



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

February 6, 2019

Andrea Reed
Sidley Austin LLP
andrea.reed@sidley.com

Re: MGE Energy, Inc.

Dear Ms. Reed:

This letter is in regard to your correspondence dated February 6, 2019 concerning the shareholder proposal (the "Proposal") submitted to MGE Energy, Inc. (the "Company") by Beth Esser et al. (the "Proponents") for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. Your letter indicates that the Proponents have withdrawn the Proposal and that the Company therefore withdraws its January 3, 2019 request for a no-action letter from the Division. Because the matter is now moot, we will have no further comment.

Copies of all of the correspondence related to this matter will be made available on our website at <http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml>. For your reference, a brief discussion of the Division's informal procedures regarding shareholder proposals is also available at the same website address.

Sincerely,

Courtney Haseley
Special Counsel

cc: Beth Esser

DIVISION OF CORPORATION FINANCE
INFORMAL PROCEDURES REGARDING SHAREHOLDER PROPOSALS

The Division of Corporation Finance believes that its responsibility with respect to matters arising under Rule 14a-8 [17 CFR 240.14a-8], as with other matters under the proxy rules, is to aid those who must comply with the rule by offering informal advice and suggestions and to determine, initially, whether or not it may be appropriate in a particular matter to recommend enforcement action to the Commission. In connection with a shareholder proposal under Rule 14a-8, the Division's staff considers the information furnished to it by the company in support of its intention to exclude the proposal from the company's proxy materials, as well as any information furnished by the proponent or the proponent's representative.

Although Rule 14a-8(k) does not require any communications from shareholders to the Commission's staff, the staff will always consider information concerning alleged violations of the statutes and rules administered by the Commission, including arguments as to whether or not activities proposed to be taken would violate the statute or rule involved. The receipt by the staff of such information, however, should not be construed as changing the staff's informal procedures and proxy review into a formal or adversarial procedure.

It is important to note that the staff's no-action responses to Rule 14a-8(j) submissions reflect only informal views. The determinations reached in these no-action letters do not and cannot adjudicate the merits of a company's position with respect to the proposal. Only a court such as a U.S. District Court can decide whether a company is obligated to include shareholder proposals in its proxy materials. Accordingly, a discretionary determination not to recommend or take Commission enforcement action does not preclude a proponent, or any shareholder of a company, from pursuing any rights he or she may have against the company in court, should the company's management omit the proposal from the company's proxy materials.

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February 6, 2019

By email to shareholderproposals@sec.gov

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, NE
Washington, DC 20549

Re: MGE Energy, Inc. – Request to Exclude Shareholder Proposal Regarding Riverside Natural Gas Plant

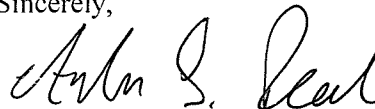
Ladies and Gentlemen:

In a letter dated January 3, 2019, we requested that the Staff of the Division of Corporation Finance concur that MGE Energy, Inc. (the “Company”), could exclude from its proxy materials for its 2019 Annual Meeting of Shareholders (the “2019 Annual Meeting”) a shareholder proposal (the “Proposal”) and the statements in support thereof submitted by Beth Esser and Derek Peterson; Marianne Ewig; Patricia Stone and Dennis Phillips; and Ron Wolfe (collectively, the “Proponents”).

Enclosed as Exhibit A is a letter from the Proponents withdrawing the Proposal. In reliance on this letter, the Company hereby withdraws the January 3, 2019 no-action request relating to the Company’s ability to exclude the Proposal from the proxy materials for its 2019 Annual Meeting pursuant to Rule 14a-8 under the Securities Exchange Act of 1934. Accordingly, the Company will not include the Proposal in the proxy materials for its 2019 Annual Meeting.

If you have any questions regarding this matter or desire additional information, please contact the undersigned at (312) 853-7881 or by email at andrea.reed@sidley.com.

Sincerely,



Andrea L. Reed

Attachment

cc: Proponents listed above
Cari Anne Renlund, Vice President and General Counsel, MGE Energy, Inc.

