

wui Legislative/Regulatory Update



A bimonthly publication for the members of the Wisconsin Utility Investors.

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XCEL ENERGY BOARD ELECTS NEW MEMBER

Daniel Yohannes has been elected to Xcel Energy's board of directors, effective March 1, 2017. Yohannes most recently served as the U.S. Ambassador to the Organization for Economic Cooperation and Development (OECD), an international forum promoting economic growth, prosperity, sustainable development and energy security through better policies. Prior to that appointment, he served as Chief Executive Officer of Millennium Challenge Corporation (MCC), a U.S. government development agency that provides grants for investments in, among other things, energy and power infrastructure in developing countries to create self-sustaining power systems and support economic development.

ARMY CORP OF ENGINEERS PROPOSES AGREEMENT

The U.S. Army Corps of Engineers is proposing to let several utility companies pay to speed up review of their permit applications in Minnesota and Wisconsin. Under the plan, the utilities would fund up to two full-time staff to handle wetland and water crossing permits from American Transmission Company and WEC Energy Group whose subsidiaries include We Energies, Wisconsin Public Service Corporation, the Wisconsin River Power Company and Minnesota Energy Resources Corporation.

ROBERTS APPOINTED PSC COMMISSIONER

Gov. Scott Walker recently announced that Department of Financial Institutions (DFI) Secretary Lon Roberts will replace current Public Service Commissioner Phil Montgomery whose term on PSC ends next month. Montgomery had served 12 years in the Wisconsin Assembly before his six-year term on PSC.

Roberts, Montgomery's replacement, was a partner and president at a law firm in Wausau and served as chair of the State of Wisconsin Investment Board before becoming DFI secretary in February 2016.

XCEL ENERGY REPORTS 2016 YEAR END EARNINGS

Xcel Energy has reported 2016 GAAP and ongoing earnings of \$1,123 million, or \$2.21 per share, compared with GAAP earnings of \$984 million, or \$1.94 per share, and ongoing earnings of \$1,064 million, or \$2.09 per share, in 2015. Increases in electric and natural gas margins were primarily driven by higher rates across various jurisdictions to recover capital investments and the favorable impact of weather as compared with the previous year. These positive factors and a lower effective tax rate were partially offset by higher depreciation, interest charges and property taxes.

WE ENERGIES REPORTS FOURTH QUARTER EARNINGS

We Energies, parent company WEC Energy Group, posted a net income of \$194.4 million, or 61 cents per share. Excluding the impact of acquiring Chicago-based Integrys Energy Group, the fourth quarter 2016 earnings were slightly less than adjusted net income for the fourth quarter of 2015 of \$197.8 million, or 62 cents per share. The Milwaukee-based public utility company completed the \$9.1 billion Integrys acquisition in June 2015.

Fourth-quarter revenue for WEC Energy was \$1.96 billion compared with \$1.85 billion in the fourth quarter of 2015. For the full year, WEC Energy reported net income of \$939 million, or \$2.96 per share, compared with a net income of \$638.5 million, or \$2.34, in 2015. Adjusted net income for the full year of 2015 was \$720.7 million, or \$2.64 per share. Revenue for 2016 was \$7.47 billion compared with \$5.93 billion in 2015. The full-year 2015 results include only two quarters of combined financials for the former Wisconsin Energy Corp. and Integrys.

WEC SUBSIDIARY TO BUILD TWO NATURAL GAS GENERATORS IN UPPER PENINSULA

A subsidiary of We Energies has asked for approval to build two generating plants located in Baraga and Marquette counties in Michigan's Upper Peninsula at a cost of \$277 million. Upper Michigan Energy Resources Corporation would build the natural gas projects by 2019 enabling We Energies to shut down its coal-fired power plant in Marquette, Michigan, by 2020. This would eliminate the need for Wisconsin ratepayers to continue paying for that plant.

XCEL ENERGY AND FAA LAUNCH SAFETY PARTNERSHIP

Xcel Energy has announced a first-of-its-kind partnership with the Federal Aviation Administration to research the safe operation of drone technology to inspect critical infrastructure. The agreement involves using unmanned aircraft systems to inspect more than 20,000 miles of Xcel Energy transmission lines in 10 states. The data collected from diverse climates, conditions and geographies will be used by the federal agency to secure the nation's airspace now and in the future.

MGE PLANNING LARGE WIND PROJECT IN IOWA

Madison utility Madison Gas and Electric plans to build a \$107 million, 66-megawatt wind farm in Howard County, Iowa, that would become the company's largest wind farm to date. The project, known as Saratoga, will consist of 33-turbines on a 10-square-mile site about 200 miles west of Madison. The site is well situated because of its strong winds and proximity to transmission infrastructure. If approved, construction could begin in early 2018 and deliver enough electrical power for approximately 47,000 homes by the end of 2018. The company said wind turbine technology has improved with larger turbines producing energy more efficiently, making it a cost-effective, clean-energy option.

