



DIVISION OF
CORPORATION FINANCE

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

March 13, 2019

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

Re: MGE Energy, Inc.
Incoming letter dated January 3, 2019

Dear Ms. Reed:

This letter is in response to your correspondence dated January 3, 2019 and February 14, 2019 concerning the shareholder proposal (the "Proposal") submitted to MGE Energy, Inc. (the "Company") by Don Ferber et al. (the "Proponents") for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. We also have received correspondence on the Proponents' behalf dated February 1, 2019 and March 6, 2019. Copies of all of the correspondence on which this response is based 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,

M. Hughes Bates
Special Counsel

Enclosure

cc: Tony Gibart

March 13, 2019

Response of the Office of Chief Counsel
Division of Corporation Finance

Re: MGE Energy, Inc.
Incoming letter dated January 3, 2019

The Proposal requests that the Company prepare a public report describing how it can provide a secure, low cost energy future for its customers and shareholders by eliminating coal and moving to 100% renewable energy by 2050 or sooner.

There appears to be some basis for your view that the Company may exclude the Proposal under rule 14a-8(i)(7), as relating to the Company's ordinary business operations. In our view, the Proposal seeks to micromanage the Company by seeking to impose specific methods for implementing complex policies in place of the ongoing judgments of management as overseen by its board of directors. Accordingly, we will not recommend enforcement action to the Commission if the Company omits the Proposal from its proxy materials in reliance on rule 14a-8(i)(7).

Sincerely,

Courtney Haseley
Special Counsel

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.

March 6, 2019

Via electronic mail

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

Re: MGE Energy, Inc. – Proponents Reply to Company’s Response Letter dated February 14, 2019 – Request to Exclude Shareholder Proposal Regarding 100% Renewable Energy Report

Ladies and Gentlemen:

This reply letter is submitted on behalf of Don Ferber, Dan Siehr, and Paul and Dianne Stevens (collectively, the “Proponents”), who are beneficial owners of common stock of MGE Energy, Inc. (the “Company”). The Proponents submitted the shareholder proposal at issue in this no-action request.

The Company previously sent a letter to the Securities and Exchange Commission (the “Commission”) on January 3, 2019 (the “Original Company Letter”), to notify the Commission that the Company intends to omit a shareholder proposal (the “Proposal”) from its proxy materials for its 2019 Annual Meeting of Shareholders pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended. On February 1, 2019, the Proponents submitted a letter response (“Proponent Letter”) to the Commission regarding the Original Company Letter. On February 14, 2019, the Company submitted a response to the Proponent letter (Company Response Letter). The Proponent appreciate Staff’s attention and consideration of this correspondence and offer this brief reply to the Company’s Response Letter. For brevity’s sake, Proponents will limit this reply to the most salient points they believe were misconstrued in the Company’s Response Letter or that otherwise would benefit from additional clarification.

In sum, the leading point in the Proponent Letter is that the Company’s ability or inability to transition to a clean energy future to respond to climate change is a significant policy issue and is an appropriate area for shareholder involvement. The Proponent Letter cited recent industry literature describing the unique and significant risks climate change poses for the U.S. power industry and shareholders’ concomitant need for information and analysis to gauge utility companies’ ability to address these risks.¹ While the Company Response Letter vigorously asserts that the Proposal interferes with management of the Company, the Company does not appear to dispute that its ability to respond to climate change is a significant policy issue for the Company or that shareholders have a significant and legitimate need to understand the Company’s ability to respond to climate change.

To further explain why the Proposal is a reasonable mechanism for shareholder involvement on this significant policy issue, Proponents offer the following additional points below: (1) the Company does

¹ Proponent Letter at 3-4.

not meaningfully refute that Staff has repeatedly upheld similar climate change proposals against Rule 14a-8(i)(7) no-action requests from energy companies; (2) the Company's apparent inability or unwillingness to meaningfully quantify the difference between its current plans and the report called for by the Proposal demonstrate why the Proposal is appropriate for a shareholder vote; (3) additional developments affirm that the Proposal directly relates to the emerging benchmark for the complete transition to renewable energy in the electric power industry.

In addition, Proponents seek to correct what they believe are the Company's misplaced comparisons to previous exclusions based on micromanagement considerations. First, the Apple, Inc., Deere & Company and Amazon.com, Inc. proposals entailed a level of micromanagement that is simply not present in this Proposal. Second, in its analysis of the EOG Resources decision, the Company overlooks a critical distinction between the subject matter and micromanagement tests. Lastly, Proponents briefly address the Company's attempt to recuperate the nearly-verbatim Board analysis submitted to Staff both for this Proposal and for another very different proposal.

1. Staff has repeatedly upheld similar climate change proposals against Rule 14a-8(i)(7) no-action requests from energy companies.

Staff's history of affirming similar shareholder proposals in similar contexts supports the conclusion that these proposals are within the bounds of Rule 14a-8(i)(7) as appropriate mechanisms for shareholder involvement on the transcendent policy issue facing the energy industry: climate change. The Proponent Letter cited the many climate-change-related staff decisions, which are supportive of the Proponent's position.² The Company does not offer a compelling reason why Staff should not be guided by their past decisions and instead asserts:

In the cases cited by the Proponent Letter, it is possible that the Staff concluded, in each case, that the proposal in question was a matter of ordinary business, but also presented a policy issue that transcends ordinary business.³

However, the Company does not offer any distinguishing characteristics that would allow Staff to conclude that climate change, the significant policy issue that Staff found transcends the ordinary business of Chevron, Exxon, Portland General Electric Company, DTE Energy, Duke Energy and NorthWestern Energy, would not similarly transcend the business of MGE Energy, Inc.