Exhibit A

Feb. 1, 2019

Madison Gas and Electric Co.
Attn. Carrie Anne Renlund, VP & General Counsel
PO Box 1231
Madison, WI 53701-1231

Dear Ms. Renlund,

This letter is to inform you that the proponents listed below of the shareholder resolution titled, "MGE Energy, Inc. Public Report on the Impacts of Acquiring 50 MW of Electrical Production from the Riverside Natural Gas Plant" are withdrawing the resolution from consideration at the May 2019 MGE Energy, Inc. annual shareholder meeting. The following shareholders filed this resolution and agree to its withdrawal:

Beth Esser & Derek Peterson
Marianne Ewig
Patricia Stone & Dennis Phillips
Ron Wolfe

We submitted this resolution as it reflects our concerns with continuing methane emissions from natural gas. These emissions place MGE Energy's emission reduction goals, environmental policy, and shareholder investment at risk.

The acquisition of the 50 MW from the Riverside plant depends on the use of natural gas (methane) as a temporary fuel in meeting the target 2050 CO2 emission goals. In addition to the CO2 emitted when it is burned, methane is leaked during production, processing, storage, and distribution. These methane emissions have not been regulated, measured, monitored, mitigated, or disclosed. The IPCC estimates that methane has 25 times the impact of CO2 over 100 years and 72 times the impact over 20 years on temperature.

Today, MGE Energy's current goals to achieve a CO2 reduction of 40% by 2030 and 80% by 2050 are not consistent with the 1.5°C scenario which the Intergovernmental Panel on Climate Change (IPCC) October 2018 report concludes is desirable to avoid the worst impacts of climate change. The IPCC report recommends CO2 emissions should fall to about 45 percent from 2010 levels by 2030, and reach 'net zero' around 2050 to have the best chance of limiting warming to 1.5°C.

The acquisition of 50 MW in a new natural gas plant with an expected operating life of 20-30 years raises appropriate questions for shareholders on how this decision will impact our investments. We look forward to monitoring this situation as it evolves with potential PSCW filings.

We respectfully ask to receive a copy of the notification MGE Energy sends to the SEC withdrawing its no action request as a result of our withdrawal.

Sincerely,

Beth Esser & Derek
Peterson

Marianne Ewig

Patricia Stone & Dennis Phillips

Ron Wolfe

cc: Andrea Reed, Sidley Austin LLP
MGE Board of Directors



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January 3, 2019

Via Electronic Mail

U.S. Securities and Exchange Commission
Office of Chief Counsel
Division of Corporation Finance
100 F Street, N.E.
Washington, D.C. 20549

Re: MGE Energy, Inc. – Request to Exclude Shareholder Proposal Regarding Riverside Natural Gas Plant

This letter and the materials enclosed herewith are submitted on behalf of MGE Energy, Inc. (including its subsidiaries, as applicable, the “Company”) pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), to notify the Securities and Exchange Commission (the “Commission”) of its intention to exclude from its proxy materials for its 2019 Annual Meeting of Shareholders (the “2019 Annual Meeting” and such materials, the “2019 Proxy Materials”) a shareholder proposal (the “Proposal”) and statement in support thereof submitted by Beth Esser and Derek Peterson; Marianne Ewig; Patricia Stone and Dennis Phillips; and Ron Wolfe (collectively, the “Proponents”).

The Company intends to file its definitive proxy materials for the 2019 Annual Meeting on or about March 25, 2019. The Company is submitting this letter no later than eighty calendar days before the Company intends to file its definitive 2019 Proxy Materials. Pursuant to Staff Legal Bulletin No. 14D (Nov. 7, 2008), this letter and its exhibits are being submitted via email to *shareholderproposals@sec.gov*. A copy of this letter and its exhibits will also be sent to the Proponents as notice of the Company’s intent to exclude the Proposal from the 2019 Proxy Materials.

The Company intends to omit the Proposal from its 2019 Proxy Materials pursuant to Rule 14a-8(i)(7) of the Exchange Act and respectfully requests confirmation that the staff of the Division of Corporation Finance (the “Staff”) will not recommend that enforcement action be taken by the Commission if the Company excludes the Proposal from its 2019 Proxy Materials for the reasons set forth below.

