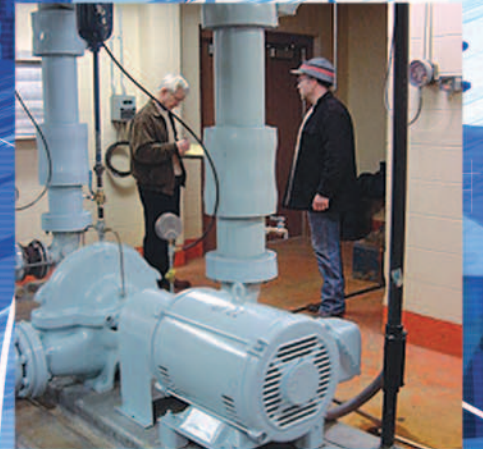


2006 Annual Report

'80, '81, '82, '83, '84, '85, '86, '87, '88, '89, '90, '91, '92, '93, '94, '95, '96, '97, '98, '99, '00, '01, '02, '03, '04, '05, '06

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2006 Annual Report

'80, '81, '82, '83, '84, '85, '86, '87, '88, '89, '90, '91, '92, '93, '94, '95, '96, '97, '98, '99, '00, '01, '02, '03, '04, '05, '06

DEAR FRIENDS,

Two years ago, when the Governor's Task Force on Energy Efficiency and Renewables issued its much-anticipated final report, all of us at WECC were hopeful that the task force's carefully constructed recommendations would be embraced by the Wisconsin legislature. Today, we are happy to report some significant progress toward that end.

In February 2006, the Wisconsin legislature passed Wisconsin Energy Act 141, which not only strengthens and clarifies the state's long-term commitment to energy efficiency and renewables, it also brings WECC's mission even more clearly into focus. As limited energy supply, climate change and growing demand conspire to tap resources and increase energy costs, the state's investment in energy efficiency represents a vital step in a more secure energy future. WECC remains committed to helping Wisconsin realize the benefits of energy efficiency and renewable energy.

Wisconsin is not alone. Progressive states across the country are embracing the proactive energy policies long championed by WECC. Our staff is excited to be part of conversations throughout the country about proving the value of energy efficiency. Increasingly, the "Wisconsin" in our name says more about us than it does about our client base - and that geographic expansion is an important development in our long-term planning.

WECC is solidly poised to meet the growth opportunities created by increased consumer demand and smart energy policies. We've realigned our talented human resources to more efficiently deliver programs and services. As part of our strategic plan, we're identifying the programs and prospects that best mirror WECC's mission, and are proactively seeking to build our portfolio with a client base that maximizes our growth opportunity and our internal efficiencies. It's a glowing testament to the WECC staff that we've earned the right to target our portfolio development in this way.

As we move forward through the new fiscal year and beyond, we appreciate your continued support!

Janet Brandt
Janet Brandt
Executive Director

Carol Fisher
Carol Fisher
President of the Board

OUR MISSION

Wisconsin Energy Conservation Corporation champions innovative energy initiatives that deliver short- and long-term economic and environmental benefits to consumers, businesses and policy makers.



In May, Wisconsin
Madison's
anticipated
and renewa



Carol Fisher,
President of the Board

Janet Brandt,
Executive Director

THE YEAR IN REVIEW

IN HOMES AND WORKPLACES, THE "PROOF" PILES UP

As you'll see in our reported energy savings, WECC continued to prove the value of energy efficiency this year - achieving impressive results while increasing our cost-effectiveness. Our residential, business and renewable programs garnered industry-wide interest and accolades, providing us with welcome opportunities to solidify existing programs and showcase new ones.



Wisconsin Energy Conservation Corporation broke ground on its new home in University Research Park. Scheduled for completion in March 2007, the LEED Gold Certified building will feature a variety of energy efficiency technologies. To learn more, and to view up-to-date pictures of construction progress, visit our website at www.weccusa.org.

In Residential Programs, we were honored to receive the ENERGY STAR® Sustained Excellence Award in recognition of our Focus on Energy new and existing homes and products programs.

The Governor's Energy Help Initiative created a valuable partnership between Wisconsin Governor Jim Doyle, Lt. Governor Barbara Lawton, and the Home Performance with ENERGY STAR® Program. The two lawmakers embarked on a seven-city tour to promote energy efficiency and whole-house energy evaluations, contributing to helping over 2,000 participating customers benefit from safer, more comfortable, energy efficient homes throughout the year.

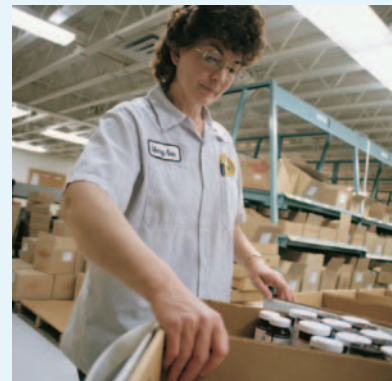
Our mainstay Change a Light effort expanded successfully to even more states. Over 1,700,000 compact fluorescent light bulbs (CFLs) were sold through 237 retail outlets in seven states. Throughout the life of those CFLs, enough energy will be saved to power 8,700 homes for a full year.

