

**Wisconsin Public Utility Institute
Executive Board Meeting Minutes
September 17, 2004
8:00 a.m.- 11:00 a.m.**

Room 203 Fluno Center for Executive Education 601 University Ave., Madison, WI

Present were: Les Durski, Daniel Ebert, Wendy Grapentine, Jordan Hemaidan, Charlie Higley, Lynn Hobbie, John Imes, Robert Jones, Thomas Kilkenny, Scott Meske, Terry Nicolai, Cheryl Parrino, R.J. Pirlot, Brian Rude, Neal Siikarla, Rodney Stevenson, Todd Stuart, Scott VanderSanden

1. Call to Order, Introduction, and Agenda Review

Terry Nicolai convened the meeting at 8:10 a.m. and asked the attendees to briefly introduce themselves. Terry asked for any additions to the agenda. There were none.

2. February 20, 2004 Minutes

He then asked for any changes to the minutes from our last Board meeting. It was moved, seconded and unanimously approved to accept the minutes without changes.

Wendy commented that at the last meeting Dave Benforado had requested that a two-year historical program report be kept on the web to help attorneys determine their CLE credits. This has been. All programs are now listed under a link to Past Programs on the Programs page of the web.

3. Board Membership

Wendy pointed out that pages 9 and 10 were for reference as to the current members of the Board, their term lengths and which seats are up in 2005. They include: Lee Cullen (Cullen Weston Pines & Bach), John Imes (Wisconsin Environmental Initiative), Cheryl Parrino (Parrino Strategic Consulting), Neal Siikarla (Wisconsin Public Service), Robert Ziegelbauer (Wisconsin State Legislature) and the seat currently held by Verizon. Wendy noted that Verizon has not yet named a replacement for Dan Matson. Mike Wirl is working here in Madison but it's not clear if he will be the liaison or if it will be Paul Fuglie, Mike's boss, in Michigan. Wendy continues to keep in touch with both of them and is trying to make sure they stay engaged with WPUI and eventually name either Mike or Paul to sit on the Board. At that time, the Board will have to vote to approve or disapprove their nominee for the seat.

Wendy will put out a call for nominations in early December for the terms expiring in June of 2005. The Nominations Committee will then meet to determine a slate of candidates for the Board to vote on at the February 18, 2005 Board Meeting.

4. 2003-2004 Program Calendar

Wendy reported that the ***Midwest Residential Gas Consumption Trends*** program in March did not do as well as was budgeted for, bringing in about a quarter of the anticipated revenues. The conclusion was that it was an interesting program but tried to accomplish too much.

7th Midwestern Telecommunications Conference had significantly reduced attendance. WPUI still plans to stay involved as long as they'll have us. The program sponsor, Whyte Hirschboeck Dudek is a WPUI member.

Telecommunications Forum & Basics did about half of the budgeted revenues. Various reasons were to blame and those were detailed in a report sent to the Telecom Program Advisory Committee. We ultimately decided to give it a go again next year as we felt there were improvements that could be made including moving it farther away from the WHD event now that our program has expanded beyond just a Basics program and into current issues. It is scheduled for May 10-12, 2005 and will again be run as a Forum with our Basics course offered as a pre-conference workshop.

Nodal Pricing Research Presentation ran into trouble when two of the three students dropped the course, but we were able to salvage it and with the help of Wisconsin Legislative Council, provided a valuable educational opportunity and chance for dialogue with attendees. Attendees numbered twenty-one and ranged from university to legislative to regulatory to industry. A report on this program was sent to the Electric Program Advisory Committee. Wendy said she is going to be sending these types of reports more in the future.

5. 2004-2005 Program Plan

EEI Advanced Rate Making: The program went very well in its inaugural year at UW-Madison. They loved the facility and signed on for a fourth year. We continue to explore opportunities for new programs. Our role here was limited to that of "event planner" but it was a good income generator and marketing opportunity and will provide future opportunity for WPUI members to serve as instructors. We made \$4,500 in a firm contract for services.

Some board members suggested we look at doing a Basics Ratemaking course with EEI. Wendy reported that she had already spoken with Eric Ackerman at EEI about that possibility and he was working with his committee to see if there's a need for it. Wendy will keep that channel open.

Energy Utility Basics: Enrollments are excellent. As of September 16 we have 48 5-day attendees, 29 3-day and 3 2-day. Attendees are from 11 different states and one foreign country. We're mixing things up a bit this year adding in Tommi Makila of the Iowa DNR who has a DOE grant to showcase superconductivity technology. We will split into two groups for the plant tour with one group touring and the other hearing from Tommi and then watching a short animated video of a geothermal plant from MidAmerican Energy that I found on their website and they are allowing us to show to the class. We will also give people an opportunity to work with the Energy Ed simulator in small groups to get more out of it.