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THE PROPOSAL

The Proposal sets forth the following resolution to be voted on by the Company's shareholders at the 2019 Annual Meeting:

RESOLVED: Shareholders request that MGE Energy, Inc. publish a public report within 6 months of the 2019 annual meeting disclosing its strategy regarding their option to acquire 50MW of the 700MW Riverside natural gas plant (Beloit, WI) as it relates to greenhouse gas emission reduction goals, overall environmental policy, and shareholder value.

A copy of the Proposal, including its supporting statement, as well as related correspondence with the Proponents, is attached to this letter as Exhibit A.

ANALYSIS

The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because It Deals with a Matter Relating to the Company's Ordinary Business Operations

A. Background

1. The Riverside Plant and Riverside Option

The Company is a public utility holding company headquartered in Madison, Wisconsin, and the parent company of Madison Gas and Electric Company. The utility provides natural gas and electric service in south-central and western Wisconsin.

The Proposal relates to whether the Company will exercise an option to acquire up to 50 megawatts of the Riverside natural gas facility near Beloit, Wisconsin (the "Riverside Plant"). In February 2016, the Company entered into an agreement with Alliant Energy Corporation's Wisconsin utility, under which the Company has an option to acquire up to 50 megawatts of the Riverside Plant in the first five years of its operation, with no more than 25 megawatts available in the first two years (the "Riverside Option"). The Company may exercise this option between 2020 and 2025. In total, the Riverside Plant will produce about 700 megawatts of electricity and is estimated to cost approximately \$700 million to build. Should the Company elect to exercise its option to purchase a portion of the facility, its purchase price will be based upon the book value of the Company's portion at the time the option is exercised. Construction on the Riverside Plant began in April 2017 and is expected to be completed in early 2020.

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2. Application of Rule 14a-8(i)(7)

Under Rule 14a-8(i)(7), a proposal is excludable if it “deals with a matter relating to the company’s ordinary business operations.” In 1998, when the Commission adopted amendments to Rule 14a-8, the Commission explained that two central considerations determine whether a proposal is excludable under Rule 14a-8(i)(7). The first consideration relates to when a proposal concerns tasks “so fundamental to management’s ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight.” The second consideration relates to “the degree to which the proposal seeks to ‘micro-manage’ the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” See SEC Release No. 34-40018 (May 21, 1998) (the “1998 Release”).

It is important to note that a shareholder proposal requesting a report, such as the Proposal, does not change the nature of the proposal. The Commission has stated that a proposal requesting the dissemination of a report may be excludable under Rule 14a-8(i)(7) if the subject matter of the report is within the ordinary business of the issuer. See Exchange Act Release No. 20091 (August 16, 1983) (the “1983 Release”). See also *Johnson Controls, Inc.* (October 26, 1999) (“[Where] the subject matter of the additional disclosure sought in a particular proposal involves a matter of ordinary business . . . it may be excluded under [R]ule 14a-8(i)(7).”). According to Legal Bulletin No. 14E (October 27, 2009), a proposal’s request for a review of certain risks also does not preclude exclusion if the underlying subject matter of the proposal to which the risk pertains or that gives rise to the risk is ordinary business.

In Staff Legal Bulletin No. 14E (October 27, 2009) (“SLB 14E”), the Staff explained that in the context of social issues, proposals would generally not be excludable in those cases in which a proposal’s underlying subject matter “transcends the day-to-day business matters of the company and raises policy issues so significant that it would be appropriate for a shareholder vote.” However, the Staff has indicated that even proposals relating to social policy issues may be excludable in their entirety if they do not transcend the day-to-day business matters discussed in the proposals. 1998 Release.

In Staff Legal Bulletin No. 14I (November 1, 2017) (“SLB 14I”), the Staff further explained that a company’s board of directors is “well situated to analyze, determine and explain whether a particular issue is sufficiently significant because the matter transcends ordinary business and would be appropriate for a shareholder vote.” Staff Legal Bulletin No. 14J (October 23, 2018) (“SLB 14J”) further set forth the Commission’s views that “a well-developed discussion of the board’s analysis of whether the particular policy issue raised by the proposal . . . is sufficiently significant in relation to the company, in the case of Rule 14a-8(i)(7), can assist

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the staff in evaluating a company's no-action request." Consistent with the direction provided by the Staff in SLB 14I and SLB 14J, part of the discussion below reflects the analysis of the Company's board of directors (the "Board") and includes a description of the Board's processes in conducting its analysis.

