



CUMBERLAND MUNICIPAL UTILITY

Charles Christensen,
General Manager

March 11, 2015

WI Public Service Commission
Division of Gas & Energy
Attn: Mr. James Lepinski
P.O. Box 7854
Madison, WI 53707-7854

Dear Mr. Lepinski:

Please find our attached Notice of Intent and engineering information to replace a deteriorated wood cooling tower that was installed in 1962.

In our phone conversation, you asked that I provide a background of our generating facility. The City of Cumberland began furnishing electricity to some of its residents in the late 1800's, and has continually served the needs of the community up to the present time.

The original generation was steam through a wood-fired boiler, and only served the community during daylight hours, due to the fact that only one operator was available to feed the wood to the boiler. In approximately 1905, the City purchased an upgraded generator and continued to serve the community until a distribution line was built from the Apple River Milling Company in Amery, Wisconsin. At that time, the citizens of Cumberland were able to have electric lights and power 24 hours a day through Apple River's hydro operation. The Apple River Milling Company was eventually purchased by Wisconsin Hydro, which later became Northern States Power, and is now currently Excel Energy.

In 1936, the City of Cumberland became unhappy with the rates being charged by Wisconsin Hydro, and created a Utility Commission. The Utility Commission investigated the ability to install diesel generation in Cumberland, and with the assistance of the United States Public Works Administration, they were able to start construction of Cumberland's current generating facility. Wisconsin Hydro was not happy about the City having their own generation, and a court battle ensued going all the way to the Wisconsin Supreme Court with the local city attorney, Mr. Dan D'Amico, representing the City of Cumberland. The Supreme Court handed down a judgment that the City did have the right to construct facilities for the betterment of its citizens and the community at large. That decision became Case Law, and is still used today for cities throughout Wisconsin in the construction of municipal facilities.

The generating facility was completed in 1939 with two generating units of 300 KW a piece. One of those units was enough to sustain the electric needs of the city at that time. When the units were dedicated, Wisconsin Hydro cut its tie line to the city immediately. The City was on its own until 1953, when they then developed a relationship with the Barron REA Distribution Cooperative. At that time, the Cooperative did not have enough resources to fully satisfy the needs of the farming communities surrounding Cumberland, and an Interchange Agreement was signed between the Barron REC and Cumberland. The agreement allowed for the City of Cumberland to provide power to the REC during peak times, and the REC would provide power to Cumberland at Cumberland's peak times. That relationship has grown over many years, and is continues today through the Dairyland Power Cooperative – Barron REC's generation and transmission arm.

Originally cities could not take advantage of rural cooperative's funding and could not be an REA participant. The only way cities could take power from the distribution cooperatives was if they had backup generation, and could buy excess energy on off-peak times from the co-ops. That association, with both the Barron REA and Dairyland Power, remains today. However, the federal government has changed some of the rules, so that we currently can utilize DPC for all of our power needs if it is available. Over these many years, Cumberland had to remain with stand-by generating equipment, so that any time the cooperatives could not furnish power, they were forced to generate on their own.

This ability to provide firm energy to the customers of the City of Cumberland has resulted in the attraction of several industries, namely the 3M Corporation, which built a plant in Cumberland in 1953. Others include the Stella Cheese Company, which expanded their plant into Cumberland, along with the Stokely Canning Company which is now the Seneca Foods Corporation, the Ardisam Corporation which manufactures lawn & garden materials and sporting goods, and last but not least DCA Manufacturing, an electronic board manufacturing company. Because we have installed generation, we have never paid a demand charge and have only bought excess energy at the lower costs, which have benefitted our customers. It has been a 'good marriage' with the cooperatives, in that their peaks are early morning and late at night, whereas the municipal peak is at approximately Noon.

In 1977, Cumberland joined with 10 other cities in Wisconsin to form the Western Wisconsin Municipal Power Group (WWMPG) under the Joint Action Statute in place at the time. They were the first joint action group to receive a Charter in Wisconsin, which was possible through the cooperation of PSC Chairman Mr. Norman Clapp, who attended several of the meetings. WWMPG continues to this day, but most recently has changed its name to the Upper Midwest Municipal Energy Group, or UMMEG, which now encompasses cities in Iowa and Minnesota, due to a change in the Wisconsin Statutes that now allow for utilities outside the state of WI to become members of a joint action agency in Wisconsin.

The most recent addition to Cumberland's power plant was made in 2000, and currently the capacity of Cumberland's generating plant is approximately 20 Megawatts. Three of our large generating units are able to burn natural gas. We have a total of eight generating units, and the 3 that burn natural gas are not 'spark ignited,' using a 10% pilot fuel to ignite the natural gas while they are operating. All of the units, including the natural gas units, have been classified as

"Emergency Use Only" by the DNR and the EPA. They are currently accredited in the MISO Pool through DPC, for which we receive capacity payments from Dairyland for the capacity.

The cooling tower that is going to be replaced was built in 1962, as I stated earlier, making it more than 50 years old. It is a wood tower, and has deteriorated considerably over the years. We have made stop gap repairs to it, however it is currently in a state where it would need to be demolished and a new tower system put in place. This tower cools the original five engines and generator sets. Our local industry has come to rely on very firm power, and long outages are very costly to them. Our generation has negated their need to install generating capacity at their plants for back up use.

In our application, we have furnished a photograph of our old tower for your evaluation. I hope that this history has helped you to understand our need to replace the current cooling tower.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Charles Christensen". The signature is written in dark ink and is positioned above the typed name.

Charles Christensen, Manager
Cumberland Municipal Utility