

WISCONSIN DEPARTMENT OF  
ADMINISTRATION

D  
SCOTT McCALLUM  
GOVERNOR  
GEORGE LIGHTBOURN  
SECRETARY  
Office of the Secretary  
Post Office Box 7864  
Madison, WI 53707-7864  
Voice (608) 266-1741  
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September 13, 2002

The Honorable Brian Burke, Co-Chair  
The Honorable John Gard, Co-Chair  
Members of the Joint Committee on Finance  
113 South, State Capitol  
Madison, Wisconsin 53702

Dear Senator Burke, Representative Gard, and Members:

In accordance with s. 16.531(1), Wisconsin Statutes, we are submitting a report for the next quarter on the use of the authorities conferred in s. 16.53(10)(a), Wisconsin Statutes, s. 20.002(11)(a), Wisconsin Statutes, and Subch. III of Chapter 18, Wisconsin Statutes, related to cash flow management and the issuance of operating notes.

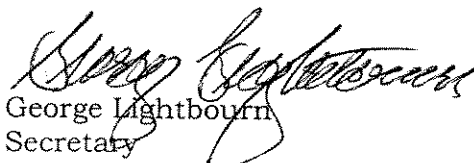
The following cash forecasts are based on Wisconsin Act 109 and do not include any proceeds from the possible issuance of an operating note.

**General Fund Cash Forecast**  
**October - December 2002**  
(\$ in millions)

Month	Beginning Balance	Lowest Intramonth Balance	Receipts	Disbursements
October	\$ 136.1	\$ - 39.1	\$1,555.6	\$1,295.2
November	396.5	275.0	1,545.8	1,512.6
December	429.7	-657.8	1,498.3	2,068.5
January	-140.5			

The General Fund will experience low balances during the periods from September 13<sup>th</sup> to October 23<sup>rd</sup>, and from December 2<sup>nd</sup> to December 31<sup>st</sup>. During these periods it will become necessary to exercise the authority granted under s. 20.002(11)(a), Wisconsin Statutes, pertaining to the temporary reallocation of certain eligible surplus moneys. It is not anticipated that the authority to delay payments, granted under s. 16.53(10)(a), Wisconsin Statutes, will be utilized.

Sincerely,

  
George Lightbourn  
Secretary



**Vice President for Finance**

1752 Van Hise Hall  
1220 Linden Drive  
Madison, Wisconsin 53706  
(608) 262-1311  
(608) 262-3985 Fax

website: <http://www.uwsa.edu>

September 13, 2002

Senator Brian Burke  
Representative John Gard  
Co-Chairs, Joint Committee on Finance

George Lightbourn, Secretary  
Department of Administration

Dear Senator Burke, Representative Gard and Secretary Lightbourn:

This letter requests approval of the UW System's 2002-2003 plan for student fee funded auxiliary reserve balances as required by section 36.46, Wisconsin Statutes:

The board may not accumulate any auxiliary reserve funds from student fees for any institution, or for the centers in aggregate, in an amount that exceeds an amount equal to 15% of the previous fiscal year's total revenues from student segregated fees and auxiliary operations funded from student fees for that institution, or for the centers in aggregate, unless the reserve funds are approved by the secretary of administration and the joint committee on finance under this subsection. A request by the board for such approval for any fiscal year shall be filed by the board with the secretary of administration and the cochairpersons of the joint committee on finance no later than September 15 of that fiscal year. The request shall include a plan specifying the amount of reserve funds the board wishes to accumulate and the purposes to which the reserve funds would be applied, if approved. Within 14 working days of receipt of the request, the secretary of administration shall notify the cochairpersons of the joint committee on finance in writing of whether the secretary proposes to approve the reserve fund accumulation.

Reserve funds are needed to meet debt service requirements, to ensure that equipment and facilities can be maintained, replaced, remodeled or refurbished as needed, to provide an operating cushion to offset short-term revenue losses or unanticipated expenditures and to stabilize rate increases for students. Section 36.46 originally required approval of all student fee funded auxiliary reserve accumulations but was amended by the 1997-99 biennial budget bill to require approval of only reserve accumulations in excess of 15% of prior year revenues. UW System policy requires that institutional reserve levels be clearly linked to specific programmatic and operating needs detailed in a multi-year plan.

Attachment 1 shows planned reserves as of the end of 2002-2003 for all UW institutions and compares that amount to the reporting threshold (i.e., 15% of 2001-2002 revenues). Attachment 2 shows the planned use of these reserves for the nine institutions that are projecting to end 2002-2003 with reserve balances above the 15% threshold. At each of these institutions except UW Colleges, the planned reserves are being accumulated for major capital projects. The three institutions with the largest planned reserves over the 15% reporting threshold represent 83% of that total: UW-Eau Claire and UW-Green Bay are both

accumulating funds for major renovations to their student centers and UW-River Falls is accumulating funds for both a new residence hall and a new student center.

With this report we request approval of the projected balances shown in Attachment 2. I would be happy to answer any questions you may have about this information.

Sincerely,



Deborah A. Durcan  
Vice President of Finance

cc: Joint Committee on Finance Members  
President Lyall  
Regents  
Chancellors  
Vice Presidents  
Chief Business Officers  
Doug Hendrix

Dwan Schuck  
Freda Harris  
Bob Hanle, DOA  
Bob Lang, LFB  
John Stott, LFB  
Legislative Reference Bureau  
Renee Stephenson

University of Wisconsin System  
 Section 36.46 Report on Student Fee Funded Auxiliary Reserves 2002-03  
 Calculation of 15% Reporting Threshold

All Institutions	2001-02 Actual Revenue	15% of 01-02 Actual Revenue (Threshold)	6/30/03 Planned Reserve Balance	Greater Than / (Less Than) Threshold
Madison	80,840,171	12,126,026	3,405,949	(8,720,077)
Milwaukee	34,286,953	5,143,043	5,794,389	651,346
Eau Claire	20,955,456	3,143,318	4,727,150	1,583,831
Green Bay	8,672,453	1,300,868	5,166,499	3,865,631
LaCrosse	18,421,447	2,763,217	2,844,061	80,844
Oshkosh	18,682,522	2,802,378	2,271,485	(530,893)
Parkside	7,350,297	1,102,545	1,642,647	540,102
Platteville	13,581,688	2,037,253	2,036,237	(1,016)
River Falls	11,545,724	1,731,859	6,949,456	5,217,597
Stevens Point	17,534,955	2,630,243	2,394,260	(235,983)
Stout	17,388,300	2,608,245	2,962,562	354,317
Superior	3,885,155	582,773	1,141,966	559,193
Whitewater	20,352,265	3,052,840	1,795,612	(1,257,228)
Colleges	3,353,128	502,969	518,991	16,022
<b>TOTAL</b>	<b>276,850,513</b>	<b>41,527,577</b>	<b>43,651,263</b>	<b>2,123,686</b>

University of Wisconsin System  
Section 36.46 Report on Student Fee Funded Auxiliary Reserves  
Planned Use of 2001-2002 Balances Greater Than Threshold

Institution	Balance Greater Than Threshold	Planned Use of 2002-2003 Balances Greater Than Threshold
Milwaukee	651,346	Sandburg sprinkler system \$3,336,000; Renovation of Student Center ballroom and kitchen \$2,105,000 and atrium \$550,000.
Eau Claire	1,583,831	Student Center renovation and addition \$9,000,000; Residence halls sprinkler project \$1,000,000.
Green Bay	3,865,631	Student Center expansion \$8,800,000; Phoenix Sport Center remodeling and addition \$11,200,000.
LaCrosse	80,844	New residence hall \$33,200,000.
Parkside	540,102	Student Center addition \$20,761,500.
River Falls	5,217,597	New residence hall \$10,199,500; Student Center construction \$29,286,000.
Stout	354,317	New residence hall \$15,632,000; Hovlid remodeling and addition \$8,570,000.
Superior	559,193	Health and Wellness Center \$2,400,000; Rothwell Student Center remodeling \$7,500,000; Wessman Arena ice system replacement \$860,000 and locker room addition \$600,000.
Colleges	16,022	Balances reside in student-controlled activities.
<b>TOTAL</b>	<b>12,868,883</b>	

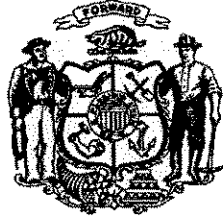
## Notes:

- 1) Project amounts shown are the Program Revenue share of the total estimated project costs. The split between cash and PR supported general obligation bonding is established at the time the final project budget is approved by the State Building Commission.
- 2) All projects shown that require enumeration have either already been enumerated or are expected to be enumerated in 2003-2005. Repair and maintenance projects that do not require enumeration are either in progress or expected to commence in 2003-2005.

# THE STATE OF WISCONSIN

SENATE CHAIR  
BRIAN BURKE

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Phone: (608) 266-8535



ASSEMBLY CHAIR  
JOHN GARD

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## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

To: Members  
Joint Committee on Finance

From: Senator Brian Burke  
Representative John Gard

Date: September 20, 2002

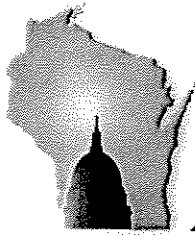
Re: State of Wisconsin General Obligation Bonds of 2002, Series E  
(Taxable) and State of Wisconsin General Obligation Bonds  
of 2002, Series F (Taxable)

Attached is a copy of a report from the Department of Administration, pursuant to s. 18.16 (7), Stats. The report specifies the reason for not complying with subsections (2) to (5) of the same section for a specific issue of debt.

The report is being provided for your information only. No formal action is required by the Committee. Please feel free to contact us if you have any questions.

Attachment

BB:JG:dh



**WISCONSIN DEPARTMENT OF  
ADMINISTRATION**

**SCOTT McCALLUM**  
GOVERNOR

**GEORGE LIGHTBOURN**  
SECRETARY

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[www.doa.state.wi.us/debf/scf/index.asp](http://www.doa.state.wi.us/debf/scf/index.asp)

September 20, 2002

The Honorable Brian Burke, Co-Chair  
The Honorable John Gard, Co-Chair  
Joint Committee on Finance  
Madison, WI 53702

Dear Senator Burke, Representative Gard and Members:

This report is required by subsection (7) of Section 18.16 of the Wisconsin Statutes and specifies the reason for not complying with subsections (2) to (5) of the same section for a specific issue of debt.

On March 20, 2002, the Building Commission approved a resolution that provides authorization for the sale of \$2,000,000 State of Wisconsin General Obligation Bonds of 2002, Series E (Taxable) and \$13,000,000 State of Wisconsin General Obligation Bonds of 2002, Series F (Taxable). Pursuant to this authorizing resolution, the Capital Finance Director has sold both series of bonds directly to the State of Wisconsin Board of Commissioners of Public Lands. These were private sales conducted pursuant to subsection (7) of Section 18.06 of the Wisconsin Statutes.

Since both series of bonds are being sold directly to the State of Wisconsin Board of Commissioners of Public Lands, and without the participation of underwriters, compliance with subsections (2) to (5) of Section 18.16 of the Wisconsin Statutes is not possible.

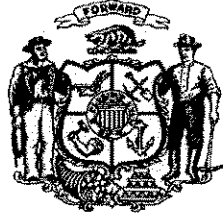
Sincerely,

  
George Lightbourn  
Secretary

# THE STATE OF WISCONSIN

SENATE CHAIR  
**BRIAN BURKE**

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ASSEMBLY CHAIR  
**JOHN GARD**

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P.O. Box 8952  
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## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

To: Members  
Joint Committee on Finance

From: Senator Brian Burke  
Representative John Gard

Date: September 26, 2002

Re: Temporary Reallocation of Balances

Attached is a copy of a report from the Department of Administration, pursuant to s. 20.002(11)(f), Stats. The report specifies the reason to exercise the "temporary reallocation of balances" authority in order to meet payment responsibilities and cover resulting negative cash balances during the month of July 2002.