B. The Proposal seeks to micro-manage the Company and does not transcend the Company's day-to-day business, despite touching on an important social issue

1. The Proposal relates to a specific contract regarding an option available to the Company and the Company's decision on whether to exercise that option in future years to help supply electric energy in the ordinary course of the Company's business and seeks to micro-manage the Company

The Commission has repeatedly allowed exclusion of proposals, even when touching on significant policy issues, where the proposals seek to micro-manage the company by probing too deeply into matters of a complex nature. See *e.g.* Ford Motor Company (March 2, 2004) (allowing exclusion of a proposal requesting the preparation and publication of a highly detailed report regarding the existence of global warming or cooling); Marriott International Inc. (March 17, 2010) (allowing exclusion of a proposal limiting showerhead flow to no more than 1.6 gallons per minute and requiring mechanical switches to control the level of water flow); and Apple, Inc. (December 5, 2016) ("Apple") (allowing exclusion of a proposal that the company reach a net-zero greenhouse gas emission status by 2030 for all aspects of its business, including major suppliers). See also Apple Inc. (Jantz) (December 21, 2017); Deere & Company (Dec. 27, 2017); and Amazon.com, Inc. (March 6, 2018) (allowing exclusion of net-zero greenhouse gas emission proposals).

Similarly, the Proposal seeks to micro-manage the decisions of management. The Proposal would involve shareholders in decisions regarding the Company's choice of specific technologies for generation of electricity — specifically an option to acquire up to 50 megawatts of electric energy generation from the Riverside Plant — which the Company may utilize to provide electricity for its customers in the future. As further detailed below, the Staff has routinely found that proposals concerning a company's choice of technologies or the sale of particular products and services are generally excludable under Rule 14a-8(i)(7), even if they touch on a significant policy issue because deciding which products and services to offer, and how to do so, is particularly within the management function of a company and requires complex analysis beyond the ability of shareholders as a group.

In a no-action letter granted to FirstEnergy Corp. ("FirstEnergy") on March 8, 2013, the Staff allowed exclusion of a proposal requesting a report on the effect of increasing

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FirstEnergy's use of renewable energy sources because it concerned the company's choice of technology for its operations. The Staff concurred with FirstEnergy that electricity generation is a complex process that requires management to make complex "choice of technologies" decisions about the appropriate mix of electricity generating units (coal-fired, nuclear, hydroelectric, oil and natural gas and wind capacity) and that such decisions are beyond the realm of a shareholder vote. Similarly, in a no-action letter granted to Dominion Resources, Inc. ("Dominion") on February 22, 2011, the Staff allowed exclusion of a proposal (the "Dominion Proposal") requesting that Dominion provide customers with the option to purchase electricity from 100% renewable sources by a certain date. The Dominion Proposal related to the significant policy issue of global warming and climate change, but it did not transcend the day-to-day business matters of the company. The Staff accepted Dominion's view that the Dominion Proposal sought to impact the fundamental management function of determining the products and services to provide to customers.

2. The Proposal relates to a complex decision requiring management expertise that will be subject to regulatory review and approval

The determination of which technologies the Company utilizes is a complex decision that requires management expertise and regulatory review and approval in order to ensure that all customers are being provided safe, reliable and affordable energy service at all times. In this case, the Proposal questions the Company's strategy for determining whether to exercise the Riverside Option to purchase a portion of the Riverside Plant. It pertains to a specific option available to management in future years, an option management acquired to provide it flexibility among many different avenues available, to supply electricity to customers.

Entering into the Riverside Option and the decision whether to exercise the option has and will take into account a wide range of complex and variable considerations, such as:

- The Company's existing environmental goals and commitments;
- Operational and cost considerations, now and at the time the option is available;
- Cost, availability and reliability of fuel sources, to the extent applicable;
- Future power and capacity prices; new and emerging technologies;
- Customer rate impacts; reliability, including environmental operating limits, transmission availability and constraints;
- Technical issues and limitations, such as start-up time, capacity factor, and minimum and maximum generation limits;
- Dispatchability of resources;
- Applicable regulations and policies of the Company's regulators;

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- Customer and community needs and desires;
- Resource and capital planning considerations, including projected electrical demand, development and construction planning time lines and relative costs and financing needs;
- Shareholder impact and value; and
- Anticipated changes in all of these factors.

