

ENERGY CENTER OF WISCONSIN

ANNUAL REPORT 2002

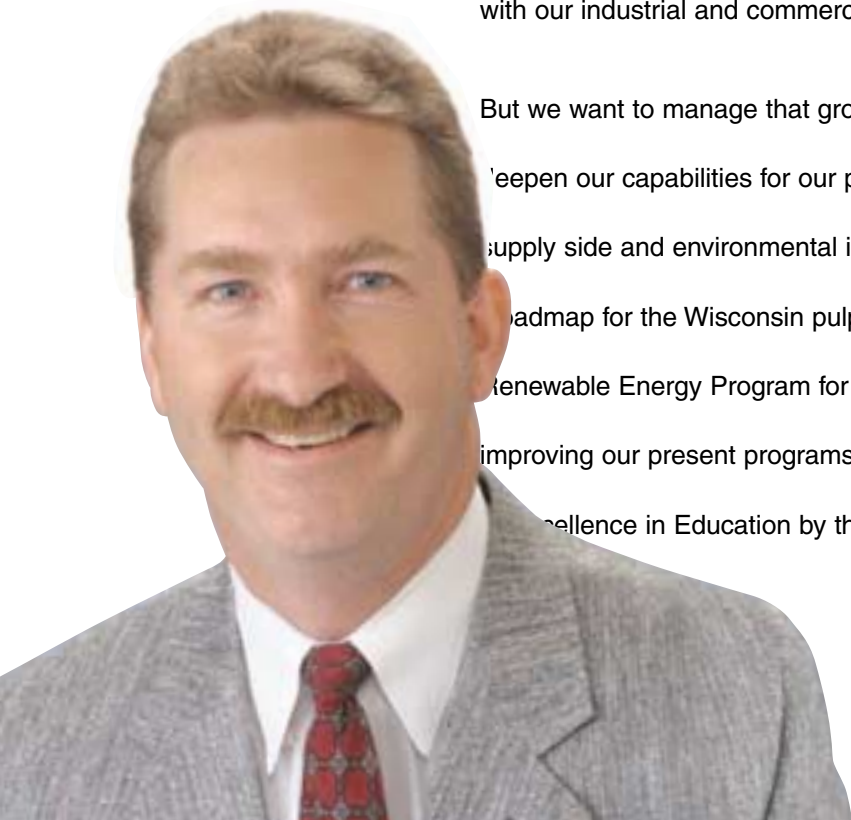


What's particularly exciting about our accomplishments over the past year is what they mean for our future. The Board of Directors and management team worked together to develop a strategic plan that formalizes our new direction: to develop broader energy expertise on both the supply and demand side, including environmental and economic issues; and to replace the guaranteed utility funding that ends in fiscal year 2003 with new business from foundations, state and federal government, and private industry.

We will continue to reach beyond Wisconsin—and beyond energy efficiency—and evolve into a leading national provider of energy research, education and consulting. It's a cycle of improvement and growth. Our knowledge base has always been national; now our marketplace is as well.

For example, last year we worked on projects with the New York Daylighting Collaborative, the Lawrence Berkeley National Laboratory and the California Energy Commission—in addition to our numerous Wisconsin-based initiatives with our industrial and commercial partners.

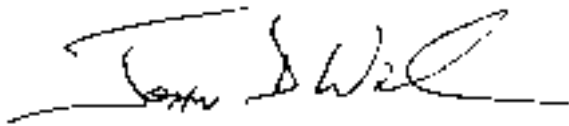
But we want to manage that growth carefully: our main objective is to expand and deepen our capabilities for our present customers. So in 2002, ECW did more supply side and environmental impact projects such as a Technology Transfer Roadmap for the Wisconsin pulp and paper industry and worked with the Renewable Energy Program for Focus on Energy. We've also been recognized for improving our present programs; we were recently awarded the prestigious Award of Excellence in Education by the American Institute of Architects.



As our base and capabilities grow, so does the expertise we can apply to the core of our business: our public benefits partnership with the state of Wisconsin. Under the Focus on Energy brand, we've improved and expanded our technical, educational and outreach services to industrial, commercial and residential markets. For instance, our design and oversight of the \$2.3 million Wisconsin Industries of the Future program will lead to projects with a better than 5 to 1 benefit-cost ratio.