The report is being provided for your information only. No formal action is required by the Committee. Please feel free to contact us if you have any questions.

Attachment

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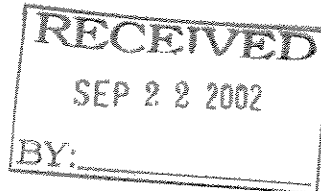




WISCONSIN DEPARTMENT OF  
ADMINISTRATION

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August 29, 2002



Mr. Donald J. Schneider, Chief Clerk  
Wisconsin Senate  
17 West Main Street, Suite 401  
Madison, WI 53702

Mr. Patrick Fuller, Acting Chief Clerk  
Wisconsin Assembly  
1 East Main Street, Suite 402  
Madison, WI 53702

Dear Mr. Schneider and Mr. Fuller:

This report is transmitted as required by s. 20.002(11)(f), Wisconsin Statutes, (for distribution to the appropriate standing committees under s. 13.172(3), Wisconsin Statutes), and confirms that the Department of Administration has found it necessary to exercise the "temporary reallocation of balances" authority provided by this section in order to meet payment responsibilities and cover resulting negative cash balances during the month of July 2002.

On July 1, 2002, the **General Fund** cash balance closed at negative \$381.8 million. This negative balance continued through July 31, 2002, when the balance closed at negative \$616.7 million. The **General Fund** cash balance reached a low of negative \$835.8 million on July 25, 2002. The negative balance was due to the overall budget shortfall, in combination with the difference in the timing of revenues and expenditures.

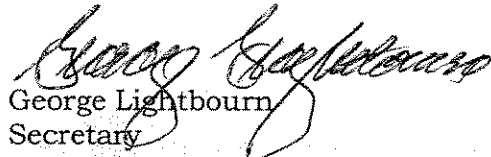
On July 22, 2002, the **Common School Income Fund** cash balance closed at negative \$0.4 million. This negative balance continued until July 31, 2002, when the balance reached a positive \$0.2 million. The negative balance was due to the difference in the timing of revenues and expenditures.

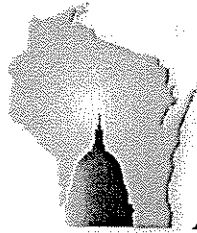
The General Fund and the Common School Income Fund negative cash balances were not in excess of the statutory interfund borrowing limitation and did not exceed the balances of the funds available for interfund borrowing.

Mr. Donald J. Schneider  
Mr. Patrick Fuller  
Page 2  
August 29, 2002

The distribution of interest earnings to investment pool participants is based on the average daily balance in the pool and each fund's share. Therefore, the monthly calculation by the State Controller's Office will automatically reflect the use of these temporary reallocations of balance authority, and as a result, the funds requiring the use of the authority will effectively bear the interest cost.

Sincerely,

  
George Lightbourn  
Secretary



WISCONSIN DEPARTMENT OF  
ADMINISTRATION

SCOTT McCALLUM  
GOVERNOR

GEORGE LIGHTBOURN  
SECRETARY

Office of the Secretary  
Post Office Box 7864  
Madison, WI 53707-7864  
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September 30, 2002

Mr. Donald J. Schneider, Chief Clerk  
Wisconsin Senate  
17 West Main Street, Suite 401  
Madison, WI 53702

Mr. Patrick Fuller, Acting Chief Clerk  
Wisconsin Assembly  
1 East Main Street, Suite 402  
Madison, WI 53702

Dear Mr. Schneider and Mr. Fuller:

This report is transmitted as required by s. 20.002(11)(f), Wisconsin Statutes, (for distribution to the appropriate standing committees under s. 13.172(3), Wisconsin Statutes), and confirms that the Department of Administration has found it necessary to exercise the "temporary reallocation of balances" authority provided by this section in order to meet payment responsibilities and cover resulting negative cash balances during the month of August 2002.

On August 1, 2002, the **General Fund** cash balance closed at a monthly low balance of negative \$682.2 million. The negative balance continued through August 31, 2002, when the balance closed at a negative \$151.6 million. The negative balance was due to the overall budget shortfall, in combination with the difference in the timing of revenues and expenditures.

On August 1, 2002, the **Common School Income Fund** cash balance closed at a monthly low balance of negative \$0.2 million. This negative balance continued until August 5, 2002, when the balance reached a positive \$1.2 million. The negative balance was due to the difference in the timing of revenues and expenditures.

On August 15, 2002, the **Wisconsin Health Education Loan Repayment Fund** cash balance closed at a monthly low balance of negative \$4 thousand. This negative balance continued until August 27, 2002, when the balance reached a positive \$11 thousand. The negative balance was due to the difference in the timing of revenues and expenditures.

Mr. Donald J. Schneider  
Mr. Patrick Fuller  
Page 2  
September 30, 2002

The General Fund, the Common School Income Fund, and the Wisconsin Health Education Loan Repayment Fund negative cash balances were not in excess of the statutory interfund borrowing limitation and did not exceed the balances of the funds available for interfund borrowing.

The distribution of interest earnings to investment pool participants is based on the average daily balance in the pool and each fund's share. Therefore, the monthly calculation by the State Controller's Office will automatically reflect the use of these temporary reallocations of balance authority, and as a result, the funds requiring the use of the authority will effectively bear the interest cost.

Sincerely,



George Lightbourn  
Secretary

# THE STATE OF WISCONSIN

SENATE CHAIR  
**BRIAN BURKE**

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## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

To: Members  
Joint Committee on Finance

From: Senator Brian Burke  
Representative John Gard

Date: October 11, 2002

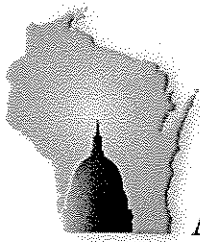
Re: State of Wisconsin General Obligation Bonds of 2002, Series G

Attached is a copy of a report from the Department of Administration, pursuant to s. 18.16 (7), Stats. The report specifies the reason for not complying with subsections (2) to (5) of the same section for a specific issue of debt.

The report is being provided for your information only. No formal action is required by the Committee. Please feel free to contact us if you have any questions.

Attachment

BB:JG:dh



**WISCONSIN DEPARTMENT OF  
ADMINISTRATION**

**SCOTT McCALLUM**  
GOVERNOR

**GEORGE LIGHTBOURN**  
SECRETARY

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October 11, 2002

The Honorable Brian Burke, Co-Chair  
The Honorable John Gard, Co-Chair  
Joint Committee on Finance  
Madison, WI 53702

Dear Senator Burke, Representative Gard and Members:

This report is required by subsection (7) of 18.16 of the Wisconsin Statutes and specifies the reason for not complying with subsections (2) to (5) of the same section for a specific issue of debt.

On August 22, 2002, the Building Commission approved an authorizing resolution that provided for the sale of \$190,550,000 State of Wisconsin General Obligation Bonds of 2002, Series G (**Bonds**). Pursuant to these authorizations, the Capital Finance Director conducted a public sale on October 1, 2002 for the Bonds. This was a public sale conducted pursuant to Subchapter I of Chapter 18. The attached Official Notice of Sale set the terms and conditions of the sale and was available to all potential bidders. The State received five bids for the Bonds.

The Capital Finance Director awarded the Bonds based on the lowest true interest cost rate to the State. The successful underwriters were a syndicate managed by Salomon Smith Barney, Inc. A list of the syndicate members is attached. There is one firm in the syndicate that is certified by the Department of Commerce as a minority owned-firm. The participation of this minority-owned firm is 0.50% of the total Bond issue.

Underwriting participation by minority owned firms is encouraged. There is a section "Minority Participation" in the Official Notice of Sale and a list of certified minority owned firms, which includes address, phone number, and contact person, was included in the bidding materials made available to each prospective bidder.

Sincerely,



George Lightbourn  
Secretary

Enc.

**\$190,550,000**  
**State of Wisconsin General Obligation Bonds of 2002, Series G**

**Underwriting Syndicate**

Underwriters:

Book Running Manager:  
Salomon Smith Barney, Inc.

Managers:

UBS PaineWebber Inc.  
First Albany Corporation  
Banc One Capital Markets, Inc.

Members:

Axelrod Associates, Inc.  
William Blair & Company, L.L.C.  
A.G. Edwards & Sons, Inc.  
Ferris, Baker Watts Inc.  
Hutchinson, Shockey, Erley & Co.  
Isaak Bond Investments, Inc.  
Legg Mason Wood Walker, Inc.  
Loop Capital Markets  
Morgan Keegan & Co., Inc.  
Northern Trust Securities, Inc.  
Raymond James & Associates  
South Trust Securities, Inc.  
Stephens Inc.

In Association With:

Harris Trust and Savings Bank

# OFFICIAL NOTICE OF SALE

**\$190,550,000**

## STATE OF WISCONSIN

### GENERAL OBLIGATION BONDS OF 2002, SERIES G

SEALED AND ELECTRONIC PROPOSALS will be received by the Capital Finance Director, acting on behalf of the State of Wisconsin Building Commission (**Commission**), at the Reception Area, Administration Building, 101 East Wilson Street – 10th Floor, Madison, Wisconsin, until 10:00 a.m. (Central Time) on October 1, 2002, when they will be publicly opened and read, for the purchase of \$190,550,000 State of Wisconsin General Obligation Bonds of 2002, Series G (**Bonds**) on the terms and conditions stated below. Sealed proposals must be delivered to the Reception Area. Electronic proposals must be submitted through Bloomberg Services or Dalcomp/Parity (**Approved Providers**). Sealed proposals will be opened, electronic proposals retrieved, and all proposals publicly announced in the Reception Area shortly after the deadline for proposals.

**Terms of Bonds.** The Bonds will be dated October 15, 2002, and will be payable as to principal either through serial maturities or redemption from mandatory sinking fund payments (as specified by the successful bidder) on May 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2004	\$ 6,115,000	2014	\$ 9,085,000
2005	6,425,000	2015	9,540,000
2006	6,755,000	2016	10,015,000
2007	7,085,000	2017	10,515,000
2008	7,445,000	2018	11,040,000
2009	7,685,000	2019	11,595,000
2010	8,070,000	2020	12,175,000
2011	8,475,000	2021	12,785,000
2012	8,895,000	2022	13,420,000
2013	9,335,000	2023	14,095,000

Each bid must specify whether the principal amount of the Bonds payable on a particular date will be a payment at maturity of a serial bond or a mandatory sinking fund payment of a term bond. The mandatory sinking fund payments of each term bond shall be on one or more consecutive annual payment dates immediately preceding the maturity date of such term bond. Term bonds may be created with a final maturity either before or after May 1, 2014; however, no term bonds designated to mature on and after May 1, 2014 may contain any sinking fund payments before May 1, 2013. The mandatory sinking fund payment (if any) so specified for any year must be equal to the full principal amount of Bonds listed in the table above as payable in that year. The same interest rate specified for the nominal maturity of a term bond must also be specified for all mandatory sinking fund payments of such term bond.

The Bonds will bear interest, payable on May 1, 2003 and semiannually thereafter on the first day of May and November, at such rate or rates per annum as are designated by the successful bidder in its bid. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

**Optional Redemption.** The Bonds maturing in the years 2004 to 2013, inclusive, are not subject to optional redemption. The Bonds maturing on or after May 1, 2014 are subject to redemption at the option of the Commission on May 1, 2013 or any date thereafter, in whole or in part, in integral multiples of \$5,000. In the event of partial redemption, the Commission shall direct the maturity or maturities and the amount thereof so to be redeemed. The redemption price for Bonds redeemed prior to their stated dates of maturity shall be equal to 100% of the principal amount of the Bonds so redeemed, plus accrued interest to the date of redemption.