In addition, if the Company decides to exercise the Riverside Option, review and approval by the Company's regulator, the Public Service Commission of Wisconsin ("PSCW"), will be required. The regulatory process will address, among other things:

- Different generating scenarios and related modeling to justify the need and cost of the asset in the Company's portfolio to ensure the project is in the public interest;
- Whether the asset is necessary for the Company to provide customers with cost-efficient, reliable energy at all times for all customers;
- Alternative "plans" and alternative "futures" to understand the risks and opportunities of the asset, including how the asset will meet current and future electric system needs;
- Environmental regulations, technology advancements, customer and community input; and
- Cost and rate impacts.

The PSCW regulatory process is a public process in which the Proponents and any interested party may participate. The regulatory process is an avenue available to the Proponents to gather more information regarding the Riverside Option and express any objections. Should the Company decide to exercise the option, preparation of the application to the PSCW is also a matter including great detail and complex analysis that is squarely within the core business of the Company.

Weighing and balancing each of these complex factors and considerations is at the core of the Company's ordinary business operations involving the generation, distribution and sale of electricity and the distribution and sale of natural gas. In that regard, the Proposal implicates precisely the type of day-to-day business operations that the 1998 Release indicated are too impractical and too complex to be subject to direct shareholder oversight.

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3. The Proposal does not transcend the day-to-day business of the Company despite touching on an important social issue

The Company recognizes that the Proposal touches upon the significant social issues of greenhouse gas emissions, climate change and environmental policy. The Company also acknowledges that the Staff has made clear that “[i]n those cases in which a proposal’s underlying subject matter transcends the day-to-day business matters of the company and raises policy issues so significant that it would be appropriate for a shareholder vote, the proposal generally will not be excludable under Rule 14a-8(i)(7) . . .” SLB 14E. However, in this case, the Proposal on its face is focused on the Company’s strategic decision whether or not to exercise the Riverside Option to provide electricity to its customers from a specific generating unit, the Riverside Plant. It does not sufficiently raise a policy issue that transcends the day-to-day business matters of the Company.

In a no-action letter granted to EOG Resources, Inc. (“EOG”) on February 26, 2018 (Recon. denied March 12, 2018), the Commission allowed exclusion of a proposal requesting that EOG adopt company-wide, quantitative, time-bound targets for reducing greenhouse gas emissions and issue a report discussing its plans and progress towards achieving these targets. In its no-action request letter, EOG set forth a detailed board analysis to support a conclusion that the proposal was not sufficiently significant to transcend ordinary business. Despite the environmental policy considerations inherent in the proposal, the Commission, in allowing exclusion under 14a-8(i)(7), agreed with EOG, noting that the proposal sought to micromanage the Company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment. Similarly, in the Apple no-action letter granted on December 5, 2016, the Commission allowed exclusion of a proposal requesting that Apple generate a feasible plan for reaching net-zero greenhouse gas emissions by the year 2030 for all aspects of its business, including major suppliers. Apple acknowledged the social issue inherent in the proposal, noting that Apple devoted significant time and resources to its approach toward climate change and related disclosures, but argued that the proposal went too far. Specifically, Apple argued that the proposal would require Apple management to replace its own judgments on all aspects of Apple’s business with a course of action directed solely at meeting an arbitrary target. Again, the Commission allowed exclusion of the proposal because it delved too deeply into complex matters upon which shareholders as a group would not be in a position to make an informed judgment.

The Company has adopted goals and strategies to address the important policy issues raised by the Proposal. As disclosed on the Company’s website, the Company has embarked upon the Energy 2030 Framework, a strategy for building shareholder and customer value. Energy 2030 calls for the greater use of renewable resources—30% by 2030, with an interim

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goal of 25% by 2025—and further reduced carbon emissions—40% from 2005 levels by 2030. Already, the Company has reduced carbon emissions 21% since 2005. Beyond 2030, the Company is committed to reducing carbon emissions at least 80% by 2050 from 2005 levels. The Company has also said if it can go further, faster in achieving these goals, it will.