Our strategic plan means more of those success stories in the future. Whether publicly or privately funded, our objective energy expertise will bring our clients ever better solutions and savings—from how their energy is sourced, to how it is used, to its environmental impact.

It's an exciting time to lead the Energy Center of Wisconsin. We have the programs and, more importantly, the people to achieve our strategic plan—and to help our customers achieve theirs.



John Wilson, Xcel Energy
President, Board of Directors



Susan Stratton
Executive Director



THE YEAR IN REVIEW

As our expertise expanded in 2002, our record of accomplishments grew in all areas.

TECHNOLOGY RESEARCH

- ECW funded \$180,000 in University of Wisconsin research, including a report on cutting-edge solid oxide fuel cells, a database of information on Wisconsin's water/wastewater facilities, and a report on greenhouse gas emissions and energy payback of energy storage technologies.
- We completed a field study of the effects of moisture on different wall systems in one residential home to help improve building construction and wall systems.
- For an Industries of the Future event, we presented a new, low-energy wastepaper pulping system to 35 paper industry professionals.
- Through a new home ventilation study that measured how different ventilation systems affected fresh air levels, we found that almost all new homes receive less fresh air ventilation than recommended by proposed new standards.

PROGRAM PLANNING, DESIGN AND IMPLEMENTATION

- We designed, implemented and managed Focus on Energy's \$1.1 million New Construction program, which develops and promotes energy efficient building practices.
- Collaborating with public and private groups, we helped create the Center for Technology Transfer, a private nonprofit that transfers technology from research and development to full-scale operation in industry.
- ECW designed, managed and coimplemented the \$2.3 million Focus on Energy Industries of the Future program for the water/wastewater, pulp and paper, wood products, metal casting, bio-based products, food processing, printing, plastic and glass industries.
- We administered Focus on Energy's Environmental Research Program, which provided over \$770,000 in grants for research on the ecosystem impact of electric generation in Wisconsin.





PROGRAM EVALUATION AND MARKET RESEARCH

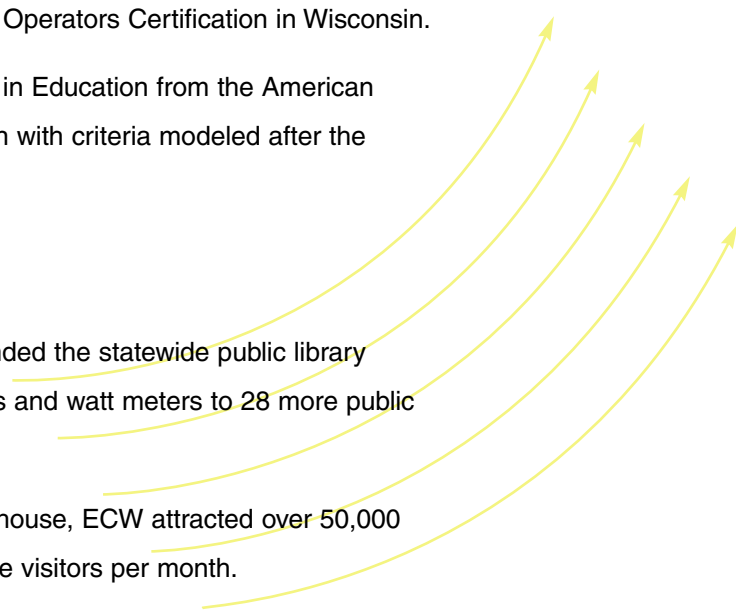
- As part of the U.S. Department of Energy–funded Energy Smart Schools project, we worked with the Lawrence Berkeley National Laboratory to research the current level of daylighting design in the national school building stock.
- We continued our tracking study of furnace and central air conditioner sales by efficiency level.
- We evaluated the Keep Wisconsin Warm Fund, which provides supplemental assistance to help low-income people pay their heating bills.

