

MGE Community Environmental Advisory Group (CEAG) Meeting Minutes March 20, 2007

CEAG Members Present:

Rich Bogovich	Judy Olson
John Coleman	Jo Oyama-Miller
Pete Goepfert	Mike Ricciardi
Lynn Hobbie	Steve Schultz
John Imes	Eileen Vandoros
Lindsey Lee	

CEAG Members Absent:

None

MGE Resource Employees Present:

Jeanne Burns-Frank
Laura Coleman
Kristine Euclide
Angela James

Others Present:

Kim McCutcheon (Wisconsin Department of Natural Resources)
Jane Rossing (Note Taker)
John Shenot (Wisconsin Department of Natural Resources)

Agenda Item 1 - Welcome, Call to Order, Review Today's Agenda, Review Previous Meeting Minutes (Lynn Hobbie)

At 7:40 a.m., Lynn Hobbie called the meeting to order. She welcomed everyone and thanked them for coming. She noted the full attendance and observed that morning meetings seemed better for everyone's schedule.

Lynn reviewed today's agenda. She distributed revised draft minutes from the November 15, 2006, meeting. A paragraph was added to Agenda Item 2, Questions Regarding MISO Presentation, Bullet 4, at the request of John Shenot. The paragraph reads "Since the WCCF serves the UW with steam and chilled water as well as producing electricity, the partners need a way to accommodate UW needs at occasional times when MISO is not dispatching WCCF for electricity system needs. MGE and the UW have done this by creating a special Memorandum of Understanding between the UW and MGE that allows the plant to be run for UW steam needs while remaining cost-effective for MGE electric customers. This Memorandum of Understanding has been approved by the Public Service Commission of Wisconsin." Lynn motioned to approve the amended minutes, and they were unanimously approved. The November 15, 2006, meeting minutes will be finalized as amended.

MGE Community Environmental Advisory Group (CEAG) Meeting Minutes March 20, 2007

Agenda Item 2 - 2006 Environmental Cooperative Agreement (Jeanne Burns-Frank and Laura Coleman)

Mike Ricciardi introduced Laura Coleman as a new member of the Safety and Environmental Affairs Department. Mike noted that Laura previously worked at Blount Station in the water laboratory area but has now taken on some responsibilities previously held by Susan Rosenberg.

Jeanne Burns-Frank and Laura Coleman gave a PowerPoint presentation about the 2006 Environmental Cooperative Agreement (ECA).

Presentation Highlights:

2006 ECA Report Highlights

- Beneficial Ash Reuse
- Emissions Reductions With PDF
- Mercury - Removal and Recycling Projects
- Bio-Diesel Use
- Noise Concerns

Results of Studies

- Diesel Generator Emission Reduction Study
- Thermal Discharge Study
- Update on Stormwater Demonstration Study

Environmental Management System at Blount

- Compliance Audit Findings
- System Improvements
- ISO 14001 Update

Questions and Comments Regarding the 2006 ECA Presentation

- CEAG members asked if MGE is accelerating the removal of mercury-containing items in Blount Station and if the general public is aware MGE offers a thermostat recycling program for customers. It was suggested that MGE issue a yearly public service reminder about the availability of the recycling services.

MGE responded that removal of mercury-containing items at Blount Station is on schedule. In addition to MGE's recycling service, there are a number of local contractors who are part of a national recycling program. MGE suggested CEAG members review and provide input on a bill insert containing information on area recycling services.

MGE Community Environmental Advisory Group (CEAG) Meeting Minutes March 20, 2007

John Shenot noted that, overall, mercury thermostats and thermometers are safe in the home, but when they are removed, the mercury should be recycled instead of taken to a landfill. There is a need to educate the public on proper disposal of mercury-containing items rather than whether or not they are hazardous in the home.

- CEAG members inquired about the impact of the Energy 2015 Plan on the reduction of thermal discharge.

MGE responded that the reduction in thermal discharge is also due to fuel switching. A report will be distributed the end of March 2007 that summarizes the thermal discharge study.

- CEAG members asked if there were any repeat compliance audit findings or findings on issues that were to have been previously resolved.

MGE responded that there are repeat findings due to paperwork errors but none related to emissions or harmful effects on the environment.

- CEAG members asked if it would be useful to see how well compliance audits work for MGE compared to other utilities.