These commitments align with the U.S. Mid-Century Strategy (“MCS”) for Deep Decarbonization. The MCS is the U.S. strategy for meeting the goals of the Paris Agreement to limit global warming to two degrees Celsius. The Company’s goals are consistent with the U.S. emissions targets and the 2-degree scenario. The Company’s strategies for achieving these goals – reducing carbon intensity in electric generation, electrification of the transportation sector, and promoting energy efficiency – are also disclosed in the Company’s 2017 Annual Report and on the Company’s website at www.mgeenergy.com under the “Sustainability” tab. The Company has made considerable investments and disclosures around its Energy 2030 initiative and its “Energy 2050” goals. The Energy 2030 Framework, Energy 2050 goals, and the Company’s Annual Environmental and Sustainability Report are available on the Company’s website at www.mgeenergy.com under the “Sustainability” tab. Many elements of Energy 2030 were described in the Company’s 2017 Annual Report, subtitled “Sustainability through Technology.”

The Company’s decision to acquire the Riverside Option was made in the context of its environmental and sustainability goals and strategies and to provide the Company a variety of options for supplying its customers safe, reliable and affordable electricity. Similarly, the decision to exercise the option, should the Company elect to do so, will also be made as part of the Company’s environmental and sustainability goals and strategies, all of which have been disclosed and are readily available to all shareholders.

As such, the Company believes that, similar to the proposals in EOG and Apple discussed above, the Proposal at issue touches on a social issue but does not do so in a way that transcends the ordinary business of the Company, and therefore is not suitable for a shareholder vote on the matter. Rather, the Proposal is laser-focused on a specific strategic decision the Company will make in the course of managing its operations according to the Riverside Option. This conclusion is further supported by the board analysis provided below.

4. Perspective of the Company’s Board

The Company is a community energy company, and it has a long track record as a responsible steward of the environment and the community it serves. The Board frequently considers and discusses environmental and sustainability matters during its ten meetings each year. The Board reviews, discusses, and considers the Company’s Annual Environmental and Sustainability Report, with a focus on Energy 2030 goals and progress. This report and

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presentation includes, among other information, a discussion of the Company's environmental performance as well as trends and industry comparisons.

The Board receives education and training from internal and external subject matter experts on risks facing the Company, including climate risks. In 2018, the Board received a presentation on climate change and climate science, including its causes and likely impacts in Wisconsin, from an expert in the field from the University of Wisconsin and Nelson Institute Center for Climatic Research. Company management also discusses environmental matters with the Board throughout the year, including risks and the strategies to manage those risks.

As a result, the Board regularly discusses with management, and is kept apprised of:

- Management's engagement with shareholders, including discussions and correspondence with institutional investors regarding environmental, social and governance matters, as well as shareholder proposals;
- Current and emerging regulatory issues and their effects upon the Company's current and future operations;
- Education and training relating to environmental matters;
- Strategic direction for building customer and shareholder value, including planning for future electric generation, renewable energy resources and fuel source selection;
- Relevant environmental litigation or regulatory proceedings to which the Company's utility subsidiary is a party;
- Participation in trade associations and industry initiatives and programs, in each case relating to environmental, social and governance matters, such as the Edison Electric Institute and the Electric Power Research Institute; and
- The Company's website and other public disclosures regarding environmental matters, including regular periodic reports filed with the Commission, in each case, regarding environmental matters.

In addition, the Board periodically reviews and assesses the Company's long-term strategic plans and the principal issues and risks that the Company may face, which include environmental and related regulatory matters.

In this instance, the Board was presented with the Proposal and asked to consider whether the Company should provide the report requested in the Proposal regarding the Riverside Option. The Board met with key management, including its Chief Executive Officer, Chief Financial Officer, and Vice President and General Counsel (officer in charge of environmental and sustainability). Management of the Company discussed the Proposal with the Board and, in particular, raised with it the question of whether the Proposal relates to a policy matter that, in

the specific context of the Company, transcends ordinary business operations. The Board reviewed and considered the Proposal together with the Company's existing public disclosures regarding greenhouse gas emission reduction goals and strategies, and overall environmental policy.

