

Editorial: Still some hope for city, WPPI venture

We're not saying any hearts have been broken yet, but efforts between the city of Escanaba and Wisconsin Public Power Inc. to determine how to meet the city's future power needs are akin to a courtship.

To continue that analogy, the two have been seriously dating for some time, and we suspect many if not most of the parties involved saw an engagement ring in the near future soon to be followed by a trip to the altar.

Now there's a bump in the road. The two haven't exactly broken up; let's just say it looks like they've agreed to see other people.

That's rarely a good sign.

The two are sharing in the cost in of a \$465,000 feasibility study to determine if a new power plant in the city makes sense, and what entities may own and operate the plant. First part of the study is complete, but some of the cost estimates in that analysis have apparently led to WPPI putting the second part of the study indefinitely on hold.

First part of the study determined a 300-megawatt coal-fired plant would be the most economical way to go. Part two would be a feasibility study outlining all the specifics of developing the plant, including permitting, ownership and meeting regulatory demands.

It appears there are three major factors that led to WPPI's "let's wait and see" decision. One is cost of the plant. Due to demand for components from countries around the world, construction costs came in much higher than anticipated. In addition, wholesale electrical providers in the short-term are becoming more competitive, dropping the cost of attaining power from current sources. The third involves regulations for new power plants being a big unknown. When spending what may be up to \$1 billion, unknowns are a panacea.

According to the city's point guard on deciding future energy supplies, Gilbert Cheeves, the city would own 30-60 megawatts (most likely 30) of the new power plant, with WPPI owning 100 MW. There may be another hitch in this plan. Others would be needed to take the lion's share of responsibility, and, if they end up being private utilities, they would not be enamored with partnering with a municipality, Cheeves said.

WPPI is a nonprofit municipal electric partnership that serves 48 municipal utilities, supplying electricity to more than 185,000 customers in Wisconsin, Iowa and the Upper Peninsula. As of now it owns 40 percent of the capacity it provides to its customers and purchases the remaining 60 percent.

In order for the city and WPPI to fall in love again, some of these obstacles must change. Cost of construction materials must drop, and cost of attaining power off the grid must go up. Over time, both are possible if not likely.

The city still has much to draw suitors, WPPI or otherwise. It could maintain or improve its current power plant, purchase base power off the grid at a much lower cost than it can produce itself, and/or provide power to other customers when demand is high, increasing its revenues.

Either way, it looks like, for the city, funding for the first part of the study was money well spent, and information garnered by it will be put to good use as the city makes its way through the rather murky waters of electrical generation and distribution.

And, if WPPI proves to be a runaway bride, there are still many other fish in the ocean.