John Shenot responded that We Energies is the only other Wisconsin utility that has an environmental management system. Their 2006 audit report had comparable findings to MGE. However, We Energies has started to conduct more narrow audits focusing on specific issues rather than the comprehensive audits that MGE does. John offered to provide a comparison of recent audit findings at MGE's and We Energies' power plants covered under their respective Environmental Cooperative Agreement.

Kim McCutcheon noted that in talking with compliance professionals, she's discovered that the type of compliance audit MGE conducts is very thorough and undergoes a high level of scrutiny.

- CEAG members asked if MGE plans to have a smaller fleet and replace the vehicles not being used.

MGE responded that the Company plans to replace its one-ton diesel vehicles with gas vehicles and reduce the fleet overall. MGE is also looking for gas stations to offer bio-diesel as they have ethanol.

MGE Community Environmental Advisory Group (CEAG) Meeting Minutes March 20, 2007

- CEAG members asked if MGE would like to switch the type of fuel used in its fleet for reasons of cost and emissions.

MGE responded that the Environmental Protection Agency (EPA) has rules regarding the percentage of fleet vehicles that can operate using alternative fuels, but bio-diesel and hybrid vehicles do not count in the percentage. The EPA's direction was to move toward compressed natural gas; however, it is the bio-diesel and hybrid technologies that are rapidly growing. MGE may contact Congress to express concern about these rules as they don't fit market realities or the intent of the Department of Energy.

- CEAG members asked if there continues to be concern with the availability of bio-diesel at maintenance stations and fueling locations for fleet vehicles.

MGE responded that it intends to explore the possibility of installing a bio-diesel pump as more sources become available. Currently, the Governor is offering incentives for gas stations to install bio-diesel pumps.

- CEAG members asked if the stormwater sediment concentrations were from input or output stormwater.

MGE responded that it will find out the information from the stormwater demonstration project contract company, EarthTech. **Note:** At a later date, Laura Coleman was informed that the sediment concentrations were from input stormwater.

- CEAG members asked if the cogeneration study planned for release in 2007 was still on track.

MGE responded that there will be two pieces to the cogeneration study. The City, County, and Department of Administration (DOA) will review the cogeneration option as the scope for their project, and the DOA will release the findings publicly in the next couple of months. MGE is completing a cogeneration study separately as part of the ECA requirement, and it will be completed by September 2007.

- CEAG members asked if MGE had been approached about extending services from the cogeneration facility to the new Hilldale development.

MGE responded that it has not been approached.

MGE Community Environmental Advisory Group (CEAG) Meeting Minutes

March 20, 2007

- John Shenot noted this ECA report was the best so far, and he thanked MGE for considering all the Wisconsin Department of Natural Resources' suggestions. John offered a few additional suggestions for MGE's consideration:
 - ✓ Adding the baseline year to all charts.
 - ✓ Adding units to the avoided emissions table.
 - ✓ Adding a pound per megawatt chart for particulate matter.
 - ✓ Clarifying that mercury was removed and recycled and quantifying the amount of mercury removed in the Mercury Inventory and Removal Plan section.
 - ✓ Noting that landfilled fly ash was reduced by over 70 percent for the plant.
 - ✓ Adding the pulsar project in the Review of Completed ECA Projects section.

Agenda Item 3 - Items to Share

- CEAG members asked if MGE has considered working with Madison area developers to install photovoltaic (PV) systems on building rooftops in return for the energy being sold back to the utility.

MGE responded that it does demonstration projects using PV, methane gas, and vertical wind turbine technologies in accessible locations so the public can see how they perform. MGE recently announced it would triple its green pricing program and make this available to customers in 2008. MGE will file this program expansion with the Public Service Commission of Wisconsin as part of its rate case in May 2007. Similar to a program offered by We Energies, MGE customers will be offered a buy-back rate of \$0.25 per kilowatt. Developers will be able to install a renewable energy system on top of a building and sell that energy to MGE and customers through the green pricing program. MGE has a staff engineer who can assist developers with engineering and design. MGE will work with customers to obtain state and federal incentives for these systems.

- CEAG members asked what is planned for the Group as the ECA ends in 2007.

MGE responded that it is looking into the extension of the ECA for another five years or possibly pursuing a green tier agreement which is more broad. The role of this Group has not yet been determined.

The meeting was adjourned at 9:05 a.m.

jr