**Mandatory Sinking Fund Redemption.** The Bonds of certain maturities will be subject to mandatory redemption prior to their respective stated maturity dates, in part, from mandatory sinking fund payments, to the extent the successful bidder so specifies in its bid. In such event, the redemption price shall be equal to 100% of the principal amount of the Bonds so redeemed, plus accrued interest to the date of redemption.



**Book-Entry.** The Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (DTC). DTC will act as securities depository of the Bonds. A single Bond certificate for each separate maturity will be issued to DTC and immobilized in its custody. Individual purchases will be made in book-entry-only form pursuant to the rules and procedures established between DTC and its participants, in the principal amount of \$5,000 and integral multiples thereof. Individual purchasers will not receive certificates evidencing their ownership of the Bonds purchased. The Bond certificates will be deposited with DTC as a condition of the closing. The State of Wisconsin (**State**) will make payments of principal and interest on the Bonds on the dates set forth above, to DTC or its nominee as registered owner of the Bonds in same-day funds. Transfer of payments to participants of DTC will be the responsibility of DTC; transfer of payments to beneficial owners by DTC participants will be the responsibility of the participants and other nominees of beneficial owners, all as required by rules and procedures of DTC and the participants. No assurance can be given by the State that DTC, its participants, and other nominees of beneficial owners will make prompt transfer of the payments. The State assumes no liability for failures of DTC, its participants, or other nominees to promptly transfer payments to beneficial owners of the Bonds.

**Notice to Securities Depository.** Notices, if any, given by the State to the securities depository are redistributed in the same manner as are payments. The State assumes no liability for the failure of the securities depository, its participants, or other nominees of beneficial owners to promptly transfer said notices to the beneficial owners of the Bonds. The State is not responsible for supervising the activities or reviewing the records of the securities depository or its direct and indirect participants.

**Successor to Securities Depository.** In the event that the relationship with the current securities depository is terminated and the Commission does not appoint a successor securities depository, the Commission will prepare, authenticate, and deliver, at its expense, fully registered certificated Bonds in the denominations of \$5,000 or any integral multiple thereof, in the aggregate principal amount of Bonds of the same maturities and interest rates then outstanding, to the beneficial owners of the Bonds as identified to the Commission by the securities depository and its participants.

**Purpose and Pledge.** The Bonds will be issued to finance general governmental purposes. The Bonds will be issued pursuant to Chapter 18 of the Wisconsin Statutes and a resolution adopted by the Commission on August 22, 2002. The Bonds will be direct and general obligations of the State. The full faith, credit, and taxing power of the State will be irrevocably pledged to the payment of the principal of and interest on the Bonds, and there will be irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient for the payment of the principal of and interest on the Bonds.

**Minority Participation.** It is the policy of the Commission to endeavor to ensure that 6% of the Bonds are underwritten by firms that are certified by the State as being minority owned. The Commission urges prospective bidders to obtain from the Commission a list of firms so certified and to include such firms in their bidding group. The Commission further encourages certified minority-owned firms to submit bids directly and to assemble bidding groups for the submission of bids. Minority-owned firms that are not yet certified by the State and wish to be, may contact the Wisconsin Department of Commerce, Bureau of Minority Business Development at 608.267.9550.

**Offering of Securities.** The State offers to sell these securities by competitive bid. In the jurisdictions of Georgia, Illinois, Louisiana, Nebraska, New York, North Dakota, and Vermont, the State's offer is limited to the following: brokers, dealers, banks, savings institutions, trust companies, insurance companies, investment companies, pension or profit sharing trusts, and other financial institutions.

**Insurance on Bonds.** If the successful bidder obtains a bond insurance policy or a commitment for a policy for the Bonds, by or on behalf of it or any other member of its underwriting group, the purchase of any such insurance policy or the issuance of any such commitment will be at the sole option and expense of the successful bidder. The successful bidder will be responsible for working with the Commission in making sure that disclosure information is provided about the bond insurer (for example, through a wrapper to the Official Statement). The successful bidder will also be responsible for the payment of any rating agency fees (other than the rating agency fees for the underlying rating on the Bonds) and the costs of providing disclosure information about the bond insurer.

The successful bidder will be required, as a condition for delivery of the Bonds, to certify the amount of the insurance premium and that this premium will be less than the present value of the interest expected to be saved as a result of such insurance. Failure of the bond insurer to issue its policy shall not constitute a failure on the part of the Commission to perform in accordance with the terms of this Official Note of Sale or the bid.

**Electronic Bidding.** Bidders who intend to submit electronic proposals must submit a signed Agreement About Use of Electronic Bidding Service Provider to the Capital Finance Director prior to the bid opening. The Commission

assumes no responsibility or liability for bids submitted through an Approved Provider. Each bidder is solely responsible for paying any fees and making necessary arrangements to access an Approved Provider for purposes of submitting its electronic bid in a timely manner and in compliance with the requirements of this Official Notice of Sale. If any provisions in this Official Notice of Sale conflict with information provided by an Approved Provider, this Official Notice of Sale shall control. Further information about the Approved Providers may be obtained from:

- Bloomberg Services  
Bloomberg Business Park  
100 Business Park Road  
Skillman, NJ 08588-3629  
New Issues Desk, 609.279.3250
- Dalcomp/Parity  
i-Deal LLC  
40 West 23<sup>rd</sup>, FLR 5  
New York, NY 10010  
800.850.7422

**Official Bid Form and Award.** Sealed proposals must be made using the Official Bid Form, and all electronic proposals shall be deemed to incorporate the provisions of the Official Bid Form. The Bonds will be awarded at the lowest true interest cost rate to the State. The true interest cost rate for each bid will be determined on the basis of present value by doubling the semiannual interest rate, compounded semiannually, necessary to discount the debt service payments to October 15, 2002 and to the price bid. In the event two or more bids specify the same lowest true interest cost rate, then the award will be made to the bidder with the lowest true interest cost rate and the largest minority-owned firm participation, or if such bidders have an equal amount of minority-owned participation, then selection for award will be made among such bidders by the Capital Finance Director by lot.

Each bid shall indicate an interest rate for each maturity and a purchase price for the Bonds. Each interest rate bid must be a multiple of 0.05%. A bid must be for all the Bonds and may be for any purchase price not less than 98.5% of the par amount of the Bonds (\$187,691,750) nor greater than 106% of the par amount of the Bonds (\$201,983,000.00). There shall be only one interest rate per maturity. The Bonds maturing on or after May 1, 2014 may not have an initial offering price less than 98.5% of par. The Capital Finance Director, acting on behalf of the Commission, may waive any informality or irregularity in any bid or condition of this Official Notice of Sale and reject any or all bids.

No later than one-half hour after verbal notification of being the apparent high bidder, the bidder must communicate the "when, as, and if issued" offering prices of all Bonds to the Capital Finance Office. In the interest of price transparency in the market, the State encourages the successful bidder to promptly disseminate the initial offering prices for all Bonds.

**Bid Deposit.** A certified, official, or cashier's check must be provided, or a financial surety bond submitted, for each bid, payable to the order of the State of Wisconsin, in the amount of \$3,810,000. If a check is provided, it must accompany the bid. If a financial surety bond is submitted, it must be from an insurance company licensed to issue such a bond in the State of Wisconsin and acceptable to the Capital Finance Director, and such bond must be submitted to the Capital Finance Office prior to the opening of the bids. The financial surety bond must identify each bidder whose deposit is assured by such bond. Each bidder submitting a financial surety bond should determine for itself that the financial surety bond is submitted prior to the bidding deadline. If the bid is awarded to a bidder that has submitted a financial surety bond, the bidder is required to provide the good-faith deposit in immediately available funds not later than 1:30 p.m. (Central Time) on October 2, 2002. A claim may be made under the financial surety bond in the event that the good-faith deposit is not timely. Bids shall be enclosed in a sealed envelope marked on the outside, in substance, *Bid for State of Wisconsin General Obligation Bonds of 2002, Series G*.

**Good-Faith Deposit.** The good-faith deposit of the successful bidder will be cashed. All checks of unsuccessful bidders will be returned immediately upon award of the Bonds. No interest will be allowed on the amount of the good-faith deposit. The proceeds of the good-faith deposit of the successful bidder will be applied to the purchase price of the Bonds. In the event that the successful bidder should fail to take up and pay for the Bonds in compliance with the terms of its bid, the Commission, at its option, may retain the good-faith deposit as liquidated damages or, at its further option, may retain the good-faith deposit as partial payment of actual damages or as security for any other remedy available to the Commission. The amount of the good-faith deposit is to be returned to the successful bidder on the failure of the Commission to perform in accordance with the terms of this Official Notice of Sale and the bid. All bids shall remain firm for five hours after the time bids are received for the Bonds, and an award of the Bonds, or rejection of all bids, will be made by the Capital Finance Director within said period of time.

**Certification of Price.** The successful bidder shall certify, prior to delivery of the Bonds, the "issue price" of the Bonds awarded to such bidder as defined in Section 1274 of the Internal Revenue Code of 1986, as amended.

**Closing and Delivery.** The closing will be at a mutually agreeable location, at or about 9:30 a.m. (Eastern Time), on or about October 17, 2002. The Bonds will be delivered to DTC no later than the day prior to the closing. Payment for the Bonds must be made by wire in immediately available funds for credit at U.S. Bank National Association at said date and time. Should delivery be delayed beyond 45 days from the date of sale for any reason beyond the control of the State except failure of performance by the successful bidder, the State may cancel the award or the successful bidder may demand return of its good-faith deposit and thereafter its interest in and liability for the Bonds will cease.

**Bond Opinion.** The legality of the Bonds will be approved by Foley & Lardner, bond counsel, whose unqualified approving opinion will be furnished to the successful bidder without cost upon the delivery of the Bonds. There will also be furnished upon the delivery of the Bonds the usual closing papers, including a certificate stating that there is no litigation pending or threatened affecting the validity of or security for the Bonds and a certificate to the effect that the Official Statement prepared in connection with the sale of the Bonds, as of the date of the Official Statement and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

**Tax Exemption.** Under existing law interest on the Bonds is excluded from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax.

**Continuing Disclosure.** In order to assist bidders in complying with Section (b)(5) of Rule 15c2-12 under the Securities Exchange Act of 1934, the State has executed a Master Agreement on Continuing Disclosure and an Addendum Describing Annual Report for General Obligations and will execute a Supplemental Agreement specifically for the Bonds (**Continuing Disclosure Documents**). The Continuing Disclosure Documents are available to prospective bidders and will be included in the closing papers.

**CUSIP Numbers.** The Bonds will contain CUSIP identification numbers, but such numbers shall not constitute a part of the contract for the purchase of the Bonds, and any error or omission with respect thereto shall not constitute cause for refusal by the purchaser to accept delivery of and pay for the Bonds in accordance with the terms of the purchaser's bid.

**Bidding Documents.** The Preliminary Official Statement, which is available electronically at the web site shown below, is in a form which the State deems final as of September 20, 2002, except for the omission of information described in Rule 15c2-12(b)(1) under the Securities Exchange Act of 1934, but is subject to revision, amendment, and completion in a final official statement. The Preliminary Official Statement, Official Bid Form, Agreement About Use of Electronic Bidding Service Provider, and Continuing Disclosure Documents may be obtained from the Capital Finance Office web site at the following address:

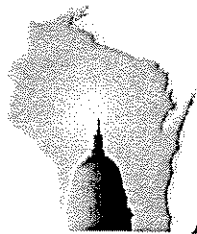
[www.doa.state.wi.us/debf/capfin/pos.asp](http://www.doa.state.wi.us/debf/capfin/pos.asp)

Paper copies of these documents may be obtained from the Capital Finance Office, Department of Administration, Administration Building, 101 East Wilson Street – 10th Floor, Madison, Wisconsin 53702, 608.266.2305, 608.267.7399, 608.267.0374, or [capfin@doa.state.wi.us](mailto:capfin@doa.state.wi.us).

