local utility office for more information or to schedule an appointment with your Energy Services Representative.

Upcoming Technical Training Courses

Focus on Energy BOC Trainings focusonenergy.com/about/events

Building Operator Certification (BOC) is a nationally recognized, award-winning training program that offers facilities personnel a combination of hands-on and classroom training.

Madison, Wis. BOC Training

This series of BOC classes will take place at Madison College over the course of the following dates:
September 21-22, 28 • October 12, 27 • November 17

Eau Claire, Wis. BOC Training

This series of BOC classes will take place at Chippewa Valley Technical College over the course of the following dates: *October 19-20 • November 3, 10 • December 1, 15 • January 5, 19*

Focus on Energy Trainings focusonenergy.com/about/events

Strategic Energy Management *September 12 • Kaukauna, WI*

HVAC for Commercial & Small Industrial Applications

September 13 • Kaukauna, WI

The Business Case for Industrial Energy Efficiency

September 21 • Milwaukee, WI

Power Connect Chat Session 11-11:30 am: Water and Wastewater

September 28 • call in

Power Connect Chat Session 1-1:30 pm: Schools and Government

September 28 • call in

Operations & Maintenance Practices for Energy Efficiency

October 11 • Wausau, WI

October 12 • Verona, WI

League of WI Municipalities Workshop focusonenergy.com/about/events/league-wisconsin-municipalities-chief-executives-workshop

League of Wisconsin Municipalities Chief Executives Workshop

August 23-25 • Heidel House Resort, Green Lake, WI

Wisconsin Rural Water Association Expo focusonenergy.com/about/events/wrwa-outdoor-expo

WRWA Outdoor Expo

August 24 • WRWA State Office/Technology Center, Plover, WI

Stronger Together: Government Relations

It's the end of a long day at the American Public Power Association's legislative rally when WPPI Energy utility managers, commissioners, local officials and employees meet for dinner. Although their feet ache from walking to and from meetings (often located in separate buildings), they're in good spirits and trade jokes and stories. They've traveled to Washington D.C. from rural communities, urban cities and small towns across Wisconsin, Michigan and Iowa to talk with their legislators about public power and energy policy. Despite coming from different backgrounds, all are there because they believe their community's public power utility is worth every step, meeting, and mile away from home.

WPPI Energy's government relations team (General Counsel Tom Hanrahan, Manager of Government Relations Joseph Owen and consultant Tom Moore) facilitates advocacy efforts such as this

to help member utilities build strong relationships with state and federal policymakers, educate elected officials about public power, and advocate for sound energy policy.

"Making sure member's voices are heard is an extremely important part of our advocacy," says Hanrahan. "It's powerful when a utility manager or mayor from one of our communities can speak with a legislator about how a bill directly impacts people in the legislator's home district."

In addition to helping WPPI Energy members engage with legislators, the Government Relations team works to maintain a network of industry and non-industry legislative and regulatory professionals, as well as actively participating in stakeholder coalitions and advocacy groups.

Over many years of interacting with legislators, WPPI Energy representatives



Pictured from left: General Counsel Tom Hanrahan and Manager of Government Relations Joseph Owen.

have earned reputations as honest and reliable sources of information.

"Though legislators are responsible for representing a broad array of industries and interests in their districts, they simply cannot be experts in it all," says Owen. "By explaining how an energy policy proposal would impact constituents, our members provide valuable insights that help legislators make informed decisions."

Says Owen, "When we come together with people from our member communities and speak about the pride we have in public power and our locally owned utilities, it's a powerful statement."