



Public Service Commission of Wisconsin

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Contact: Linda Barth
(608) 266-9600

PSC Approves West Campus Cogeneration Facility and Holds the Line on Rates

MADISON – The Public Service Commission unanimously approved the construction of a 150 megawatt cogeneration plant proposed by Madison Gas and Electric Company at the University of Wisconsin-Madison campus but reduced proposed rate increases associated with the project.

The PSC trimmed the proposed rate of return for investors from the proposed 12.9 % to 12.1%, saving ratepayers about \$11 million. MGE applied to construct the cogeneration facility after reaching an agreement with the University of Wisconsin, which owns the land. The utility plans to use the electricity from the facility to meet future demand while the University will use the steam generated from the facility to heat and cool its buildings.

“This is a creative partnership where the state taxpayers and Madison ratepayers all benefit,” said Commission Chairperson Burnie Bridge. “Through this process we are able to meet the increased need for heating and cooling at the University and also the increase in demand for electricity in the city.” Bridge also thanked the utility, the University, the city, the county and community groups for all working together up-front in this process. “Their work and efforts early in the process should be commended,” she said.

The cogeneration facility is a medium load plant that will use natural gas to simultaneously produce both electricity and thermal energy for direct use. “Using the steam produced by the electric generation to provide heat to the University just makes good common sense,” Commissioner Ave Bie said. “It’s an efficient answer to long-term needs.”

Commissioner Robert Garvin said, “Our approval of this much needed power plant will help ensure reliability in Dane county and deliver much needed steam and cooling for the UW-Madison. The financial terms of the lease strike the right balance between MGE’s customers’ interest in having low cost, reliable power and MGE’s investors’ need for regulatory certainty.”

The cost of the project is estimated at approximately \$178.5 million. The Wisconsin Building Commission already approved in the state budget bill, bonding to pay for the \$79.3 million for their share of the facility.

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“We need to encourage creative solutions to meet energy needs in Wisconsin by providing a fair rate of return to individuals who are willing to invest in energy infrastructure and also by watching out for the ratepayer’s pocketbook,” Bridge said. “Our decision today sets a good balance.”

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