**Final Official Statements.** The Commission will furnish to the successful bidder, without cost, up to 1,000 copies of the final Official Statement within seven business days after the award of the Bonds.

Dated: September 20, 2002

Frank R. Hoadley  
Capital Finance Director



WISCONSIN DEPARTMENT OF  
ADMINISTRATION

SCOTT McCALLUM  
GOVERNOR

GEORGE LIGHTBOURN  
SECRETARY

Office of the Secretary  
Post Office Box 7864  
Madison, WI 53707-7864  
Voice (608) 266-1741  
Fax (608) 267-3842  
TTY (608) 267-9629

October 21, 2002

**TO:** Members of the Wisconsin Legislature

**FROM:** George Lightbourn  
Secretary

I am forwarding to you the first annual report for Wisconsin's Public Benefits Program. The Public Benefits program was created by 1999 Act 9 to preserve the benefits of energy efficiency, renewable energy and low income energy assistance for the residents of Wisconsin. It does this while at the same time freeing Wisconsin's public utilities to pursue the many challenges and opportunities present in today's rapidly evolving electric utility industry.

In its first full year of operation, ended June 30, 2002, the *Focus on Energy* component of the program invested \$20.1 million in energy efficiency and renewable energy improvements that, over their lifetime, will produce savings exceeding \$49.2 million. This returns about \$2.40 for every dollar invested. These investments will reduce the electric energy consumption of Wisconsin business and residential consumers in the first year by 52 million kilowatt/hours, which is equivalent to the annual electricity consumption of 5,220 homes. Natural gas consumption of these customers will be reduced in the first year by 2.5 million therms, equivalent to the annual natural gas consumption of 2,433 homes. Significantly, each year Wisconsin will benefit from a reduction of nearly 605,000 pounds of sulfur dioxide and over 350,000 pounds of nitrogen oxide emitted into our environment.

In addition, in Fiscal Year 2002, over 106,000 low income Wisconsin families benefited from Wisconsin Home Energy Assistance Program payments that added an average benefit of \$127 per household to the existing federal program. Nearly 4,000 low-income homeowners received expanded Weatherization and Conservation Assistance services as a result of the Public Benefits Energy Assistance program. Not only do these people live in healthier, more comfortable and affordable homes, but they also have increased disposable income available for other needs.

Please take a few minutes to peruse this annual report; I am confident that you will find a comprehensive, productive Public Benefits program. The State of Wisconsin can be justifiably proud of this achievement.

Enclosure



**Wisconsin's Public Benefits Programs  
Annual Report**

**Focus on Energy Programs  
Home Energy Assistance Programs**

**September 2002**

**Department of Administration  
Division of Energy**

**P.O. Box 7868  
Madison, WI 53707  
(608) 266-8234**

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## Executive Summary

Pursuant to 1999 Wisconsin Act 9, the Wisconsin Department of Administration (DOA) submits to the Wisconsin Legislature the annual report of Wisconsin's public benefits programs.

Wisconsin's public benefits programs are administered by the DOA's Division of Energy and encompass two distinct delivery areas – the *Focus on Energy* program and *Home Energy Assistance* programs.

### Focus on Energy

The Wisconsin Focus on Energy program is an innovative public-private partnership that delivers energy efficiency information, solutions and services to the residents and businesses of Wisconsin. The program works extensively with the private sector. The overall goal of the program is to assist in the fundamental transformation of the marketplace whereby energy efficient goods, services and practices become market-based solutions to Wisconsin's energy needs.

The statewide Focus on Energy program was designed to expand on the Focus on Energy pilot program. Created in cooperation with the Public Service Commission of Wisconsin (PSC) and the Wisconsin Public Service Corporation (WPS) in 1998, the pilot program tested the feasibility of assigning a state agency to manage energy efficiency and renewable energy programs in anticipation of future electric utility deregulation.

In 1999, based on the early success of this pilot and input from stakeholders groups dating back to 1995, the Wisconsin Legislature passed what were known as the "Reliability 2000" provisions of the 1999-2001 State Budget (1999 Wisconsin Act 9). This compromise legislation relaxed the restrictions on the ability of utilities to pursue non-utility business opportunities, while creating a fund that was intended to maintain and unify public benefits programs statewide. The resulting public benefits program, Focus on Energy, transfers oversight of existing utility operated energy efficiency and renewable energy programs to the DOA over a three-year period ending December 31, 2002. All investor-owned utilities were required to participate and municipal utilities and electric cooperatives were given the ability to opt in to the program. Currently, all 12 Wisconsin investor-owned and 19 municipal electric utilities participate in the program. These utilities serve about 85 percent of the state's electricity customers.

Governor Scott McCallum further refined the expectations for the Focus on Energy program in his *Energy Policy 2001: Strategic Directions for Wisconsin's Energy and Economic Future*. Among its many energy strategies, it placed an overall emphasis on preparing Wisconsin for the energy challenges of the 21<sup>st</sup> Century by expanding and diversifying our energy capacities and supplies, protecting our environment, expanding use of renewable energy, and giving strong support to the Wisconsin ENERGY STAR

programs. The Governor's Energy Policy issued a challenge to all of state government, state residents, and energy producers and providers to find common sense solutions to our most vexing energy challenges. Focus on Energy is an integral part of the Governor's Energy Policy.

### ***Program Delivery***

The Focus on Energy program concentrates its efforts among four diverse delivery categories – business, residential, renewable energy, and environmental research programs. These programs are administered through contracts with nonprofit, non-stock, public-private organizations that are industry leaders and experts in their fields. All Focus on Energy program administrators were selected through an open, competitive bidding process.

#### **Business Programs**

Administered by the Milwaukee School of Engineering (MSOE), Business Programs work to expand energy efficiency initiatives and opportunities in the commercial, industrial, institutional, and agricultural sectors. Specifically, Business Programs include: Industries of the Future; General Industrial; New Construction; Existing Buildings; Government Buildings and Operations; Water and Wastewater; Schools; Small Business; Energy Efficiency Goods and Services; and Production Agriculture.

As of June 30, 2002, Business Programs have saved 26,681 megawatt hours (MWh) and 11,257 kilowatts (kW) of electricity capacity, and 1,393,379 therms of natural gas.

#### **Residential Programs**

The Wisconsin Energy Conservation Corporation (WECC) administers Residential programs. Residential programs have proven extremely popular and successful. It is common to hear private builders, contractors, and appliance retailers advertising their participation in the Wisconsin ENERGY STAR Program. Specifically, Residential programs include: ENERGY STAR Products; Wisconsin ENERGY STAR Homes; Residential Education and Information; Home Performance with ENERGY STAR; Targeted Home Performance with ENERGY STAR; and Apartment and Condo Energy Services.

These programs have seen significant energy savings results in just a brief period. As of June 30, 2002, Residential programs have achieved gross installed savings of 26,073,800 kWh of electrical energy and 1,102,597 therms of natural gas.

#### **Renewable Energy**

Administered by a coalition of renewable energy interests under contract to Wisconsin Energy Conservation Corporation (WECC), the Renewable Energy program strives to make renewable energy a mainstream energy option in Wisconsin by providing education, information, training, facilitation, research and financial incentives to residents, businesses and local governments.



In November 2001, WECC and its Wisconsin Renewable Energy Network (WREN) subcontractors assumed responsibility for the delivery of renewable energy programs for Residential and Business Programs customers in Wisconsin.

Since October, WREN's priorities were to develop effective administrative infrastructure and processes, finalize the first-year design of services that would be successful in achieving Wisconsin's renewable energy goals, and begin to provide renewable energy services. The program was officially launched on March 8, 2002.

### **Environmental Research**

This program, administered by the Energy Center of Wisconsin (ECW), explores how our electrical energy use impacts Wisconsin's natural environment. Funding for this program is designated to support research projects that study the environmental effects of electrical generation and transmission. In June 2002, Governor Scott McCallum announced grant awards totaling \$672,000 for research projects related to six major program priorities.

### ***Quality Control***

Focus on Energy programs must demonstrate a commitment to a strong return on the ratepayers' investment and has implemented independent compliance and evaluation programs to ensure that all applicable state laws, accounting practices, and program guidelines are strictly followed. Through these evaluation processes, the DOA can monitor the success of programs by reconciling all reported program impacts and expenditure data. DOA is committed to delivering efficient, cost effective, quality, and successful public benefits programs.

### ***Energy Impacts and Savings***

In assessing the savings impacts of the various programs, DOA recognizes the importance of reducing the environmental impact of energy use through aggressive achievement of energy savings. Protecting the environment by reducing emissions is an important part of the program. Using PA Consulting's independent evaluation of the programs' gross installed electricity savings estimates from 2001-2002, the Focus on Energy programs yielded emission reductions of 276,757 pounds of nitrogen oxide, 467,028 pounds of sulfur dioxide, 103,784,050 pounds of carbon dioxide, and 1.612 pounds of mercury.

The Focus on Energy program is in its infancy; most individual programs were not officially launched until the latter half of 2001. This first annual report covers the period from July 1, 2001, through June 30, 2002 (Fiscal Year 2001-02). Importantly, in just a short period of time, most programs saw significant energy and environmental savings results and are well positioned for expanded savings in FY 2003 and beyond.

## **Home Energy Assistance Programs**

Home Energy Assistance programs (Home Energy Assistance and Weatherization) represent traditional “public benefits” or limited-income energy assistance services. These include services such as emergency furnace replacement and repairs, and bill payment assistance. Wisconsin administers these programs through existing county, tribal and nonprofit human services offices. These programs receive significant financial contributions from the federal government through the Low-Income Home Energy Assistance Program (LIHEAP) block grant and the Low-Income Weatherization Assistance Program (LIWAP).

As a result of 1999 Wisconsin Act 9, these programs now receive public benefits funds through Wisconsin’s statewide Focus on Energy program. Focus on Energy has allowed the level and types of residential services to be greatly expanded. Not only can Focus on Energy now provide traditional assistance to needy residents, it can expand the scope of these services to include proactive assistance and electric energy savings measures and look at energy needs from a “whole house” perspective. Due to its cost, and federal constraints, this perspective was not possible prior to the Focus on Energy program. In addition, the program, in cooperation with the Residential Program, has now expanded into non-limited income sectors and is expanding “whole house” energy efficiency measures to all residential homes, including multi-family residences.

In addition, for all applicants of LIHEAP, DOA provides on-line benefit reporting to non-participating municipal and cooperative utilities. Access to these reports saves the municipal and cooperative utilities money and allows for equitable benefit levels across the state.

Unlike the Focus on Energy program, Home Energy Assistance does not focus on market transformation; rather, it delivers needed home energy assistance to limited income individuals and families. In 2001-02, 117,220 Wisconsin households received home bill payment assistance and 4,360 households received weatherization services. These households were served through the participation of all 12 investor-owned utilities, nine electric cooperatives, and 26 municipal utilities.

## **Public Benefits Program Funding**

Funding for the Focus on Energy and Home Energy Assistance public benefits programs primarily comes from three sources: (1) funds that investor-owned utilities collect through PSC established rates to pay for public benefits programs; (2) new fees that participating electric utilities collect and remit to the state; and (3) federal funds provided for limited-income energy assistance and weatherization programs.

The amount of federal revenues received by the state for limited-income programs is part of the formula used to set the fees. However, the administration of federal funds is maintained as a separate program.

Also, DOA receives federal funds for other public benefits program staffing and administrative costs.

Excluding federal revenues, through June 2002, the public benefits program collected \$99,746,487.33 in revenues and expended \$75,760,079.69. The unexpended balance of \$23,986,407.64 is contractually obligated. When adjusted to reflect these obligations, the fund balance is \$4,662,355.57.

