

May 13, 2003

Senator Alberta Darling
Co-chair, Joint Committee on Finance
Capitol 317 East

Subject: UW Madison campus power plant

Dear Senator Darling:

With respect to DOA Secretary Marotta's May 9 letter, we find it necessary to point out the following facts.

Save 200 million dollars

DOA's consultant Sebesta Blomberg released several reports favoring a smaller, 45-MW UW-owned plant over the UW/MGE 150-MW proposal. Both plans service UW Madison's utility needs. But the lifetime cost savings to the State from the smaller plant was projected at over \$200 million. (April 28, 2003)

Immediately after the last report, UW & MGE insisted that Sebesta change its numbers, neutralizing the advantage of the smaller facility. The UW Madison official leading that effort is Associate Vice-Chancellor Alan Fish. However, Sebesta exposed these manipulations and documented the new assumptions as unrealistic. (May 6, 2003)

Corrupted political process

State Senator Chvala inserted a 2002 budget amendment granting exclusive rights to MGE for the project. This followed \$170,000 in contributions that MGE funneled to political groups at Senator Chvala's behest.

Despite the political improprieties as well as widespread cuts to UW programs, both Madison Chancellor John Wiley and Governor Doyle are backing the much more costly UW/MGE project.

Credibility

UW suppressed publication of calculations showing that in 2007 the price for steam resulting from the MGE plant would be 170% higher than from a UW-owned plant. (April 25, 2003)

While MGE has forced the estimated capital costs for a UW-owned 45-MW facility upwards to \$112 million, typical campus co-generation plants are much less costly. For example, according to UW's own figures, the 57-MW University of Illinois co-generation facility cost \$57 million. (Note that Secretary Marotta has allocated \$90 million for the State's share of the MGE plant.)

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History

In February 2000 the Burns & McDonnell report recommended a 45-MW co-generation facility for the UW Madison campus. From that time on, MGE and UW Madison have conspired to plan a joint venture that bears no resemblance to that independent recommendation.

Further, at no time were competitive proposals solicited for either the analysis of needs nor the design of solutions. MGE has a vested interest in building the largest possible electrical generation facility on campus, without regard to optimal utilization of state monies. An independent, unfettered review of energy options for the UW Madison campus has not occurred.

A crisis in electric and steam loads does not exist. MGE's ability to produce and purchase electricity, and the Madison campus's situation relative to its need for steam, are both within norms for utilities and large campuses in the United States.

Conclusion

We urge you to reject funding for the UW/MGE plant in the current budget cycle and ask for an independent reevaluation of the energy needs of the campus and the selection of a fiscally and environmentally responsible solution.

At minimum, prior to any budget action, UW's and DOA's actions with regard to altering the Sebesta report should be audited. Wisconsin's citizens deserve the truth, but instead have only been given information filtered by the very parties that have the most to lose from the truth.

Our group would be happy to meet with you to discuss any of these matters in full detail.

Sincerely,

Chamond Liu
Friends of Responsible Energy