The Board noted the following as part of its analysis:

- Management entered into the Riverside Option based on a complex and thoughtful analysis of various factors that management considers in all of its decisions regarding the Company's strategy and choice of technologies to provide customers with safe, reliable and affordable energy service at all times, while taking into account the Company's environmental goals, which are already publicly disclosed;
- Whether to exercise the Riverside Option will involve a detailed and complex analysis of many variable factors (outlined above), and will be regulated by the Company's regulator, the PSCW;
- Management is uniquely positioned to evaluate all of these factors in choosing which technology or technologies to pursue to meet the energy needs of the Company's customers, which is a core business activity;
- Even if implemented, the Proposal would not call for the Company to consider facts, issues or policies that management does not regularly consider in the course of day-to-day operations;
- Any additional disclosure that the Company may create as a result of the Proposal would not present a meaningful addition to what the Company is already doing and disclosing to all shareholders, including its public disclosures regarding its Energy 2030 Framework,¹ its annual Environmental and Sustainability Report² and its quarterly and annual reports filed with the Commission. Therefore, the "delta" of what the Proposal is requesting and what the Company is already doing does not present a significant policy issue for the Company;
- The Company has, in each of the last several years, engaged frequently with shareholders to discuss and evaluate the environmental and emissions-related disclosures made available by the Company. These engagements have taken the form of conference calls and exchanges of information;
- The Proponents of the Proposal are affiliated with a special interest group, MGE Shareholders for Clean Energy ("SCE"). In the past several years, the Company has engaged extensively in discussions with SCE to understand their concerns;

¹ Available at <https://www.mgeenergy.com/energy-2030-framework.htm>.

² Available at <https://www.mgeenergy.com/environmental-sustainability-report.htm>.

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- Proponents affiliated with SCE have proposed 15 resolutions on various topics, including policies, studies, governance and related matters. They have withdrawn 11 of those proposed resolutions. Several proposals related to environmental matters were presented by proponents affiliated with SCE at the Company's annual meetings in 2017 and 2018. Support for those proposals has been low -- ranging from 7.6% to 11.1% in such years. Although the Company cannot confirm how many of its shareholders are affiliated with SCE, it is the Company's impression that SCE represents a small minority of the Company's shareholders whose proposals have not been supported by the majority of the Company's shareholders -- at least based upon voting results on prior proposals;
- The Proponents own a small percentage of the Company's outstanding shares of common stock, with a collective total of 4,517 shares registered in the name of such Proponents, or 0.01% of the Company's total shares outstanding; and
- No other shareholders have come forward with proposals or requests similar to those proposed by SCE.

The Company has acted, and continues to act, on the important environmental policy issue touched on by the Proposal through existing goals and strategies disclosed to all shareholders. However, the Proposal's specific directive questioning whether and how management will exercise its rights in the Riverside Option, in light of these stated strategies and goals, does not advance the environmental policy objective, nor will it help the Company achieve its strategic goals and direction. Rather, it interferes with the day-to-day ordinary business functions of Company's management. Presenting the Proposal to shareholders would override the complex analysis the Company's management undertakes in making operational decisions—an analysis that is not appropriately within the purview of a shareholder vote. The policy issue raised by the Proposal, particularly when narrowly tailored to the Riverside Option as indicated in the Proposal, does not transcend ordinary business operations. Based on the foregoing and other considerations that the Board deemed relevant, the Board determined that the Proposal is not in the best interest of the Company and its shareholders and should be rejected.

CONCLUSION

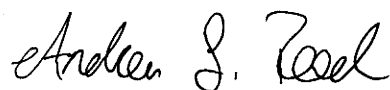
For all of the above reasons, the Proposal should be excluded because it deals with a matter relating to the Company's ordinary business operations and does not present a policy issue that transcends the Company's day-to-day business matters. Based on the foregoing, the Company respectfully requests your concurrence that the Proposal may be excluded from the Company's 2019 Proxy Materials.

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We would be happy to provide you with any additional information and answer any questions that you may have regarding this subject. If you have any questions regarding this request or require additional information, please contact the undersigned at (312) 853-7881 or by email at andrea.reed@sidley.com.

Sincerely,



Andrea L. Reed

Attachments

cc: Proponents listed above
Cari Anne Renlund, Vice President and General Counsel, MGE Energy, Inc.