The Board inquired about the benefits of running the program twice. Wendy agreed to get input from the upcoming attendees. There was also discussion of how to take it to the next

level. Neal Siikarla mentioned that some of his employees have asked “what’s next”. Jordan Hemaïdan suggested Joel Burke with the Financial Accounting Institute to come do an advanced utility accounting program. Dave Benforado suggested Wendy follow up with Wendy agreed to look into how WPUI can provide a “200-level” series of courses on the issues presented in Energy Basics and will report back on that at the February meeting.

VoIP Executive Roundtable: Robert Pepper will be back in town for a program for another school on campus and offered to do a program for us, so we took him up on it. It will be on October 22 from 7:30-11:00 at the Pyle Center in order to take advantage of his availability. We mentioned the program in a mailing of the Corporate Report Wisconsin Telecom Roundtable reprint and got great response. We also sent out traditional marketing. As of September 16th we have 32 registered which is 12 more than we need to break even. Charter is providing sponsorship dollars and got their name on the brochure and will also be recognized verbally at the event. We will continue to strive to take advantage of sponsorship opportunities while balancing the need to maintain our position as a neutral forum. Cheryl Parrino will moderate.

Pro-Business Economists Debate Telecommunications Competition: This program is designed to have two conservative economists debate the merits of competition in its current form and discuss possible changes. We are planning to invite former PSCW Commissioner Ave Bie to moderate. SBC has agreed to sponsor this and will receive their name on the marketing and a verbal recognition at the event. We need 20-25 attendees to make budget. This is scheduled for November 3, 2004.

Rodney Stevenson expressed concern about the program based on the title. Wendy and Cheryl Parrino explained that the title was a working title and did not accurately represent the proposed content of the program. Wendy and the Telecom Committee will work on a better title for the program such as “Pro-Competition Economists Debate Telecommunications Regulation” or “Conservative Economists Debate Telco Competition” or “Telecommunications Competition Debate”.

Cyber Risk Executive Roundtable: Looking at doing this January 24, 25 or 26 of 2005. Would be an afternoon program followed by a reception. The speaker is a graduate of the UW School of Business who wanted to give back to the University. It is designed to be applicable for both telco and energy folks.

Effects of LMP on Retail Prices: Research project by MBA student Stephen Voss under the guidance of Christensen Associates to design the study and the School of Business’ Weinert Center to conduct the study. Present in the late winter early spring depending on when it’s done. We could possibly get an Eastern Wisconsin company to share their experience with LMP. This is a project designed to strengthen WPUI’s relationship with the School of Business faculty.

Annual and Board Meeting: Looking for potential speakers. Already have an ask in to new Commissioner Mark Meyer to make some comments. Thinking about maybe doing something on Broadband over Power Lines both the technology and policy aspects to appeal to all members.

Emerging Technologies: This was proposed by Chairperson Bridge as a series of short seminars on emerging energy technologies such as IGCC, wind, broadband over power lines, digesters, etc. Wendy has been talking to Linda Barth and Dan Ebert at the PSCW about how this will play out.

8th Midwestern Telecommunications Conference: Scheduled for April 12, 2005

Telecommunications Forum and Basics: Scheduled for May 10-12, 2005. Topics in development.

John Imes mentioned that on the Germany Trip they learned quite a bit about linear infrastructure where utility infrastructure is aligned along roadways. He suggested Wendy follow up with Mark Williamson of ATC to learn more and look into doing a program following up on that trip.

6. Director Updates

NRECA: We had a breakfast with the heads of NRECA and the University before the press conference in August to set the stage for cooperation. Attending: System President Riley, Chancellor Wiley, Business School Dean Knetter, Assoc. Dean of Exec Ed Beck, NRECA President Glenn English, VP of NRECA Martin Lowry, Engineering Dean Paul Peercy, Ag Secretary Rod Nilsestuen, WPUI Director.

They starting running their programs at Fluno in September and will offer 28 weeks of programming annually. Gary Pfann has an office on the 2nd floor of Fluno.

Plans are underway to develop highly focused summits for experienced executives and board chairmen. They are very concerned about the future of their management with a large number of managers approaching retirement and are looking to train their replacements.

Energy Research Forum: We are working to develop this concept to round out our “regular” programming and help provide WPUI with a national stature building on our relationships with EEI and NRECA.

Cluster Hire: Wendy explained the concept of the cluster hire here at UW-Madison. There are two positions open in the Energy Cluster Hire and in talking with the committee members Wendy found out they are focused on policy people. This would provide a good resource for WPUI. WPUI is continuing to work with other entities on campus to foster cooperation and the Energy Cluster Hire is a good forum for that. Wendy will keep tabs on the process.

