



THIRD QUARTER
2010 FINANCIAL UPDATE

November 4, 2010



Disclaimer

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- All statements in this presentation other than historical facts are forward-looking statements that involve risks and uncertainties which are subject to change at any time.
- Such statements are based upon management's expectations at the time they are made. Various factors could cause actual results to be significantly different than those contemplated, estimated or projected in forward-looking statements. Those factors include the assumptions and factors referred to in the statements themselves as well as risk factors described in the company's latest annual report on Form 10-K, subsequently filed quarterly reports on Form 10-Q and other reports filed with the Securities and Exchange Commission. The company assumes no responsibility to update any forward-looking statements for events occurring after the date hereof.
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Highlights



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Strong Earnings

Strong Credit Quality

Growing Dividends

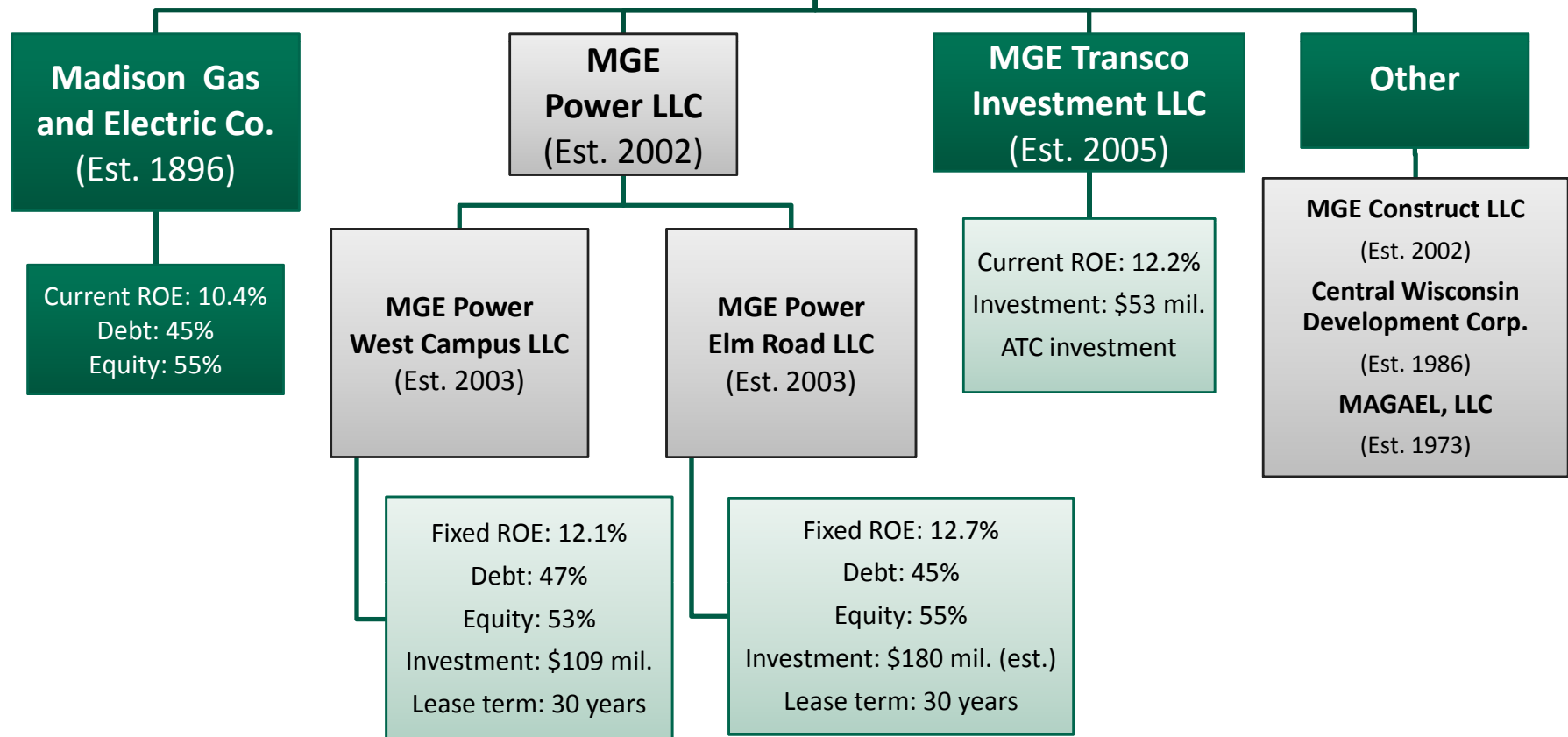
Renewable Focus

Constructive and Supportive Regulation

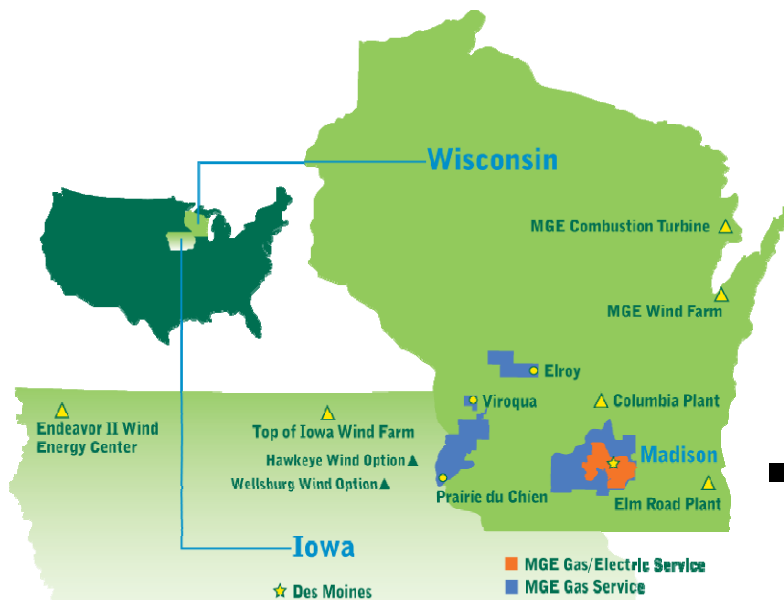
Organizations and Authorized Returns



Exchange: NASDAQ
 Ticker: MGEE



Service Territory & Economic Outlook



■ Madison

- ✓ *Forbes Magazine, May 2010* – 7th Most Innovative City; 3rd in Tech and Science jobs; 5th in creative jobs; 9th in patents; and has one of the top 10 technology innovation and development parks
- ✓ *Policom Corp, May 2010* – 9th strongest economy in the United States