PROFESSIONAL EDUCATION

- Through a Department of Energy grant, we developed a curriculum on the strategy and design of high-performance buildings for a future national rollout.
- Through a NYSEERDA grant for the New York Daylighting Collaborative, we regionalized our daylighting training and copresented at New York meetings of the American Institute of Architects.
- As part of Focus on Energy, we completed our second year as the primary provider of education and training to Wisconsin energy professionals and educated over 5,000 builders, contractors, plant managers, architects, engineers and educators at over 60 events.
- We launched the award-winning Building Operators Certification in Wisconsin.
- ECW won the 2002 Award of Excellence in Education from the American Institute of Architects, a national competition with criteria modeled after the Malcolm Baldrige Quality Awards.

OUTREACH

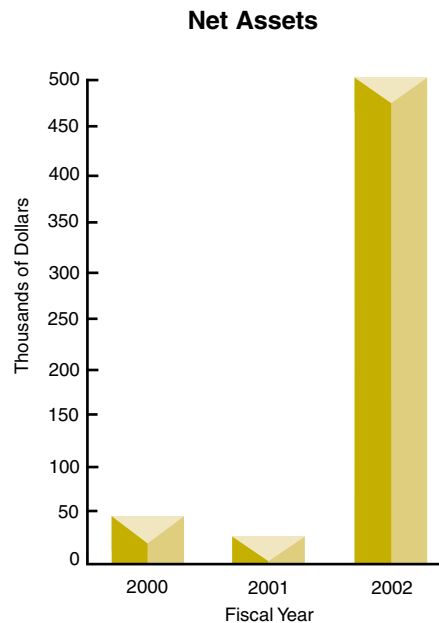
- Working with Focus on Energy, we expanded the statewide public library program to provide current energy materials and watt meters to 28 more public libraries, bringing the total to over 100.
- Through our on-line Information Clearinghouse, ECW attracted over 50,000 visits—and now averages over 3,600 unique visitors per month.



ENERGY CENTER FINANCIAL PERFORMANCE

In 2002, the Energy Center of Wisconsin's financial position stabilized and strengthened. Net assets grew significantly in 2002 and our cash position is strong, with year over year increases. And, as planned, ECW is debt-free.

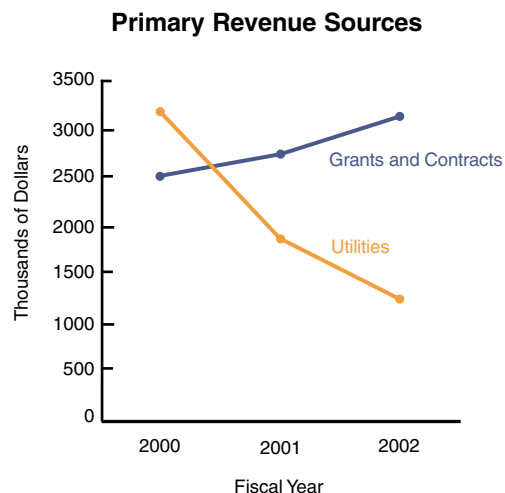
Net Assets 2000: \$30,999
Net Assets 2001: \$13,979
Net Assets 2002: \$498,078



We've made a significant investment in business development, reflecting our strategy to replace mandatory utility funding, which ends in fiscal year 2003, with new public and private sector customers in a wider variety of markets.

During that transition, revenue has stabilized as our nonutility customer base has grown. ECW's recently completed strategic plan forecasts strong growth in revenues over the next five years based on the acquisition of new clients and partners and on the expansion of our core business beyond energy efficiency.

Revenue 2000: \$5,704,399
Revenue 2001: \$4,818,671
Revenue 2002: \$4,744,062



OUR MISSION AND VISION

MISSION

To be the leading Wisconsin organization providing objective research, information and education on energy issues to businesses, professionals, policy makers and the public.

VISION

Consumers and businesses make informed decisions regarding energy use that result in the sustainable and efficient use of energy resources, a healthy environment and a strong economy.



Standing (left to right):
Chris Berg-Thacker,
Human Resource
Manager;
Steve Brick, Associate
Director of Programs
and Technical Services;
Marge Anderson,
Associate Director
of Education and
Outreach Services.
Seated (left to right):
Susan Stratton,
Executive Director;
William Gienke,
Director of Finance
and Operations.

BOARD OF DIRECTORS



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Xcel Energy



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