Legal Status of WPUI: The question came up this spring about the legal status of WPUI. It originated with a law signed by Gov. Doyle allowing non-profits to conduct business such as voting, electronically. Incoming board member Jordan Hemaidan asked if that applied to WPUI and Wendy set out to find out. Six months and numerous inquiries later the explanation is: We are a unit of the School of Business with no formal legal status of our

own. We derive our 501-C3 status from the Center for the Advanced Studies of Business, the non-profit arm of Executive Education. We are considered a program affiliate of CASB and our financial activity is consolidated within the CASB financial statements.

Grant: We are exploring a Wisconsin Idea grant to bring the Energy Ed simulator to the community and educate consumers about the issues affecting energy policy in Wisconsin. We'll hear if we made the first round of cuts at the end of October.

Electronic Programs: We are looking into trying to offer some of our policy roundtable programs as webcasts in order to make them more accessible to members and potential members not within easy driving distance of Madison.

7. Scholarship Status and Usage

Wendy provided an update on the status of our scholarship fund and how much it's been used this year. The chart in the board materials reflects a new way to report the information that is easier to track and should be self explanatory. Bottom line: We had a balance of \$1,450 at the end of Fiscal Year 04. Wendy asked the Board for permission to go negative in the scholarship fund up to \$1,500 in order to accommodate traditional Energy Basics scholarship demand as well as provide scholarships for three students and/or interns who have requested assistance. They are unable to pay anything but would benefit greatly by attending. The Board approved the request unanimously. Wendy stressed that donations to the scholarship fund are critical to our ability to make our programs accessible to everyone and ensure that all voices are heard.

8. Final FY04 Budget and Approved FY05 Budget

We went over the final numbers for the FY04 Budget. Wendy pointed out that the \$10,000 for School of Business Support is 5% of our gross revenues; that her NARUC trip to D.C. was cancelled in order to attend a final site visit with the folks from NRECA so travel expenses were lower than expected; the FY04 Membership Fees line item reflects \$3,750 in FY03 membership fees not paid until FY04; and that the School of Business paid \$3,167.43 for our expenses to move from Grainger to Fluno. We wound up with a net income of \$2,658 and a positive cash position of approximately \$20,000.

Wendy also went over the Executive Committee Meeting minutes included in the packet. At this meeting the Exec Committee gave preliminary approval to the FY05 budget. Wendy explained some items from that budget: the salary figure includes a mandatory university pay increase of 1.5%; the line item for Annual and Board meeting was increased to reflect the cost of more members; and the Travel Budget line item was increased by \$1,000 because of Wendy's intention to attend more conferences this year.

The Program Revenue Summary reflects the details of the Net Program Revenue line item under income. Some programs did better than expected, others did worse as detailed in the program report. Bottom line: We came in \$165 above what we'd budgeted. For FY05 Wendy explained her new approach to the budget. The focus will be on meeting our expenses through membership dues and income from three key programs. This can be

accomplished if we are able to meet our budgeted \$105,000 in membership revenues and can earn a total of \$50,000 on the key programs. That breaks down to \$40,000 on Energy Basics, \$5,500 on Telecom Basics and \$4,500 on the EEI Advanced Ratemaking course. The positive of this is that Energy Basics is growing and the EEI program is a fixed contract. This will then free up the Institute to offer other policy programs that can meet our mission of advancing the understanding of public policy issues without having to earn money for the Institute. They will merely have to cover any out of pocket expenses. Wendy explained how this should be a much more workable model.

The Board also discussed the need to develop a reserve fund equal to 3-months of operating expenses.

9. Membership

Wendy went over the new and targeted members. Bottom line: We recruited eleven new members in calendar year 2004 for a total of \$8,750 in new membership dues. She went over the numbers: If all current members renew at the same levels we will have \$99,750 in membership dues for 2005. That is \$5,250 short of our budgeted \$105,000 in membership dues for the FY05 budget. We also have an extra \$2,750 in this year's budget due to 2004 dues paid in FY05. Therefore we need to recruit \$2,500 new members to make budget this year, but would need to garner an additional \$2,750 to make budget the following year.

Wendy talked to the Board about how now is the time to work on new members for 2005 and explained that the best way to get an organization to join is for a current member to sell them on the idea. Wendy asked that members try to set up meetings with themselves, Wendy and the potential new member to sell the Institute.

10. Next Meeting

We agreed our next meeting will be on Friday, February 18 at 8:00 a.m. to be followed by our Annual Meeting at 11:30 or 12.

The Board adjourned at 11:00.