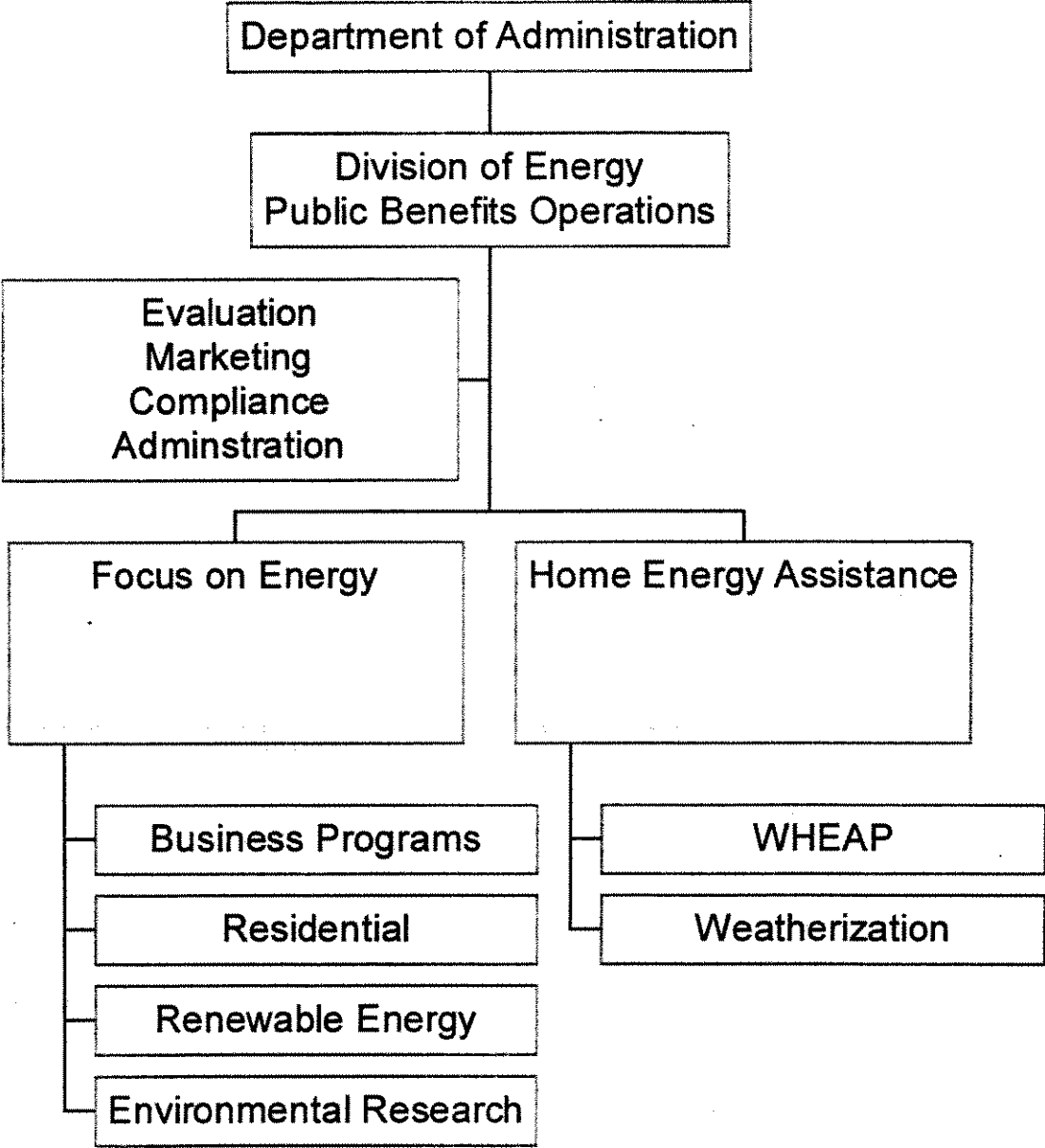
Home Energy Assistance and Focus on Energy general program operations costs represent 7 percent of current, nonfederal program expenditures.

### **The Future**

DOA strives to design and administer proactive, forward-looking programs that help the state improve its overall economic competitiveness and protect its environment without unfairly burdening businesses and state residents, especially those with limited incomes.

DOA looks confidently ahead as it reflects on the savings and successes of the new, statewide Wisconsin Focus on Energy and Home Energy Assistance programs.

**Public Benefits  
Organizational Chart**



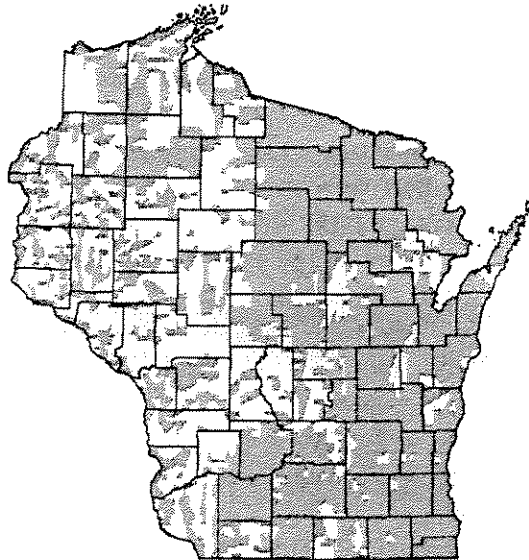
# 1. Wisconsin Public Benefits Program Summary

Wisconsin's public benefits programs are administered by the Department of Administration's (DOA) Division of Energy. They encompass two distinct delivery areas – the *Focus on Energy* and the *Home Energy Assistance* programs.

## Focus on Energy

Wisconsin's Focus on Energy program traces its roots to the Focus on Energy pilot program. Created in cooperation with the Public Service Commission of Wisconsin (PSC) and the Wisconsin Public Service Corporation (WPS) in 1998, the pilot program tested the feasibility of assigning a state agency to manage energy efficiency and renewable energy programs in anticipation of future electric utility deregulation.

In 1999, based on the early success of this pilot and input from stakeholder groups dating back to 1995, the Wisconsin Legislature passed what were known as the "Reliability 2000" provisions of the 1999-2001 State Budget (1999 Wisconsin Act 9). This compromise legislation relaxed the restrictions on the ability of utilities to pursue non-utility business opportunities, and created a fund that was intended to maintain and unify public benefits programs statewide.



Focus on Energy: Participating Utility Territories  
(Gray area)

The resulting public benefits program, Focus on Energy, transfers oversight of existing utility operated energy efficiency and renewable energy programs to the DOA over a three-year period ending December 31, 2002. All investor-owned utilities were required to participate and municipal utilities and electric cooperatives were given the choice of opting in to the program. Currently, all 12 Wisconsin investor-owned and 19 municipal electric utilities participate in the program. These utilities serve about 85 percent of the state's electricity customers.

DOA has built on this enabling legislation to design a proactive, forward-looking program that will help the state improve its overall economic competitiveness and protect the environment without unfairly burdening state residents and businesses, especially those with limited incomes.

### ***Program Delivery***

The Focus on Energy program allocates its resources among four diverse delivery areas: Business, Residential, Renewable Energy, and Environmental Research programs. These programs are administered through contracts with public-private organizations that are industry leaders and experts in their fields. All administrators were selected through an open, competitive bidding process.

As DOA began to develop the specifics of the Focus on Energy program, Governor Scott McCallum further refined the expectations for the program in his ***Energy Policy 2001: Strategic Directions for Wisconsin's Energy and Economic Future***. The Energy Policy, issued in June 2001, was the first comprehensive energy policy issued by a Wisconsin governor in more than fifteen years. Among its policy determinations was the commitment to achieve over 1,450 megawatts (MW) of energy savings through the state's energy efficiency and renewable energy programs. This objective is only slightly less than the output of Wisconsin's three existing nuclear power plants and will reduce from 7,300 to less than 6,000 MW the new generating and transmission capacity necessary by 2015 to meet the state's expected demand.

Governor McCallum outlined the following guiding principles for policy development in his energy policy:

1. Wisconsin will strive to use fossil fuels efficiently and increase the use of renewable energy, where cost effective, to enhance the overall quality of life in Wisconsin.
2. Market forces and informed consumer choices will be utilized to meet Wisconsin's energy goals.
3. Wisconsin will continue to foster public/private partnerships to improve communication and implement energy initiatives.
4. Wisconsin will lead by example in government operations.
5. Energy education and public awareness will be increased throughout the state.
6. Wisconsin's energy policy will ensure reliable, affordable, safe and clean energy services for everyone, regardless of income or economic status.

### ***Vision***

In response to legislative and gubernatorial directives, DOA developed near-term strategic plans for the program. The Focus on Energy goals and objectives were based on

consultation with state and national leaders and energy experts who provided access to the best available knowledge about public benefits programs.

When fully implemented, the program will provide the full range of public benefits available through energy efficiency, renewable energy and limited-income programs. The energy efficiency, renewable energy and research elements of the program are based on cooperative partnerships between consumers, utilities and government at all levels. The DOA believes in the value of building a market-driven program that relies on informed consumer choice rather than governmental direction. DOA expects that these programs will not only save energy in the short term, but also initiate the longer term process of transforming markets for energy efficiency goods and services into profitable and self-sustaining markets that ultimately function with sharply reduced external intervention.

This vision is fully compatible with the priorities of the public benefits program as stated in 1999 Wisconsin Act 9:

**“the department shall give priority to proposals directed at the sectors of energy conservation or efficiency markets that are least competitive and at promoting environmental protection, electric system reliability or rural economic development.”**

### ***Program Guidelines***

To accomplish the program vision, Focus on Energy strives to:

- Help create the infrastructure and knowledge base necessary to enable competitive, profit-oriented firms to deliver increased levels of energy efficiency and renewable energy
- Recognize the inseparable link between energy, the environment, and the economy
- Initiate energy efficiency and renewable energy policies that make significant contributions to the reliability of Wisconsin's energy supply
- Benefit the development of Wisconsin's rural economy, especially in the area of renewable energy.

DOA has specified outcomes for the various components of the Focus on Energy program, and provides direction regarding detailed design and implementation proposals to contracted program administrators. It is the Department's intent to strike a careful balance that allows contractors to propose the design and implementation methodology for programs in their area of expertise while maintaining overall management of the statewide programs. The DOA works closely with program administrators and the evaluation contractor to develop agreed-upon evaluation metrics and designs that accurately assess the achievement of specified outcomes.

Overall, the DOA expects to intervene only minimally in the market, allowing the private sector to arrive at the most efficient combination of goods and services demanded by Wisconsin residents and businesses. It is critical that the Wisconsin Focus on Energy

program remain flexible and able to adapt to changing market conditions and improving knowledge of the markets. As the markets continue to evolve and transform in support of energy efficient goods and services, the state's programs must be able to adapt at "market speed."

### ***Market Transformation***

The Focus on Energy program's emphasis on market transformation is a key to achieving long-term energy efficiency and expanding the use of renewable energy. It is believed that individuals and businesses, when given an appropriate environment and a better understanding of the benefits of energy efficiency, will opt to produce and demand a greater amount of energy efficiency goods and services than they do currently.

The Focus on Energy program attempts to identify and communicate the full, long-term value of energy efficiency and renewable energy to manufacturers, retailers, and consumers. The program encourages an appropriate response and eventually expects that market actors will make their own judgement about participating in a developing market for energy efficiency products and services.

In the end, market transformation is strategic and will change consumer behaviors and markets. It relies on a better-informed consumer trying to maximize the personal value realized from individual purchase decisions.

### ***DOA Role***

The role of DOA lies in five areas:

#### **Policy, Planning and Program Design**

DOA assures that that each element of the Wisconsin Focus on Energy program contributes to the achievement of program goals.