■ Dane County

- ✓ Population predicted to grow most of any WI county by 2035
- ✓ Low unemployment rate: 5.0%
 - Wisconsin: 7.0%; U.S.: 9.6%

Recent Company News

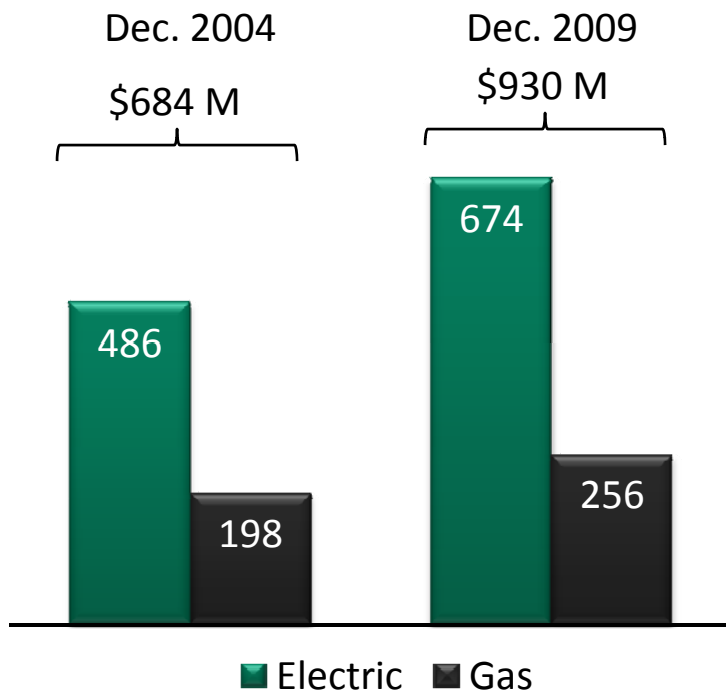
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- MGE Energy
 - *Public Utility Fortnightly, Sept. 2010* ranked MGE Energy, Inc. among the “40 Best Energy Companies”
- Madison Gas and Electric
 - *US Dept. of Energy*
 - Selected Madison Gas & Electric Company’s application for federal stimulus money and awarded \$5.5 million for its Smart Grid Technology proposal
 - Awarded Madison Gas & Electric Company the “2009 Utility Green Power Award”



MGE Utility Asset Growth

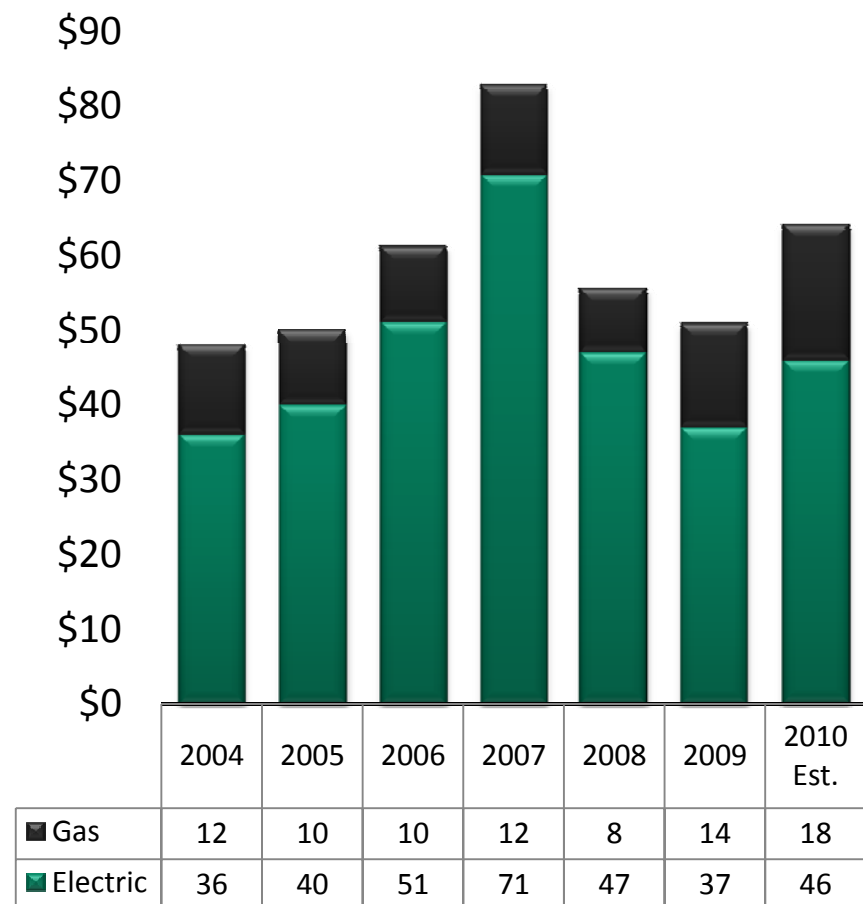
Total Asset Growth



2009 Assets:	\$930 M
2010 Authorized utility ROE:	10.4%
2010 Authorized equity:	55%

Capital Expenditures

(\$Millions)