Energy Finance Solutions (EFS) made inroads from coast to coast - literally - as new programs were installed in both Oregon and New Jersey. Through a solid network of local contractors, more homeowners in more places can now take advantage of low-interest loans to finance their energy efficiency improvements.

Our innovative limited income programs grew this year as energy rate increases continued to prompt interest from out-of-state constituents. Homeowners with limited incomes represent an underserved market in the energy efficiency realm. WECC staff continues to talk with utilities about strategies and program models for serving those customers.

WECC's leadership on the Focus on Energy Business Programs Team resulted in the program exceeding its goals and increasing our performance levels statewide. The team provided technical project support and/or financial incentive assistance to help 13,330 Wisconsin businesses increase their energy efficiency and manage operating costs. Business Programs services reached customers in all 72 Wisconsin counties.

Identifying new technologies and strategies to help businesses control their energy costs becomes increasingly important, given the challenging energy issues facing business customers statewide. Energy issues are more of a priority to many customers when compared to even two years ago, given dramatic natural gas rate increases and concerns about planned electric transmission/generation plant siting and potential electric rate impacts. It was an important year to look strategically at how Business Programs has evolved and what changes are appropriate to mitigate the energy problems facing individual customers and the state of Wisconsin in the next five to ten years.



THE YEAR IN REVIEW (CONTINUED NEXT PAGE)

2006 (JULY 1, 2005 - JUNE 30, 2006) WECC PROGRAM ENERGY SAVINGS

PROGRAM NAME	TOTAL ANNUAL kWh PROGRAM SAVINGS*	TOTAL ANNUAL kW PROGRAM SAVINGS*	TOTAL ANNUAL THERMS PROGRAM SAVINGS*
RESIDENTIAL PROGRAMS	124,311,047	15,297	1,669,095
BUSINESS PROGRAMS	114,594,550	24,601	9,698,266
RENEWABLE ENERGY	12,619,307	1,880	1,570,318
COMMITMENT TO COMMUNITY PROGRAMS	6,414,930	1,157	38,986
	257,939,834	42,935	12,976,665

*Savings include all states where programs are administered.



ENERGY SAVINGS SUMMARY

Estimated annual savings on utility bills	\$32,025,207
Estimated sales generated	\$83,925,865
Total savings equivalent to cars off the road52,667
Total savings equivalent to carloads of coal reduced1,290
Electric savings equivalent to powering homes25,898
Gas savings equivalent to powering homes13,337
Estimated emission reduction of:	
CO ₂719,398,429 lbs. saved
SO ₂3,147,645 lbs. saved
NO _x1,600,024 lbs. saved

THE YEAR IN REVIEW (CONTINUED)

The Renewable Energy Program continues to capture the interest of businesses and homeowners in Wisconsin and beyond. Solar water heating systems, in particular, have been the topic of great interest - resulting in 207 approved applications. This equals the total of installations from the last three fiscal years combined. Statewide, renewable energy installations increased 59% during the fiscal year, due largely to the momentum of interest in solar technologies.

The agricultural industry in Wisconsin continues to set the pace nationally for renewable energy on the farm. Larger farms, in particular, are discovering how to manage manure and create biogas energy with anaerobic digesters. WECC's partnership with a talented team of agriculture industry partners has contributed to the placement of 23 anaerobic digester systems on Wisconsin farms - more than any other state in the country.

By continuing to anticipate the ever-changing energy pricing, supply and demand landscape, WECC is able to showcase both the human and technological innovations that have become the hallmark of our work. Today, more than ever, homeowners and business owners understand the value of energy efficiency, and WECC, true to our mission, continues to prove that value.

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FINANCIAL ACTIVITIES

WISCONSIN ENERGY CONSERVATION CORPORATION ANNUAL REPORT FINANCIALS FISCAL YEAR: JULY 1, 2005 - JUNE 30, 2006

REVENUE

Focus on Energy Residential Program	\$17,919,942
Focus on Energy Renewable Energy Program	\$2,459,122
Focus on Energy Business Programs	\$16,219,434
Energy Finance Solutions	\$10,244,896
Other Energy Efficiency Programs	\$4,896,346
Low Income Programs and Services	\$1,142,166
Other Consulting and Miscellaneous	\$1,054,172

TOTAL REVENUE	\$53,936,078
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EXPENSES

Salaries and Fringe	\$4,198,467
Indirect Costs	\$1,234,972
Direct Costs	\$711,367
Marketing	\$2,178,965
Subcontracts	\$12,097,037
Participant Rewards, Ally Incentives	\$23,383,673
Energy Finance Solutions Loan Transactions	\$9,708,529

TOTAL EXPENSES	\$53,513,010
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Increase in Net Assets	\$423,068
Net Assets - June 30, 2006	\$4,259,875

2006 BOARD OF DIRECTORS

Carol Fisher (President)
Chazen Museum of Art
Assistant Director for
Administration

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Northland College
Professor - Government and
Environmental Studies

Phyllis Dube
We Energies
Director of the Office of Energy
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