EXHIBIT A

Copy of the Proposal and Related Correspondence

[See attached]

November 21, 2018

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rcvd [Signature]

Madison Gas & Electric Shareholder Services
Attn. Secretary
113 South Blair Street
PO Box 1231
Madison, WI 53701-1231

To Whom It May Concern,

Enclosed is a shareholder resolution titled, "MGE Energy, Inc. Public Report on the Impacts of Acquiring 50 MW of Electrical Production from the Riverside Natural Gas Plant" to be considered at the May 2019 MGE Energy, Inc. annual shareholder meeting. The following shareholders are filing this resolution:

Beth Esser & Derek Peterson
Marianne Ewig
Patricia Stone & Dennis Phillips
Ron Wolfe

We submit this resolution for inclusion in the proxy statement in accordance with Rule 14a-8 of the general rules and regulations of the Securities Exchange Act of 1934.

All of the above mentioned shareholders are direct registered shareholders of MGE Energy, Inc. common stock.

In addition, all of the above mentioned shareholders have held the requisite amount of stock (at least \$2000.00) for over a year from the date of this letter and intend to maintain ownership through the annual meeting in 2019.

A representative of the filers listed in this letter will attend the annual meeting to move the resolution as required by SEC rules.

Our contact information is as follows:

Sincerely,

Beth Esser

Derek Peterson

Beth Esser & Derek Peterson

Marianne Ewig

Marianne Ewig

Patricia Stone
Dennis Phillips

Patricia Stone & Dennis Phillips

Ron Wolfe

Ron Wolfe

MGE Energy, Inc. Public Report on the Impacts of Acquiring 50 MW of Electrical Production from the Riverside Natural Gas Plant

Resolved:

Shareholders request that MGE Energy, Inc. publish a public report within 6 months of the 2019 annual meeting disclosing its strategy regarding their option to acquire 50MW of the 700MW Riverside natural gas plant (Beloit, WI) as it relates to greenhouse gas emission reduction goals, overall environmental policy, and shareholder value.

Whereas:

The intention of the publication of this report is to ensure the long-term viability of MGE Energy, Inc. in a changing world energy economy. MGE needs to supply information that would allow investors to assess the risks that acquiring 50MW interest in a natural gas plant may pose to shareholder value and environmental policy goals. The need for energy production companies to provide disclosure on the resilience of their energy production portfolios in the transition to a low carbon economy is real.

As part of the 2015 Paris Agreement on climate change, the Intergovernmental Panel on Climate Change (IPCC, a consortium of scientists from 40 nations), was engaged to prepare a report highlighting climate change impacts that could be avoided by limiting global warming to 1.5°C compared to 2°C. The IPCC October 2018 report contains startling conclusions. For example, the likelihood of an Arctic Ocean free of sea ice in summer would be once per century with global warming of 1.5°C, compared with at least once per decade with 2°C. Coral reefs would decline by 70-90 percent with global warming of 1.5°C, whereas virtually all (> 99 percent) would be lost with 2°C.

The IPCC report states that limiting global warming to 1.5°C would require "rapid and far-reaching" transitions in land, energy, industry, buildings, transport, and cities. Global net human-caused emissions of carbon dioxide (CO₂) would need to fall by about 45 percent from 2010 levels by 2030, reaching 'net zero' around 2050.

MGE Energy's commitment to environmental stewardship includes seeking non-CO₂ producing options when considering sources of supply. MGE Energy's current goals to achieve a CO₂ reduction of 40% by 2030 and 80% by 2050 are not consistent with the 1.5°C scenario.

The acquisition of the 50 MW from the Riverside plant depends on the use of natural gas (methane) as a temporary fuel in meeting the target 2050 CO₂ emission goals. In addition to the CO₂ emitted when it is burned, methane is leaked during production, processing, storage, and distribution. These methane emissions have not been regulated, measured, monitored, mitigated, or disclosed. The IPCC estimates that methane has 25 times the impact of CO₂ over 100 years and 72 times the impact over 20 years on temperature.

Methane emissions from natural gas pose a risk to MGE Energy's emission reduction goals, environmental policy, shareholders' investments and the company's social license to operate.