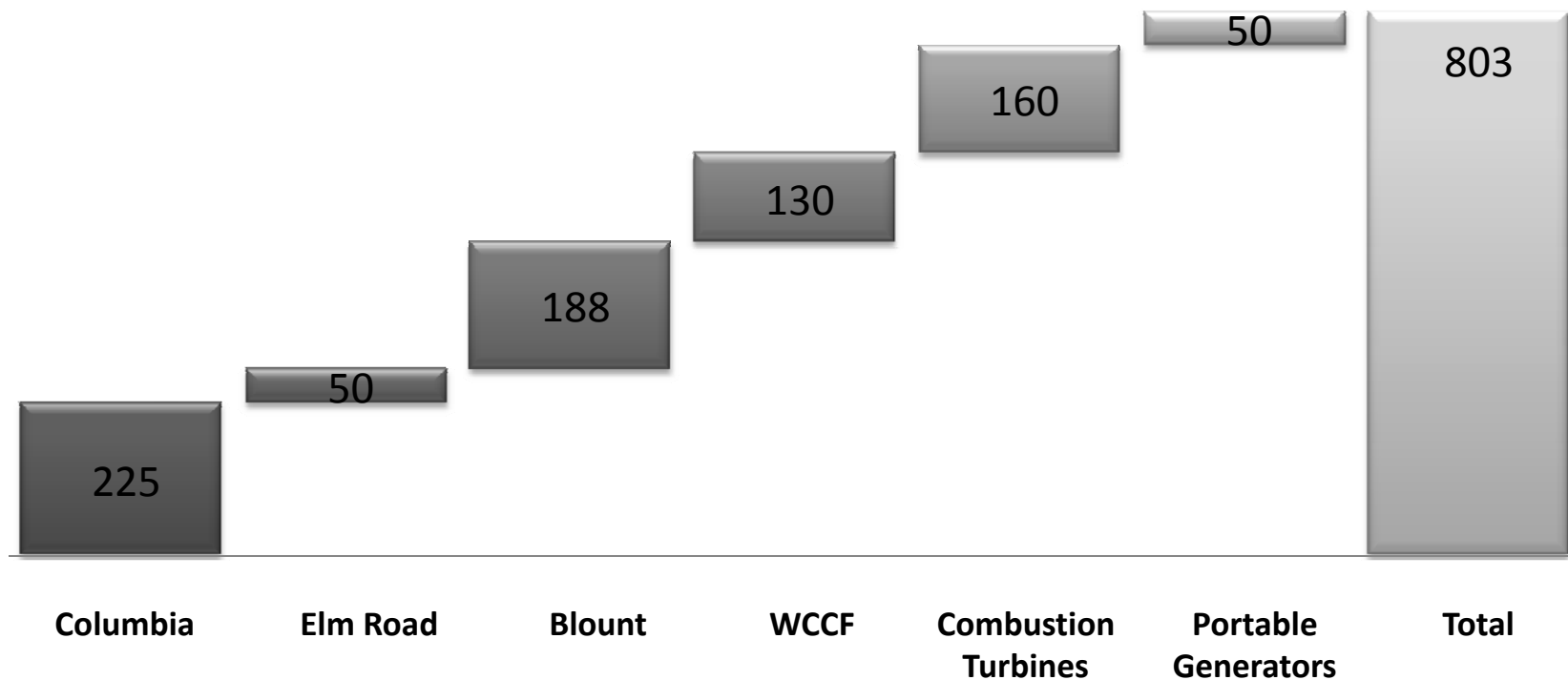




Generation Assets

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Net Summer Rated Capacity (MW) at Sep. 30, 2010*
(excluding renewable)



* Elm Road Unit 1 began commercial operations on 2/2/10



Columbia Environmental

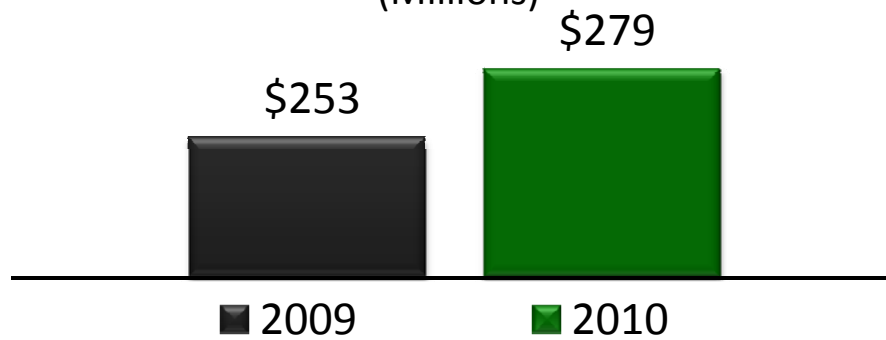
- Environmental compliance expenditures on Columbia Energy Center near Portage, WI
- PSCW approval pending: Expected first half of 2011
- Estimated expenditures
 - Total: \$140 million
- Expected Compliance Requirements:

<u>Pollutant</u>	<u>Design Removal Rate</u>	<u>Control Technology</u>
Sulfur Dioxide (SO ₂)	90% reduction	Scrubber, Fabric Filter
Mercury (Hg)	90% reduction	Carbon Injection, Fabric Filter