#### **Procurement and Contract Administration**

DOA has negotiated and continues to administer contracts that are equitable and consistent across all sectors and attract innovative and effective proposals from premier implementation contractors.

#### **Communication**

Communication with the public and elected leaders is a critical component of the DOA role.

#### **Oversight and Reporting**

DOA concentrates on results rather than specific activities. Its oversight role includes:

- *Fiscal oversight* to assure contractors expend resources appropriately.



- *Contractual oversight* to review compliance with non-fiscal contract requirements.
- *Practical oversight* to determine how specific offerings contribute to the overall goals of the program.

### **Evaluation Coordination and Program Adjustments**

An unbiased evaluation of program design and implementation is critical if the Wisconsin Legislature and Governor are to exercise judgement about the success of the Wisconsin Focus on Energy program. The critical question is "What did the taxpayers receive for their investment?"

### ***Marketing***

The marketing function, carried out by Hoffman York, of Milwaukee, plays a larger role in a market transformation oriented program than it does in a more traditional rebate based energy efficiency program. Because success in transforming markets looks much like increasing the market share of any other consumer product, effective communication with and motivation of consumers becomes a critical issue. Assuring this successful marketing program within the structure of multiple private contractors overseen by DOA presented a major organizational challenge.

Drawing on several focus groups with marketing professionals and other experts, as well as lessons learned in the operation of the Focus on Energy pilot program, DOA developed a hybrid marketing plan. A single marketing firm was chosen for all Focus on Energy program marketing efforts, with each administrator and DOA negotiating a separate contract with the firm. This allows DOA to retain general oversight and the administrators to determine their own marketing budget and direct efforts for their own programs. All together, the marketing budgets account for under 10 percent of total Focus on Energy funds, well within the average spent by utilities when they were responsible for these programs.

### ***Education and Training***

Education and training has played an integral part in Focus on Energy's market transformation efforts. Focus on Energy has educated thousands of consumers, teachers, homebuilders, industrial plant managers, architects, engineers and CEOs.

Looking ahead, Focus will continue to offer programs that have been successful in changing the way people choose to use energy where they live and work, and will be exploring new ways of educating Wisconsin through online learning.

## ***Compliance***

Because the Focus on Energy program is many times larger than previous state-operated energy efficiency programs, DOA has contracted with Virchow, Krause & Company, LLP, to serve as the compliance agent. The compliance agent helps DOA ensure that the program administrators, contractors and subcontractors comply with all program requirements, state laws and financial responsibilities as they design and deliver their programs.

Specifically, Virchow, Krause and Company, LLP has developed a financial guidance manual that identifies allowable program costs, provides a uniform electronic invoice system, defines program compliance, and documents monthly, quarterly and annual work progress. It is also developing a method for ongoing fiscal monitoring and reporting, and developing a method for field monitoring and reporting.

## ***Evaluation and Market Research***

The evaluation of Wisconsin's public benefits programs is a continuation and enhancement of evaluation and performance measurement initiated by the PSC in the mid-1980s. Evaluation of utility programs assured the PSC and the ratepayers of Wisconsin that energy conservation programs would be cost effective and contribute to their stated purpose of minimizing the environmental and economic consequences of constructing additional power plants dependent on fossil fuels.

As the legislature expanded the objectives of the public benefits program to include Focus on Energy programs, the evaluation effort has responded accordingly. Perhaps the most important innovation in both program design and evaluation methods was the introduction of program theory. Although program logic is a standard approach to describing a process for proving or disproving a scientific theory, it is only recently that this program development process has been applied to public purpose energy efficiency programs. Energy, environmental and economic benefits all are documented from the perspective of market effects that can be measured as changes from a baseline of market activity. Energy savings are a manifestation of both installed conservation measures and market changes that enhance the ability of energy efficiency businesses to deliver reliable savings to customers in response to increased demand.

### **Evaluation Planning and Metrics for Wisconsin's Public Benefits Programs**

In response to the provisions of 1999 Wisconsin Act 9, DOA has developed the following evaluation objectives:

- Produce unbiased, comprehensive process and impact evaluation of each program element of the statewide public benefits effort, as well as the administrative process.
- Evaluate the effectiveness of public benefits programs in implementing the legislative policy objectives of rural economic development, electric system reliability,

environmental quality and addressing under-served energy efficiency and renewable energy markets.

- Document the full range of short term and long term benefits from energy savings and the development of competitive energy efficiency and renewable energy markets.
- Monitor all public benefits programs to provide timely feedback to DOA and the program administrators for improving programs and increasing the likelihood of achieving program and policy goals.

To accomplish these objectives, DOA hired a professional evaluation team headed by PA Consulting. PA Consulting established the following functional areas to analyze data and deliver evaluation results:

- Tracking and database management, including GIS mapping.
- Research and planning, including multi-year evaluation plans and baseline market research.
- Impact evaluation/measurement and verification of energy savings.
- Quantification of environmental, social and economic benefits, including non-energy benefits such as comfort and productivity.
- Evaluation of market effects, including momentum, development and change over time.
- Process evaluation, including the effectiveness of product/service delivery and customer satisfaction.
- Reporting, including findings, results, analysis, conclusions and recommendations.

**Focus on Energy**  
*2001/02 Key Program Timelines*

**Business Programs:**

November 21, 2000	Request for Proposals issued
April 20, 2001	Contract signed with MSOE
July 1, 2001	Business programs implemented

**Residential Programs:**

December 12, 2000	Request for Proposals issued
May 14, 2001	Contract signed with Wisconsin Energy Conservation
June 1, 2001	Residential programs implemented

**Renewable Energy:**

Feb 2001	Request for Proposals issued
November 2001	Contract signed with WREN/WECC
March 1, 2002	Renewable programs implemented

**Environmental Research:**

February 19, 2001	Request for Proposals issued
March 26, 2002	Contract signed with Energy Center of Wisconsin
April 15, 2002	Environmental program implemented

## **Home Energy Assistance**

The Wisconsin Department of Administration manages Home Energy Assistance programs that provide traditional energy assistance ("public benefits") to families and individuals with limited incomes. Although managed through the DOA, the programs are delivered to eligible households through service organizations such as existing county health and social services agencies, Community Action Agencies, Indian tribal agencies, and other nonprofit human services offices.

These programs receive significant financial contributions from the federal government through the Low-Income Home Energy Assistance Program (LIHEAP) block grant and the Low-Income Weatherization Assistance Program (LIWAP). As a result of 1999 WI Act 9, these programs also receive public benefits funds through the Focus on Energy program. Focus on Energy funds have made it possible to increase the number of limited-income households that receive weatherization, conservation, emergency, heating cost, and electricity services. By integrating these funds with LIHEAP and LIWAP, Wisconsin has developed a comprehensive, wide ranging assistance program to serve limited-income households—one that deals with whole home energy needs.

In addition, for all applicants of LIHEAP, the DOA provides on-line benefit reporting to non-participating municipal utilities and electric cooperatives. Access to these reports saves the municipal and cooperative utilities money and allows for equitable benefit levels across the state.

## **Council on Utility Public Benefits**

Created by 1999 Wisconsin Act 9, the Council on Utility Public Benefits is an advisory body to the DOA on the delivery and administration of the state's public benefits programs. Members serve staggered three-year terms and include:

Secretary George Lightbourn – Department of Administration  
(Chair)

Commissioner Robert Garvin - Public Service Commission

State Representative Lee Meyerhofer  
(appointed by the Assembly Minority Leader)

Brandon R. Scholz - Wisconsin Grocers Association, Inc.  
(appointed by the Governor)

Thelma A. Sias – WE Energies  
(appointed by the Governor)

Robert Jones – Wisconsin Community Action Program Association  
(appointed by the Senate Majority Leader)

Keith Reopelle – State Environmental Leadership Program  
(appointed by the Senate Majority Leader)

Thomas Meinz – Wisconsin Public Service Corporation  
(appointed by the Senate Minority Leader)

Tim Bruer – Energy Services, Inc.  
(appointed by the Speaker of the Assembly)

John Wilson – Xcel Energy  
(appointed by the Speaker of the Assembly)

Jay Hochmuth – Department of Natural Resources  
(appointed by the Secretary of the Department of Natural Resources)

### **Public Benefits Funding**

Funding for the Focus on Energy and Home Energy Assistance public benefits programs primarily comes from three sources: (1) funds that investor-owned utilities collect through PSC established rates to pay for public benefits programs; (2) new fees that participating electric utilities collect and remit to the state; and (3) federal funds provided for limited-income energy assistance and weatherization programs.

The amount of federal revenues received by the state for limited-income programs is part of the formula used to set the fees. However, the administration of federal funds is maintained as a separate program.

Also, the DOA receives federal funds that are used for public benefits program staffing and administrative costs.

Excluding federal revenues, through June 2002, the public benefits program collected \$99,746,487.33 in revenues and expended \$75,760,079.69. The unexpended balance of \$23,986,407.64 is contractually obligated to 2002 programs. When adjusted to reflect these contractual obligations, the fund balance is \$4,662,355.57/.

Home Energy Assistance and Focus on Energy general program operations costs represent 7 percent of current, nonfederal program expenditures.

**Focus on Energy  
Report Statement  
October 1, 2000 - June 30, 2002**

Total  
FY 01-02

**Revenues**

<b>LIMITED-INCOME</b>	
New Fees (Public Utilities)	\$ 36,355,320.54
Fees - Participating Municipal Electric Utilities & Electric Cooperatives	\$ 854,728.42
Transition Funds [DOA & PSC]	\$ 6,106,295.43
Voluntary Contributions	\$ 100.00
Total Earnings on Investment Pool	\$ -
<b>Total Limited-Income</b>	<b>\$ 43,316,444.39</b>
<b>ENERGY EFFICIENCY</b>	
New Fees (Public Utilities)	\$ 26,753,196.85
Fees - Participating Municipal Electric Utilities & Electric Cooperatives	\$ 150,276.35
Transition Funds [DOA & PSC]	\$ 29,167,107.12
Voluntary Contributions	\$ 135.00
Total Earnings on Investment Pool	\$ 368,327.62
<b>Total Energy Efficiency</b>	<b>\$ 56,430,042.94</b>
<b>Total Revenues</b>	<b>\$ 99,746,487.33</b>

**Expenses**

<b>LIMITED-INCOME PROGRAMS</b>	
Weatherization Aids	\$ 18,871,312.17
WHEAP County Operations	\$ 1,403,585.39
WHEAP Direct Benefits	\$ 24,585,686.99
WHEAP Crisis Programs	\$ 1,586,235.94
General Program Operations	\$ 650,817.87
<b>Total Limited-Income</b>	<b>\$ 47,096,638.36</b>
<b>ENERGY EFFICIENCY PROGRAMS</b>	
Business Programs	\$ 10,017,655.48
Renewable Energy	\$ 892,914.75
Environmental Research	\$ 127,614.83
Residential Programs	\$ 11,047,183.82
Emergency Furnace Programs	\$ 1,900,000.00
General Program Operations	\$ 4,678,072.45
<b>Total Energy Efficiency</b>	<b>\$ 28,663,441.33</b>
<b>Total Expenditures</b>	<b>\$ 75,760,079.69</b>

**Fund Balances**

<b>LIMITED-INCOME</b>	
Revenues	43,316,444.39
Expenditures	47,096,638.36
<b>Total Limited-Income</b>	<b>(3,780,193.97)</b>
<b>ENERGY EFFICIENCY</b>	
Revenues	56,430,042.94
Expenditures	28,663,441.33
<b>Total Energy Efficiency</b>	<b>27,766,601.61</b>
<b>TOTAL</b>	
Revenues	\$ 99,746,487.33
Expenditures	\$ 75,760,079.69
<b>Total Fund Balance</b>	<b>\$ 23,986,407.64</b>
<b>Energy Efficiency Contractual Obligations</b>	<b>\$ 19,324,052.07</b>
<b>Remaining Fund Balance</b>	<b>\$ 4,662,355.57</b>

## **2. Focus on Energy Business Programs**

### ***Program Administration***

The Milwaukee School of Engineering (MSOE) administers Focus on Energy Business Programs. These include: Industries of the Future; General Industrial; Existing Buildings; New Construction; Government Buildings and Operations; Water and Wastewater; Schools; Small Business; Energy Efficiency Goods and Services; Production Agriculture; Rural Communities; and Renewable Energy.