ALLIANT ENERGY ANNOUNCES 2016 RESULTS AND 2017 EARNINGS GUIDANCE

Alliant Energy has announced U.S. generally accepted accounting principles (GAAP) and non-GAAP consolidated unaudited earnings per share (EPS) from continuing operations for 2016 and 2015 as follows:

	GAAP EPS from Continuing Operations		Non-GAAP EPS from Continuing Operations	
	2016	2015	2016	2015
Utilities, ATC and Corporate Services	\$1.85	\$1.66	\$1.85	\$1.72
Non-regulated and Parent	(0.20)	0.03	0.03	0.03
Alliant Energy Consolidated	\$1.65	\$1.69	\$1.88	\$1.75



THE WUI LEGISLATIVE/
REGULATORY UPDATE is
published bimonthly for the
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Utility Investors.

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CORRECTION

Please note the following corrections to the reported February Newsletter dividend rates:

- Alliant Energy - Quarterly dividend rate is 31.50 cents per share.
- MGE Energy - Regular quarterly dividend of 30.75 cents per share, payable March 15, 2017.

WISCONSIN UTILITY INVESTOR'S

Day at the Capitol

**Wednesday,
May 24, 2017**

The event and the optional bus trip is free,
but space is limited to first come, first serve.



RECEIVE THE FIRST YEAR WUI MEMBERSHIP FOR FREE WHEN YOU REGISTER

WUI is a nonprofit grassroots organization that serves as an effective voice for shareholders before the Wisconsin State Legislature and Public Service Commission. WUI Membership Benefits include: Registration and Lunch for the Annual Meeting, Biennial Legislative Day and Biennial Regional Meetings along with Monthly Newsletters.

Visit www.wuiinc.org for more information and the latest utility investor news.

You're Invited to Get Plugged In!

This is your opportunity to let your representatives know what is important to you as a Utility Investor! You will hear from legislative leaders about the current issues affecting your investments, have opportunities to meet with your representatives at the Capitol, and share lunch with your fellow WUI members at the newly renovated Park Inn Hotel (formerly Inn on the Park).

INVITED GUEST SPEAKER: **Governor Scott Walker**

YOUR DAY AT THE CAPITOL:

You can drive to Madison or ride one of the comfortable coach buses provided by WUI. Valet parking is available at the Inn on the Park

AGENDA:

- 9:30 am** ■ **Arrive at the Inn on the Park**
 - Enjoy coffee cake and hot coffee
- 10:00 am** ■ **Informational session**
 - Introduction to the Issues
 - Presentation and plan for the day
- 11:15 am** ■ **Meet with your senators and representatives at the State Capitol**
 - Small guided groups will visit senate and assembly offices
 - Leave issue communication with representatives
 - Fill out feedback form for WUI reporting on responses from various offices
- 12:30 pm** ■ **Lunch at the Inn on the Park**
- 12:45 pm** ■ **Governor Walker or Legislative Speaker**
- 1:20 pm** ■ **Prize drawing**
- 1:30 pm** ■ **End of Program**
 - Board bus or car for return home

*Note that while the hotel and the capitol are handicap-accessible, many members who have attended previously have commented that there is a lot of walking involved. Please let us know if we can be of assistance in any way.

WUI DAY AT THE CAPITOL COACH BUS STOPS

Fox Valley WUI Bus Stops

- 6:20 - 6:30 am DePere: Park & Ride (US 41 at exit 163 – County G)
6:50 - 7:00 am Appleton (Little Chute), Park & Ride (US 41 at exit 146)
7:32 - 7:45 am Oshkosh, Park & Ride (US 41 and Wis 26 Oshkosh South)
8:25 – 8:35am Beaver Dam, McDonald's: 840 Park Ave, Beaver Dam

Brookfield/Waukesha WUI Bus Stops

- 7:20 - 7:35 am Brookfield, Goerke's Corners (I-94 and Barker Road)
7:55 - 8:05 am Oconomowoc, Summit Park and Ride (Hwy 67 & County DR)
8:25 – 8:35am Johnson Creek, Johnson Creek Park and Ride (I94 at exit 267)

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

WUI DAY at the CAPITOL REGISTRATION OPTIONS:

MAIL this form to Wisconsin Utility Investors, 10 E. Doty Suite 500, Madison, WI 53703

ON-LINE with the link from www.wuiinc.org, **EMAIL:** info@wuiinc.org, **Or CALL:** WUI at 608-310-5316.

Name _____ Number in Party _____

Address _____

City, State, Zip _____

Email _____ Phone _____

Membership: WUI Member Please sign me up for a free one-year WUI Membership with my registration to the WUI Day at the Capitol!

Bus: If you will ride the bus to Madison, please check which bus you will be riding: DePere Appleton Oshkosh Beaver Dam

Brookfield Oconomowoc Johnson Creek (Directions to the pick-up locations will be included in the confirmation letter.)

RSVP by Friday, May 12, 2017