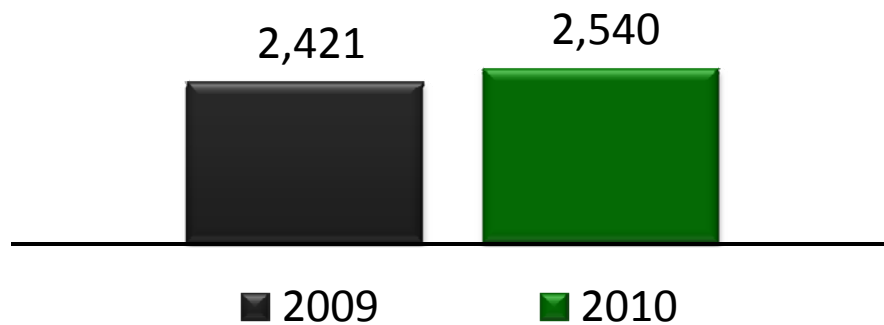


MGE Electric Utility

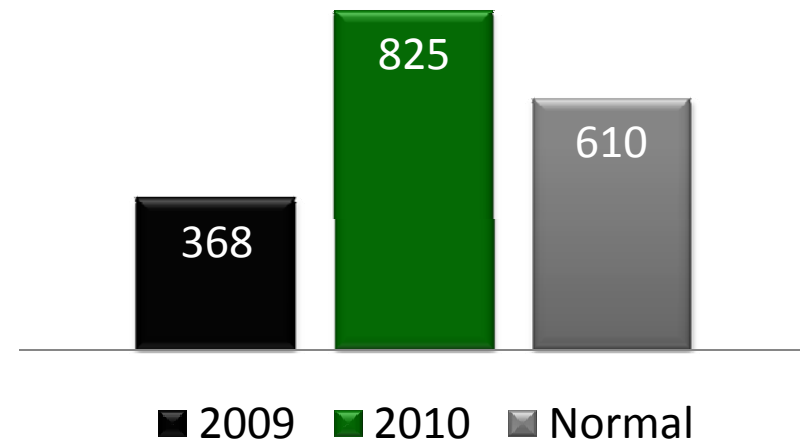
Revenue 9-months ended Sept. 30
(Millions)



Retail Sales 9-months ended Sept 30
(MWh)



Actual Cooling Degree Days



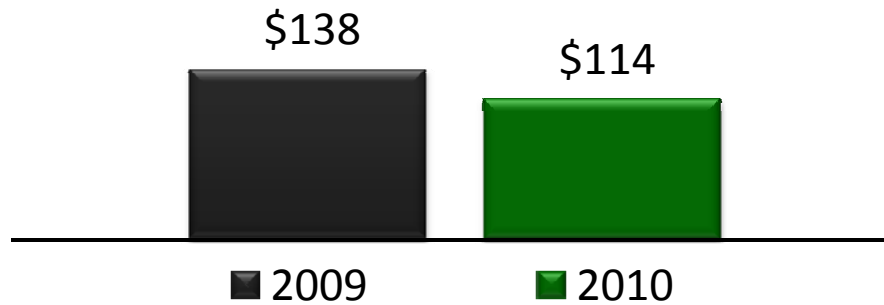
*Cooling degree days measures the number of degrees that the mean daily temperature is above 65 degrees Fahrenheit



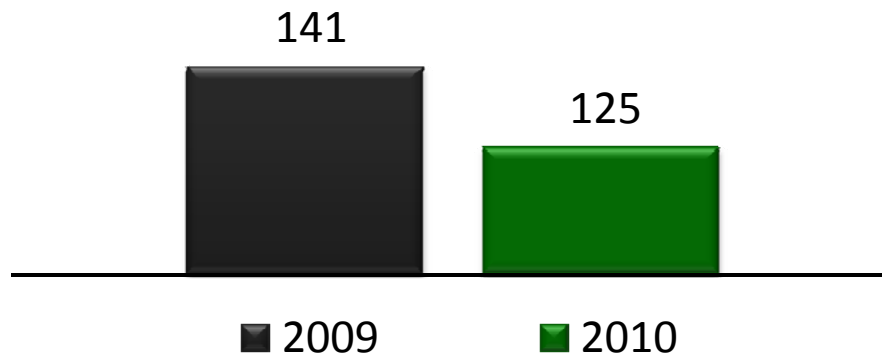
MGE Gas Utility

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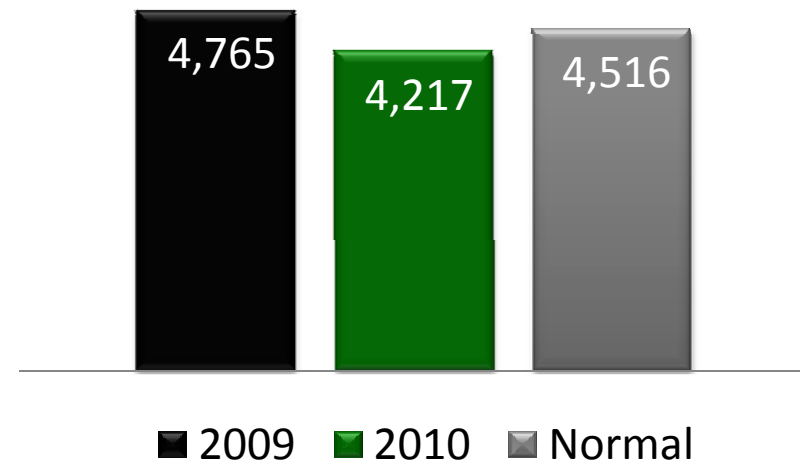
Revenue 9-months ended Sept. 30
(Millions)



Retail Sales 9-months ended Sept 30
(Therms)