The MSOE is a private, nonprofit, Wisconsin-based educational institution. The school provides undergraduate and graduate degrees in engineering, business and health-related disciplines. It has more than 400 faculty and staff, and 75 extensive laboratories, research facilities, and research libraries. The school's curriculum includes seven fields of engineering, as well as courses that are training future business and government leaders to address energy efficiency and renewable energy issues, and broader environmental issues related to energy use.

MSOE has assembled an administrative team representing a diverse set of professional service organizations chosen for their experience and expertise on a wide array of energy topics. Aspen Systems, GDS Associates, Energy Center of Wisconsin, Franklin Energy Services, Johnson Controls, Inc., L.K. Goldfarb Associates., Science Applications International Corp., CESA #10, and Nexant together bring unmatched experience and professional credentials spanning every aspect of commercial and industrial energy use.

### ***Program Summary***

The Business Programs help businesses and industries find ways to improve energy efficiency in their facilities and operations, and works with providers of energy services to help them make their services economically viable to businesses. The program's aim is to help the marketplace work more effectively – to fundamentally transform the market.

Business Programs work with commercial and industrial businesses, local governments, schools and agricultural consumers of energy, as well as architects, engineers, contractors, distributors and others who provide energy efficiency services. The programs provide an array of energy efficiency services to help organizations achieve energy savings that exceed the program cost. Programs are designed to include specific energy savings targets and to build a foundation for long-term sustainable energy efficient markets in Wisconsin. Cost effectiveness is also a basic program criterion, as is the role in achieving the four legislative goals of energy conservation, environmental stewardship, rural economic development, and electric system reliability.



## **Industries of the Future**

The U.S. Department of Energy, through the federal Industries of the Future Program, helps create public-private partnerships with industry leaders to research, develop and adopt advanced technologies that improve overall industry competitiveness.

The Wisconsin Industries of the Future Program builds upon the federal Industries of the Future strategy by adding services and financial incentives focused on Wisconsin-based industry needs. The intent of the Focus on Energy program is to assist in the design and implementation of a truly industry-led program to identify industry needs and develop industry-based action plans to satisfy those needs and ultimately transform the market. Metalcasters and forest products (paper industries, etc.) were targeted for early program involvement because similar, industry-led programs already existed or were in development prior to the Focus program.

The DOA has targeted the following eight industry sectors for the Industries of the Future program:

- Forest Products
- Metalcasting
- Food Processing
- Agricultural Biotechnology
- Printing
- Plastics and Chemicals
- Glass
- Water and Wastewater Systems

These industries play an important role in Wisconsin's energy use and economy – they not only use large amounts of energy, but they face intense competition and are among the state's largest employers. Wisconsin's economic vitality relies heavily on the strength of these industries.

Examples of the types of assistance available to industry groups include:

- Project design and technical assistance at individual facilities to identify process improvement opportunities
- Assistance with state and federal grant applications
- Research, development and demonstration projects
- Financial assistance

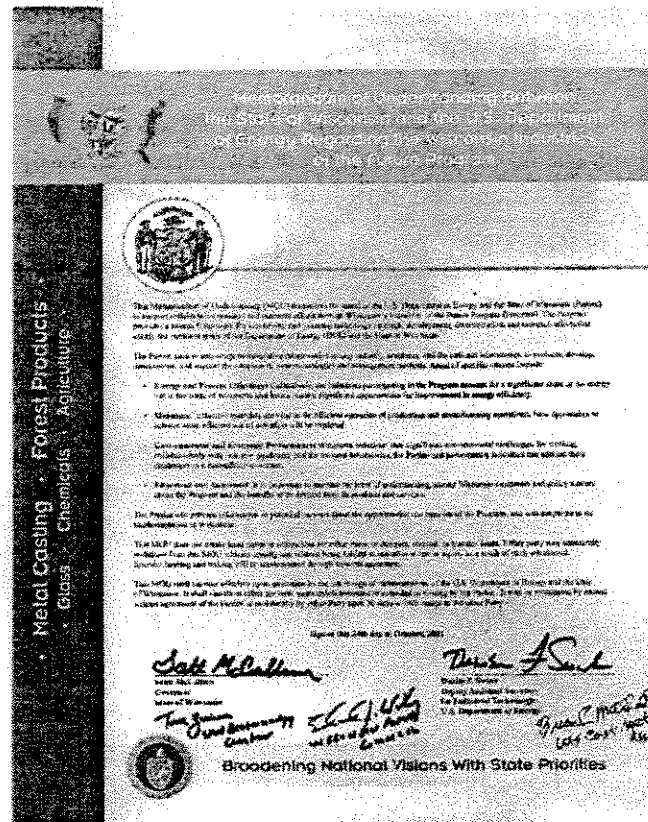
### ***Program Goal***

The goals of the Industries of the Future program are: 1) to accelerate the research, development and adoption of emerging energy efficiency, renewable energy and pollution prevention technologies that improve the competitiveness of Wisconsin

industry; and 2) foster partnerships among industry, trade groups, government, supporting laboratories, universities, and non-governmental organizations

### The First Year

On October 24, 2001, Governor Scott McCallum and the U.S. Department of Energy signed a memorandum of understanding formalizing the intent to support, through the Wisconsin Industries of the Future Program, collaborative relationships among industry, academia and the national laboratories. The program would develop and demonstrate new technologies in the areas of energy and process efficiency, materials, environmental and economic performance, and education and awareness.



Eight industry roundtables have been held over the past three years to identify the priority needs of each industry sector and to form action teams. These action teams, composed of industry leaders, trade associations, university researchers, and state and federal government program employees work together to accelerate research and development of new technologies that address the priority needs of their team.

In addition, the Industries of the Future program accomplished the following goals in the first year:

- Completed basic industry needs assessments on seven of the DOA-designated energy intensive industry sectors.
- Established industry steering groups in each of the seven industry sectors.
- Provided program support to initiate four projects relating to needs identified within industry roadmaps.
- Provided support to the metalcasting and forest products action teams.

#### McAdams Graphics (Oak Creek, Wisconsin)

McAdams Graphics, a partner in the Focus on Energy Industries of the Future program, was recently awarded a \$22,000 implementation grant from Wisconsin Focus on Energy. The printing company will use its grant to install a heat recovery system to capture waste heat produced by the company's heat set presses.

- Initiated 16 opportunity surveys at individual facilities within the energy intensive industry sectors.
- Were involved in 20 advanced technology transfer projects in collaboration with Wisconsin universities, manufacturers and industry suppliers.
- Provided funds to help manufacturers and industry suppliers demonstrate new and under-utilized technologies in Wisconsin.

By June 2002, contractors to the Industries of the Future program met the following objectives:

- Conducted needs scoping roundtables for the food processing, agriculture biotechnology, plastics, printing, and glass industry sectors.
- Produced state industry roadmaps for food processing, printing, chemicals and glass industry sectors, with input from industry. (State roadmaps already exist for forest products and metalcasters.)

Finally, on June 20, 2002, Governor Scott McCallum announced the creation of the Center for Technology Transfer. The center will take new energy efficient and environmentally friendly forest product technologies from the laboratory setting to the industrial environment. The center will work closely with the Focus on Energy program and, according to the Governor, the \$300,000 contract will ensure that the Wisconsin forest products industry will remain competitive globally by fostering partnerships between industry, trade associations, universities, investors and government.

### **Biopulping in Wisconsin**

To create pulpwood for the production of paper products, paper companies primarily use the "kraft" and mechanical pulping processes. The kraft process involves cooking wood pulp in sodium and sulfur chemicals and is used most often because it yields the strongest and highest quality papers. The mechanical process basically grinds the wood into pulp fibers. Both processes use a significant amount of energy.

Biopulping on the other hand is the treatment of wood chips with a natural wood decay fungus to soften the chips prior to pulping. Developed over a 13-year period, the process saves at least 30 percent of electrical energy and improves paper strength.

Wisconsin companies and experts will continue their work to expand the use of this promising pulping technique by conducting the first commercial demonstration of biopulping, supported by a \$468,000 grant from the U.S. DOE that was secured with the assistance of DOA Focus on Energy staff.

### **Tomahawk Foundry (Barron County, Wisconsin)**

This small foundry (25 employees) in western Wisconsin obtained the first Focus on Energy Industrial Program implementation grant. The company applied for a grant to upgrade an induction furnace. This new system will improve the foundry's productivity and capacity output and save energy. This project alone will reduce electricity consumption by 175,000 kWh per year and yield an energy cost savings of \$13,000 per year. The \$6,500 implementation grant helped to offset the \$67,000 project cost and improved the project payback to just under 5 years. The company also adopted two additional energy-saving measures: it is upgrading the compressed air system and has committed to purchasing energy efficient

## General Industrial Program

Wisconsin has a large industrial base comprised of over 10,000 manufacturing companies of all sizes. While the majority are located in the southeastern area of the state, they are found in all regions of Wisconsin. According to the Wisconsin Division of Energy, these companies consumed about 36 percent of the electricity used in the state in 2000 and represent a great opportunity to save significant amounts of energy.

The General Industrial Program is designed to build an industry-led, industrial-focused program that strengthens industrial energy management practices, develops alliances between the industries and service providers, reduces energy use, and improves environmental performance. Focus on Energy staff work with existing service and supply chains to provide specific services and financial mechanisms to encourage the adoption of energy efficient technologies and practices into the standard operation and management of the participating industries. Like all Focus on Energy programs, the underlying goal of this program is to transform the market through enhanced energy efficiency practices, research and development, and education.

In addition to seeking sustainable energy efficiency market transformation, the program focuses on reducing energy intensity rather than net reductions in energy use. That is, the program focuses on using energy more efficiently.

Further, the program takes a systems approach, concentrating on improving individual and entire systems as a whole, and recognizes that they, too, are part of a larger system. Rather than improving a single component at a time, Focus on Energy staff examine each system to look for possible efficiency that will improve the plant's overall productivity. Common industrial systems include compressed air and steam/hot water, motors and drives, and HVAC systems.

### **Program Goal**

The goal of the program is to establish a Wisconsin-based industrial program that permanently transforms industrial energy practices, improves industrial energy efficiency, and prevents pollution.

### **Warren Industries (Racine, Wisconsin)**

This small industrial business provides packaging services to printing companies. With the help of Wisconsin Focus on Energy Industrial Program engineers, the company is projected to save approximately \$170,000 per year in energy costs by implementing a range of energy efficiency measures. The largest therm savings (148,000 per year) will come from substituting low pressure steam for high pressure steam for the warehouse unit heaters. The largest kilowatt-hour savings will come from disconnecting unused transformers in the warehouse (1,226,400 kWh saved per year). Additional measures include installing thermostatic fan controls for steam unit heaters, initiating a compressed air maintenance program, and retrofitting lighting in both the warehouse and the office. The company is currently implementing these measures.

### ***The First Year***

Most first year activities and goals focused on establishing program designs and identifying cooperative resources located across the state. Despite these start-up activities, the program signed up 382 partners (179 percent of its goal) and achieved 238 percent of its natural gas therms savings goal.

