

REFERENDUM ANNOUNCEMENT

An election will be held in the City of Menasha, Calumet and Winnebago Counties on **April 6, 2010**, the following proposed referendum question will appear on the ballot:

“Shall the City of Menasha sell its electric utility assets to WPPI Energy at the price and upon the terms approved by the Public Service Commission of Wisconsin?”

There will be a Public Meeting on Monday, **March 29, 2010 at 6:00 p.m.** at the City Library to discuss the referendum and the details of the transaction. This announcement also includes questions that have been frequently asked of the City and Menasha Utilities about the transaction.

Frequently Asked Questions

- **Why is the City of Menasha proposing to sell its electric utility to WPPI Energy?**
Because of the failure of the city-owned steam facility and the City of Menasha's resulting default on revenue bond anticipation notes associated with that facility, the City needs a source of funds to attempt to settle claims brought by the holders of those notes. The City has hired a team of experts to review possible alternative solutions. After exploring such solutions, the Menasha Common Council determined that the most viable option was entering into the proposed transaction with WPPI Energy for the sale and leaseback of the City's electric distribution assets.
- **Why do we need a referendum on the sale of the City of Menasha's electric utility assets?**
Under state statute, a city that owns and operates an electric utility cannot sell that utility without first obtaining approval for the sale from the Public Service Commission of Wisconsin and then from voters in a city-wide referendum.
- **What interests of the City of Menasha and its residents are served by the proposed sale to WPPI Energy?**
A benefit of the transaction is that it will provide a source of funds with which the City can attempt to settle claims related to the steam facility. In addition, the Menasha Electric Utility will continue to be operated as a municipal utility for the benefit of City residents and ratepayers. This will enable the City to retain the annual payment in lieu of taxes of approximately \$600,000 that the City receives from its electric utility. Retaining this payment will help lessen the impact on property taxes. The anticipated impact on electric rates will be under \$4 per month for the average residential customer. The average residential customer's electric bill will still be approximately \$11 per month less than the electric bills in the neighboring communities after the transaction.
- **Is the sale of the City's steam plant part of the WPPI Energy transaction?**
No.

- **Has the Public Service Commission of Wisconsin voted to approve the proposed sale to WPPI Energy?**

Yes. At its open meeting on February 12, 2010, the commissioners on the Public Service Commission of Wisconsin each voted to approve the proposed transaction between the City of Menasha and WPPI Energy. Each commissioner concluded after thorough review and consultation with its own staff of experts that the proposed transaction was in the best interests of the City and its residents.

- **What are the basic terms of the transaction between the City of Menasha and WPPI Energy?**

The City of Menasha proposes to sell to WPPI Energy its electric distribution assets, including its utility administration building, and the City's ownership interest in the American Transmission Company ("ATC"). The purchase price is approximately \$18 million. After the sale, WPPI Energy will lease the electric distribution assets back to the City of Menasha. The City will make monthly lease payments to WPPI Energy for a period of 20 years. At the end of the lease term, the City may repurchase the distribution assets (excluding the ATC interests) for a nominal amount.

- **Who will operate the electric utility after the sale?**

The Menasha Electric Utility will continue to be operated as a municipal utility for the benefit of City residents and ratepayers.

- **Is the transaction with WPPI Energy subject to any conditions?**

Yes. An important condition of the transaction is that the City of Menasha must resolve all outstanding claims regarding the City's steam facility.

- **Are there any outstanding claims of the former customers of the steam facility?**

No. All the steam customer claims have been settled.

- **What are the outstanding claims regarding the City's steam facility?**

There are two outstanding matters. First, in September 2009, the City of Menasha defaulted on \$24 million steam utility revenue bond anticipation notes. The holders of those notes have filed a lawsuit seeking damages against the City, including repayment of the notes.

Second, there are outstanding environmental claims related to the steam facility by the Sierra Club, the U.S. Environmental Protection Agency, and the Wisconsin Department of Natural Resources.

- **What is the tax levy impact if the City of Menasha fails to settle the lawsuit brought by the holders of the steam utility revenue notes?**

If the City cannot settle the lawsuit and if the note holders succeed in their claims, they could force the City to collect approximately \$20 million in new property taxes. If this was levied in a single year, on a home assessed at \$150,000, the property taxes would increase from about \$1,430 to \$4,600, an increase of about \$3,170.