Actual Heating Degree Days

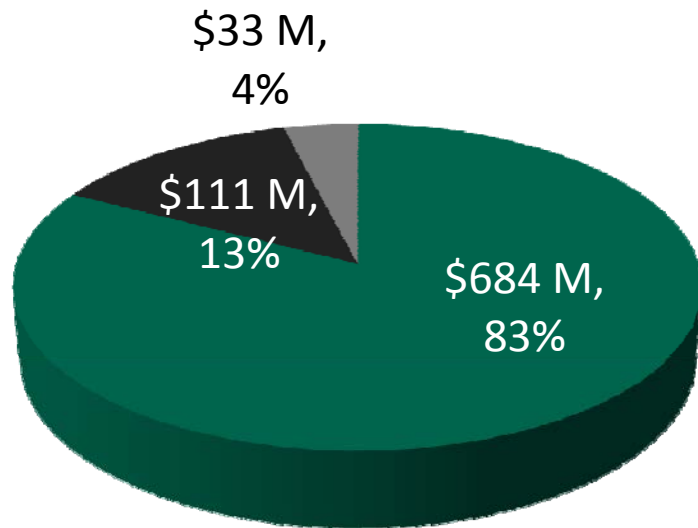


*Heating degree days measures the number of degrees that the mean daily temperature is below 65 degrees Fahrenheit



MGE Energy Asset Growth

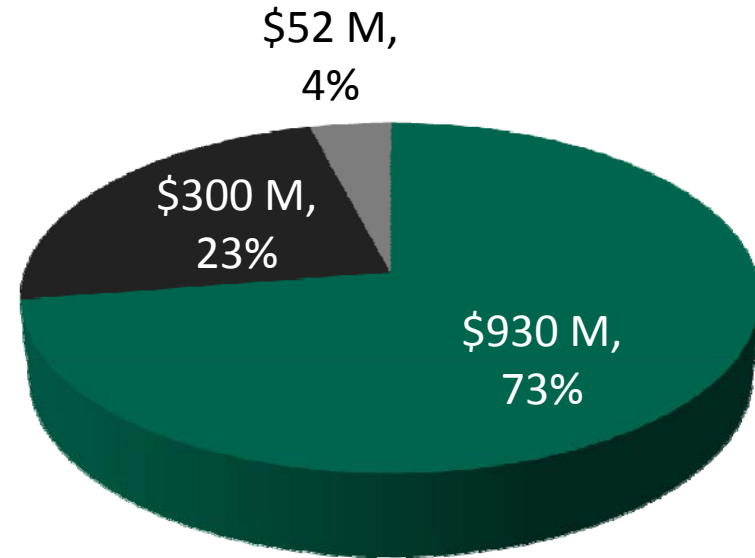
December 2004



- Utility
- Fixed Return Assets
- Transmission

Total Assets \$827 M

December 2009



- Utility
- Fixed Return Assets
- Transmission

Total Assets \$1,282 M

MGE Power, LLC

Fixed Asset Return Growth



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West Campus Cogeneration Facility

Investment: \$109M (MGE share)
Fixed ROE: 12.1%
Fixed Equity: 53%
Initial Lease Term: 30 years
Service Date: April 2005
Electric Capacity: 150 MW
Location: Madison, Wis.



Elm Road Generating Facility

Investment: Est. \$180M (8.33% Owned)
Fixed ROE: 12.7%
Fixed Equity: 55%
Initial Lease Term: 30 years
Service Date: Unit 1 Q1/2010; Unit 2 Q4/2010
Electric Capacity: 103 MW (MGE Share)
Location: Oak Creek, Wis.



MGE Power Elm Road, LLC



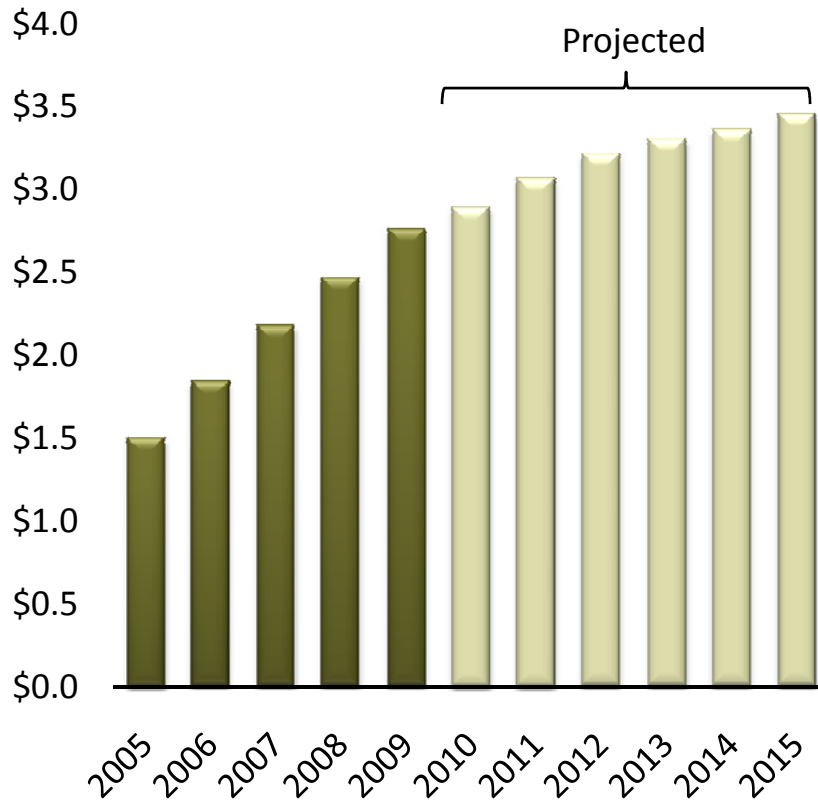
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- Unit 1 in service as of Feb. 2, 2010
- Unit 2 expected in-service during the 4th Quarter of 2010
- ERGS Financing
 - \$50 Million for Unit 1
 - 5.04% coupon
 - Maturity date February 3, 2040 (with 15-year average life)
 - Additional financing for Unit 2 expected in Q4 2010

MGE Transco Investment, LLC

ATC Investment In Plant

(\$ Billions)