In addition, there are now 12 full-time program representatives active in these industries around the state. Focus on Energy is working with a major state paper company and has helped identify a method to generate energy from waste steam that could yield in excess of 3.8 MW of electricity statewide.

### **Existing Buildings Program**

The Existing Buildings program promotes energy efficiency in larger commercial businesses. Typically, these businesses employ 50 or more people and are roughly 30,000 square feet or larger. They include offices, retail businesses, retail food establishments, restaurants, hospitals, and other non-industrial businesses. Participants under the Existing Buildings program receive individual services from Business Programs staff stationed regionally throughout the state. Program staff provides technical assistance, including preliminary and detailed energy analyses, project implementation assistance, and facility benchmarking (comparisons with similar facilities). Existing programs, such as the ENERGY STAR program, provide additional benefits to partners.

Specifically, services include:

- *ID Surveys* - includes a walk-through of the facility to help determine what types of potential projects may be on-site. Utility bill analysis is included.
- *Proposals* - includes a more detailed study of the selected items for review. This includes cost of project, related energy savings, and payback for the investment.
- *Grants* - includes incentive grants used to help the customer offset the cost of the energy conservation project.
- *Tool Lending Library* - includes tools used to quantify energy efficiency projects. These tools can be loaned to Focus on Energy participants.
- *Training* - Building Operator Certification is used to increase the level of training for building operators. This course includes hands-on experience with energy saving technologies and procedures.

### ***Program Goal***

This goal of this program is to establish an infrastructure that can improve and sustain energy efficient practices, and realize the energy and non-energy benefits of improved energy efficiency in existing commercial buildings.

### *The First Year*

Project Development: Through June 30, 2002, the program enrolled 228 partners and helped them identify 1,041 energy conservation projects. These projects include a wide variety of technologies and are located throughout the state.

Name Recognition: The existing buildings program is in the process of building on the Focus on Energy name. Name recognition has played a key role in the development of project leads and customer contacts.

Leveraged Resources: Staff have worked toward developing and continuing relationships with program allies. With a long sales cycle, many commercial projects could take more than a year to develop. Working with projects that are already in progress, staff can review or improve upon current studies, help advance the projects and add to the current scope, resulting in larger, more comprehensive projects. Incentive grants may be used to help influence the decision process.

The existing building staff have been working with many customers throughout the state. Some of these customers include Marcus Corporation, Fortis Insurance, Brady Corporation, Bank One, Northwestern Mutual, Sentry Insurance, Briggs & Stratton, Kindred Hospital, and MLG Management.

### **New Construction Program**

New commercial buildings--schools, retail office space, restaurants, warehouses, health care buildings, and others--represent one of the largest sources of energy use growth in Wisconsin, outpacing the per capita growth of residential and industrial energy use over the last three decades.

In new construction and in major renovations, there is an opportunity to affect the way buildings function and perform as a whole, not just one system at a time. A building is an integrated, complex system; all of the component systems (envelope, lighting, HVAC, controls, etc.) are linked. By using a "whole building" design approach it is possible to create a high performance building that is comfortable, energy efficient and economical to operate.

#### **Menomonee Valley Design Guidelines**

The Focus program is providing funding and technical support for the development of sustainable design guidelines for the redevelopment of the Menomonee River Valley, a brownfield site, in Milwaukee. Focus on Energy is partnering with the City of Milwaukee, the Menomonee Valley Partners, Inc., and the Sixteenth Street Community Health Center. The guidelines will provide recommendations and propose standards for energy efficient building design and performance.

Focus on Energy services include:

- Project facilitation – a third party to help move the project along and bring resources together.
- Design assistance – provide the services of an architect, engineer, or other consultant to aid with design, and provide information and energy analysis.
- Technical training – coordinate technical training for designers.
- Educational sessions—provided on-site at a design firm or other appropriate location.
- Outreach and information dissemination – develop materials and present at key forums and conferences to increase knowledge of high performance buildings and Focus on Energy program offerings.
- Case studies – in-depth studies that include both the process of the project, key energy efficiency strategies and projected performance.

### ***Program Goal***

High performance buildings lower energy use, reduce negative environmental impacts, improve productivity, and are economical to operate and maintain. The goal is for high performance buildings to become the mainstream practice for the design, construction and operation of commercial buildings in Wisconsin.

Because construction of new commercial buildings can take one to two years or more, this program did not establish short-term, specific energy savings goals and objectives.

### **Sigma Environmental**

As one of the first new construction projects in the Menomonee Valley, the City of Milwaukee, Menomonee Valley Partners, Inc., and Sixteenth Street Community Health Center wanted it to be a model for area future design and construction. However, Sigma Environmental wasn't aware of the potential for energy savings in its building. These groups contacted Focus on Energy for assistance. Focus advisors explored energy efficiency potential and design approaches that would yield a comfortable, energy efficient building. As a result, this project went from a basic design that included electric resistance heating to one that considering daylighting, a better footprint, and looking to achieve a LEED™ silver rating.

### ***The First Year***

Through June 2002, this program:

- Documented 1,691 kWh and 713 kW savings
- Affected 62 building design improvements
- Provided design assistance to 19 customers
- Directly reached 700 designers, architects, engineers and owners
- Contracted for the revision of the Wisconsin Built Directory of Energy Efficient and Sustainable Building Products and Services
- Supported the development of the Menomonee Valley Design Guidelines (which will be transferable to other developments around Wisconsin)
- Held technical LEED™ training



## Government Buildings and Operations Program

The Government Buildings and Operations program targets the estimated 6,000 municipal government buildings and related operations (including municipal services) in Wisconsin. The program also targets energy intensive government operations, such as public works (maintenance, solid/hazardous waste management), street and traffic lighting, and emergency services (back-up power). The program seeks to promote the High Performance Building standard currently being promoted by DOA's Division of Facilities Development and leverage the resources of such entities as the ENERGY STAR Government Buildings program and the performance contracting community.

The program seeks to increase integration of energy efficiency into decision-making criteria as it pertains to government buildings and operations.

### *Program Goal*

The goal is to establish an infrastructure that can improve and sustain energy efficient practices in government buildings and operations throughout Wisconsin, and help the sector realize the energy and non-energy benefits from improved energy efficiency.

### *The First Year*

A major project initiative saw great promise in the first year of this program. The program is working with seven communities to replace traditional traffic lights with energy efficient LED traffic lights. Together, these seven communities have committed to install more than 7,789 lamp retrofits.

The following cities and counties have already joined the program and have seen significant success: Dane County, Delavan, Racine, Kenosha, Oshkosh, West Bend, and Madison.

Focus on Energy staff also are working with other local governments, including Rock County, Milwaukee County, City of Milwaukee, City of Wauwatosa, and Brown County. Through June 2002, 486 projects have been identified with 63 partners.

## Water and Wastewater Program

The Water and Wastewater Program is designed to help water and wastewater treatment facilities in Wisconsin improve the equipment and operational practices of their systems.

### **City of Waukesha Wastewater Facility**

Wisconsin Focus on Energy Industrial Program engineers recently identified a single energy efficiency measure that will reduce energy costs at this wastewater facility by almost \$100,000 each year. They discovered that the facility's aeration tank blowers were too big for the facility. By replacing these old units with more appropriately-sized, energy efficient models, the City of Waukesha expects to see energy savings of 2,176,142 kWh per year and an electricity cost savings of \$97,926 (or \$270 per day).



There are approximately 1800 individual water and wastewater systems in Wisconsin with many in the government sector. This allows for direct delivery of support programs to this market. The program helps to design and select energy efficient equipment, as well as to develop various energy options to improve the overall efficiency of water and wastewater treatment systems. The use of existing programs and organizations in water and wastewater treatment is expected to bring leveraged and high-benefit services across the state of Wisconsin.

### ***Program Goal***

The goal is to establish Wisconsin-based initiatives that permanently change water and wastewater energy practices and improve system energy efficiencies.

### ***The First Year***

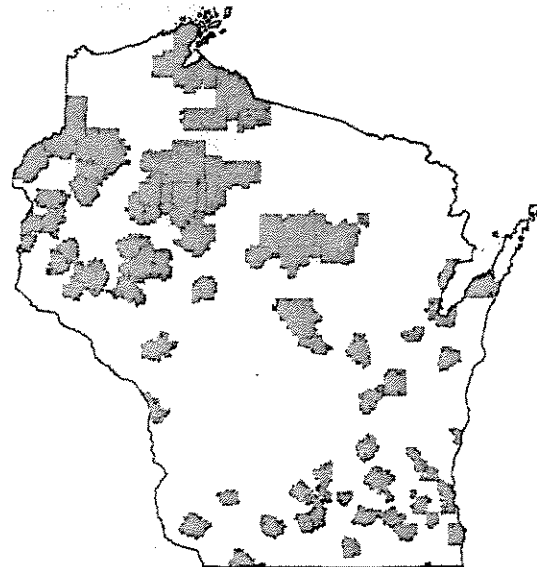
This program was highly successful in 2001, signing up 53 partners, representing 175 percent of the program's first year goal. The program also performed 32 on-site energy surveys. These successes leave the program well positioned for significant growth in its second year.

In addition, Focus on Energy engineers found that these facilities operate much like private utilities. Thus, because they are somewhat over-designed (built in anticipation of long term, future growth) and built at low cost (public monies), they operate at a lower or less efficient load.

Finally, Water and Wastewater has been added to the Industries of the Future road mapping process and the industry roadmap is currently under development.

### **Schools Program**

The Schools program builds upon the success of the WEI-2 program (Wisconsin Energy Initiative-2) that delivered energy and financial savings to dozens of school districts throughout the state. The Schools program is designed to help officials of private schools and public school districts make and implement the best decisions possible for their buildings. To do this, the program concentrates on facilitation, arranging financing, and providing targeted incentives to overcome specific barriers to project implementation.



**Participating School Districts**

The Focus on Energy program draws on qualified experts to offer schools independent, unbiased advice in carrying out energy saving projects. The approach is flexible to meet the individual needs of the school, providing information to make logical, cost effective decisions that meet budgeting criteria.

Free services that are available through the program include:

- An energy audit, report and presentation prioritizing energy improvements
- Bidding services to hire a qualified engineering firm to perform detailed studies
- Independent review of proposals for engineering studies and performance contracts
- Short term, zero percent interest loans for engineering studies
- Lease purchase financing documents to procure lender's bids (public schools)
- Energy tracking to monitor success of projects
- Troubleshooting and assistance in operation and maintenance procedures
- Training for staff and administration
- Assistance with design guidelines for new construction
- Incentives to implement projects

**"I am writing...to convey my appreciation to your organization for all the assistance provided to the School District of Bloomer. I now have a new appreciation for the value of Focus on Energy services and I look forward to your continued support."**

*Douglas Martin  
District Administer  
Bloomer District*

### ***Program Goal***

The overall goal of the program is to increase the demand for energy efficient goods and services by educating school officials. The short term goal is to expand and continue implementation of the Wisconsin Energy Initiative 2, thereby improving the energy efficiency of participating schools. The long term goal is to establish an infrastructure that can improve and sustain energy efficient practices at schools and realize benefits from lower operating costs.

### ***The First Year***

Since July 2001, the program has completed projects at 181 schools. The program has reduced energy demand for participants by 3,349 kW, saved 5,510,000 million kWh, and 486,819 therms of natural gas. The program has now implemented projects in nearly

### **Middleton Cross Plains School District**

This school district is undertaking an extensive remodel of its high school. Working closely with the architect, contractors, Madison Gas and Electric, and Focus on Energy, the district will save an estimated \$82,000 per year in energy costs, cut potential electricity use by 330,000 kilowatt hours per year, and reduce natural gas use by 70,000 therms per year. In addition to its technical assistance, the Focus on Energy program awarded the school district a \$44,600 grant to help offset the up-front costs of implementing the energy saving measures.