Source: ATC Annual Reports

American Transmission Company

MGE Investment:	\$53 M
Current ROE:	12.2%
MGE Ownership:	3.6%
Regulator:	FERC

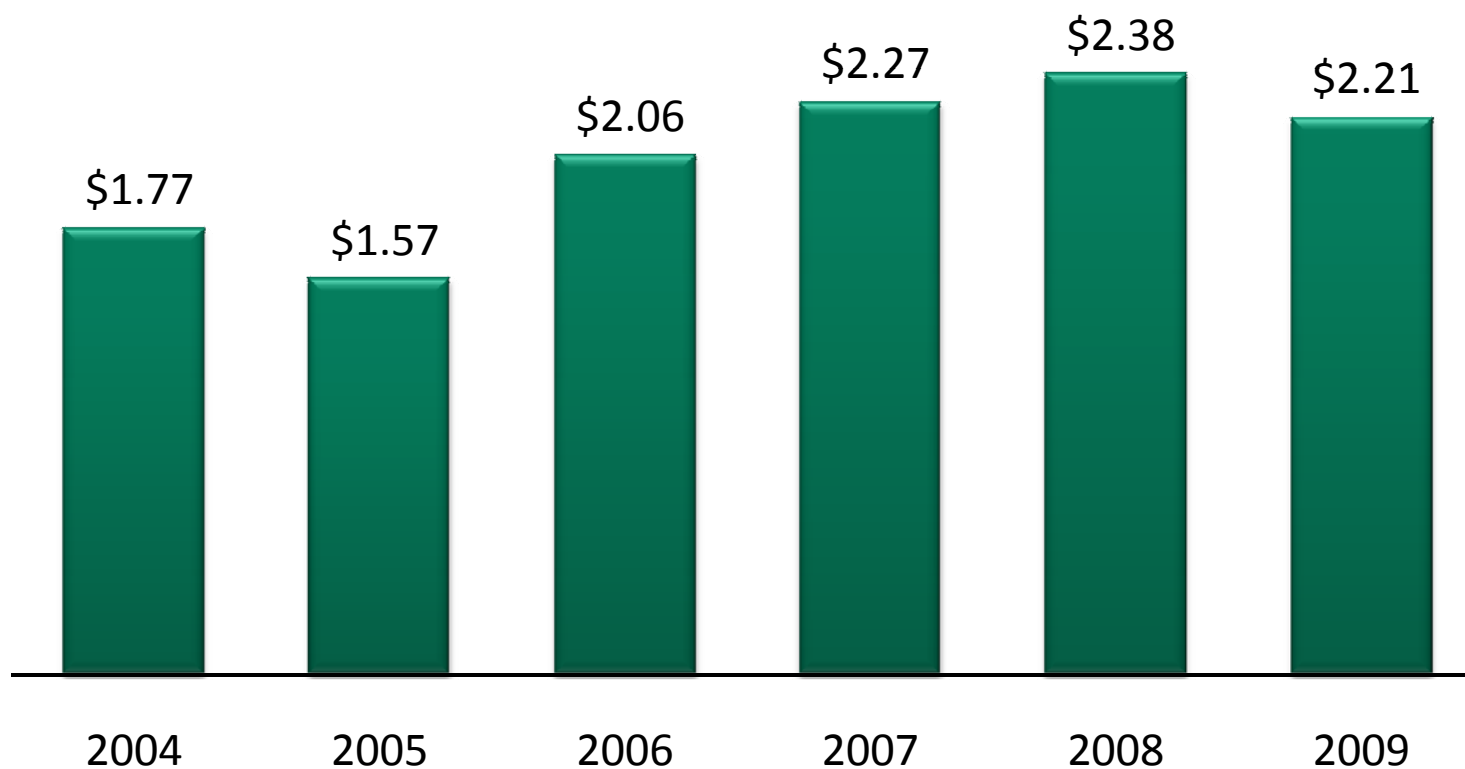


MGE Energy



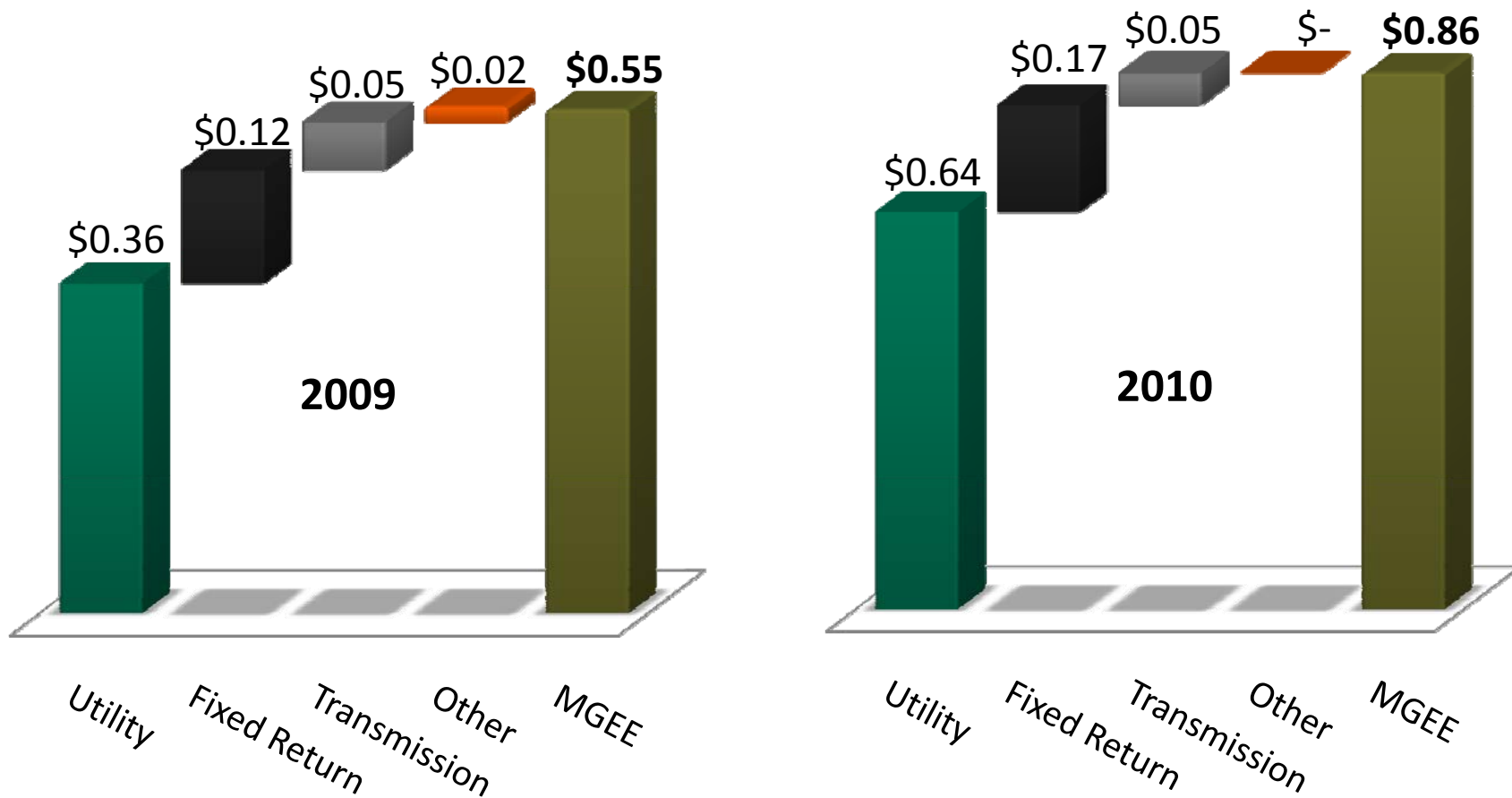
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Earnings Per Share (12-months ended Dec. 31)



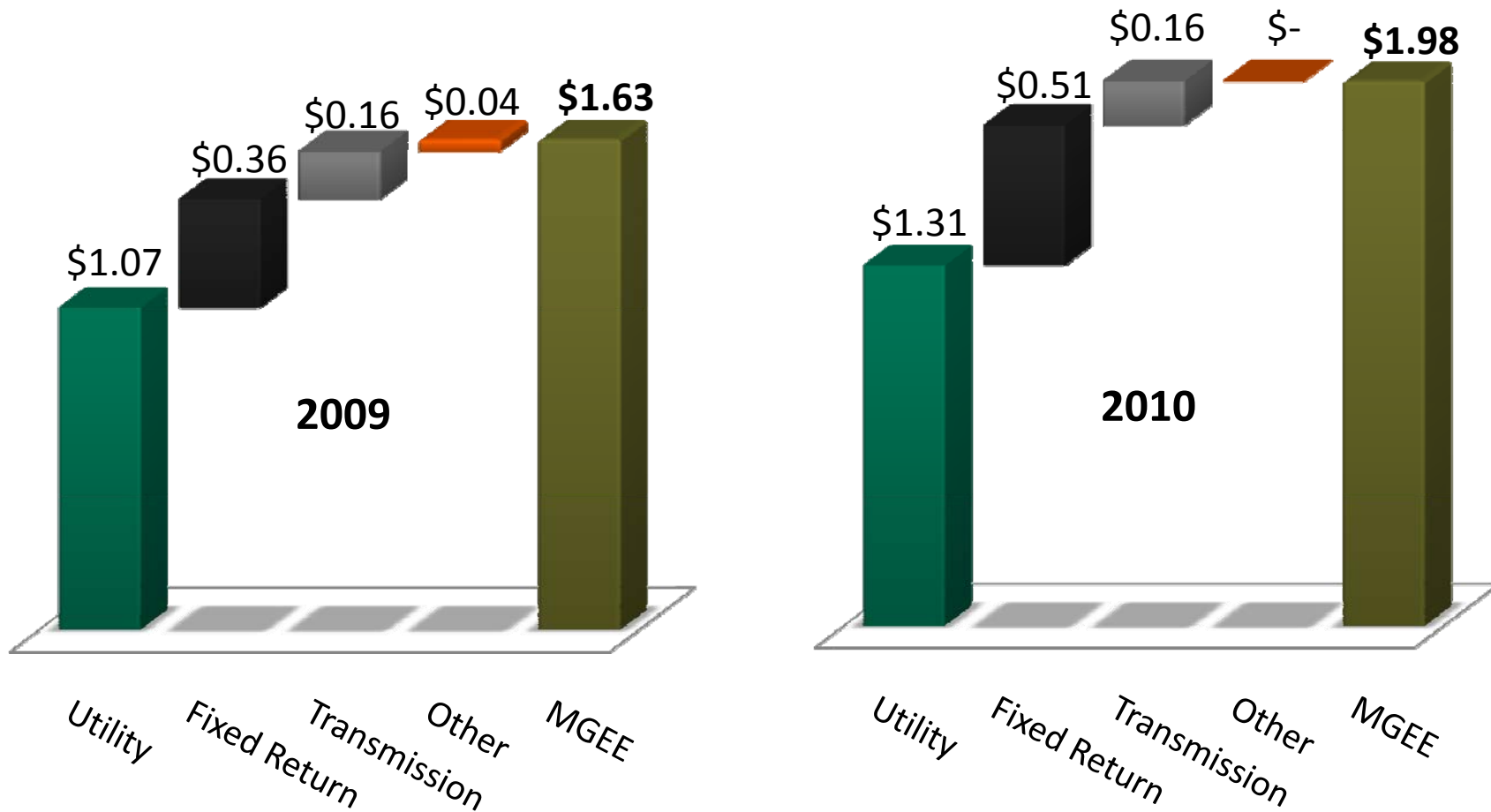
MGE Energy

Earnings by Segment – 3 months ended Sept. 30, 2010



MGE Energy

Earnings by Segment – 9 months ended Sept. 30, 2010





Credit Quality

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Highest rated investor-owned electric and gas utility

S&P (Utility ratings)

Corporate Credit:	AA-
Com. Paper:	A1+
Outlook:	Stable

“MG&E’s business risk profile benefits from a responsive regulatory environment..., a stable... service territory..., solid operational performance, a cost-conscious management team, and a focus on a straightforward electric and gas utility business model...”

Source: S&P, July 2010

Moody’s (Utility ratings)

Secured:	Aa2
Unsecured:	A1
Com. Paper:	P-1
Outlook:	Stable

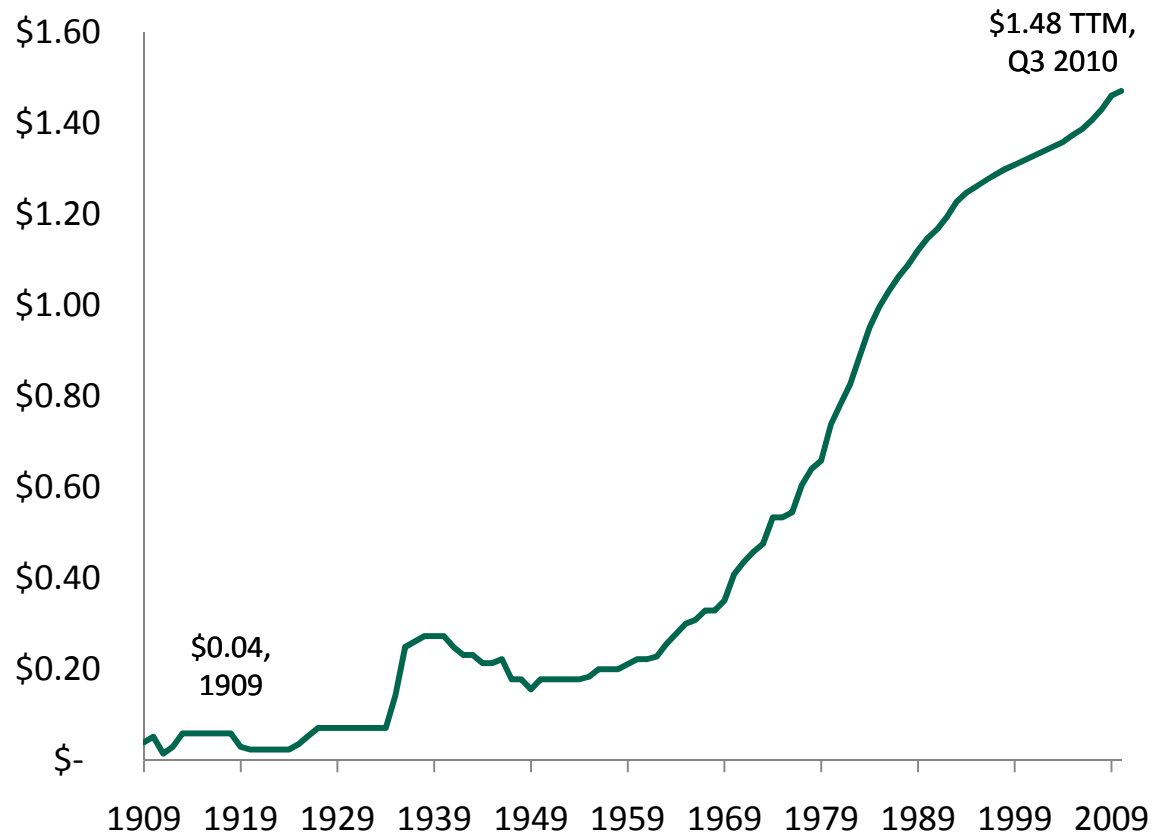
“...The stable outlook reflects an expectation that MG&E will continue to benefit from a supportive regulatory environment and the continuation of the parent company’s consecutive financial policy to fund MG&E’s capex program...”

Source: Moody’s, March 2010

MGE Energy



Dividends Declared Per Share



MGE has increased dividends annually since 1975

2010 is our 35th consecutive dividend rate increase

September 2010
Dividend Yield = 3.7%

MGE Renewable Focus

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- One of the highest green pricing participation rate of any investor-owned utility
- Total renewable generation capacity approx. 140 MW
 - Wind (Ownership) 41 MW
 - Wind (PPA's) 97 MW
- Early compliance with Renewable Portfolio Standards
- *Solar Electric Power Association (SEPA)* recognized Madison Gas & Electric Company as a utility leader for adding solar energy into its generation portfolio



MGE Renewable Focus

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Current Wind Resources

Owned

- Lincoln Red River 11 MW
- Top of Iowa III 30 MW

Purchased Power Agreements

- Top of Iowa II 30 MW
- The Forward Wind Site 17MW
- Endeavor 50 MW

Future Projects

- Iowa Options Up to 175 MW





Wisconsin Regulation

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Constructive and Supportive

- Rate Case Filing for 2011
 - Electric rate increase of 9.4%
 - Gas rate increase of 2.0%
 - Rate increases to cover:
 - MGE's share of Elm Road Generating Units costs
 - Transmission reliability enhancement
 - New environmental equipment at Columbia



PSCW Facts

Commissioners	3
Elected/Appointed	Governor Apptd.
Term	6 years
Rate Case Test Year	Forecasted

Highlights



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Contact Information

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