² *Chevron* (March 23, 2016); *Exxon* (March 23, 2016); *Portland General Electric Company* (February 19, 2016); *DTE Energy* (Jan. 26, 2015); *Duke Energy* (February 22, 2016); *NorthWestern Energy* (January 8, 2016).

³ Company Response Letter at 16.

2. The Company's apparent inability or unwillingness to meaningfully quantify the difference between its current plans and the Proposal demonstrate why the Proposal is appropriate for a shareholder vote.

In the Proponent Letter, Proponents argue that the Proposal would result in information and analysis that is significantly different than what the Company has provided, and try to quantify the significant difference between the Company's current trajectory and what would be required to achieve 100-percent clean energy.⁴ In response, the Company criticizes the data upon which the Proponents based their analysis.⁵ The Proponents analysis was a good-faith analysis and, they maintain, a reasonably accurate attempt to quantify the rate of change -- or delta -- that would be necessary to completely decarbonize compared to the Company's current rate of transition.⁶ The Company says the data is "stale and misleading, cannot be trusted as a reliable source of information."⁷ However, rather than correcting the Proponent's calculation, the Company Response Letter changes the goalposts by presenting an entirely different metric and a sundry list of initiatives that range from new solar generation to customer subsidies for smart thermometers. Specifically, the Company offers a percentage increase of what it believes is (or will be) the growth in its renewable capacity based on an unspecified time frame. Importantly, the Company does not state the percentage change required to transition between current operations and plans and 100-percent renewable energy, which is the relevant information and the topic that is most meaningful to shareholders attempting understand the Company's readiness to transition to a clean energy future.

The absence of information about the change necessary for the Company to meet the emerging benchmark for transition to clean energy is exactly why the Proposal is appropriate for a shareholder vote. The fact that the Company does not point Staff or the Proponents to a calculation or other information that it considers an accurate representation of the rate of change necessary to transition to mid-century complete decarbonization demonstrates this information is not currently available to shareholders. As stated above and in the Proponent Letter, this currently unknown information is crucial for shareholders' assessment of the Company's exposure to climate change risks.

3. The Proposal directly relates to the emerging benchmark for the complete transition to renewable energy in electric power industry.

The Proponent Letter discusses why, in light of the 2018 IPCC Report and other environmental, market and regulatory developments, shareholders have legitimate concern about the Company's ability to

⁴ Proponent Letter at 6.

⁵ Company Response Letter at 5.

⁶ The Company Response Letter also attempts to discredit the Proponents by asserting that that one of the Proponents, Don Ferber, held a position with the community group that produced the cited report. While Proponents do not see the relevance of the Company's statements, they, for accuracy, point out that Mr. Ferber has not held position with RePower Madison for at least two years, and was not active with that group at the time this or the prior year's resolution were submitted.

⁷ Company Response Letter at 5.

transition to clean energy. Proponents will not repeat those arguments here, but make the following additional and clarifying points.

a. The Governor of Wisconsin recently announced his intention to move the state’s power generation to zero-percent carbon emissions by 2050.

Just recently, the Governor of Wisconsin announced his goal to move the state’s power generation to zero-percent carbon emissions by 2050. While this development occurred during the pendency of the Company’s no-action request, it further supports the point that Proponents made in their Proposal and in the Proponent Letter: complete energy transition by mid-century is the most likely benchmark the Company will need to face to avoid the inherent risks climate change poses to its businesses and to shareholders. The Company’s main contention, that the difference between its current plans and complete decarbonization is insignificant for the Company and solely a matter of day-to-day business, was difficult to maintain in the face of the 2018 IPCC Report, widespread public support for complete decarbonization by mid-century and the 100-percent-renewable pledges of the major municipalities in the Company’s service area. Now, with the chief executive of Wisconsin committed to the goal, shareholders have even more need to understand the Company’s ability to transition to clean energy. Proponents note that appointees of the current Governor will form a majority of the Wisconsin Public Service Commission, which regulates the Company’s business, by the end of this gubernatorial term. Thus, the Company faces a future regulatory environment more amenable to renewable-friendly policies that favor decentralization. This would expose the Company to additional competitive risks if it cannot meet demand for 100-percent clean energy.

b. The Company too narrowly construes the Proponent’s points related to widespread municipal and public support for 100-percent renewable energy.

The Proponent Letter discusses the significant activity of local municipalities in the Company’s service area to transition to 100-percent renewable energy.⁸ The Company Response Letter responds by saying the “Company is actively engaged with [those] communities to help them to achieve their goals.”⁹ While Proponents understand the Company is working with these municipalities to meet their needs as electricity customers, the more fundamental and consequential point is that these municipalities are politically representative of the Company’s customer base. The 100-percent municipal renewable energy ordinances are clear indications that the Company’s retail customers seek 100-percent renewable energy. As stated in the Proponent Letter, the research from the Company’s own trade association also demonstrates overwhelming public support for 100-percent renewable energy.¹⁰

⁸ Proponents note that, since their last correspondence, two more major municipalities in the Company’s service area passed resolutions to move to 100-percent renewable energy.

⁹ Company Response Letter at 12.

¹⁰ Proponent Letter at 5, citing: David Roberts, Utilities have a problem: the public wants 100% renewable energy, and quickvox.com(2018), <https://www.vox.com/energy-and-environment/2018/9/14/17853884/utilities-renewable-energy-100-percent-public-opinion> (last visited Jan 26, 2019) (market research and polling done on behalf of the Edison Electric

The question of whether or not the Company can supply the municipal governments' own demand for renewable energy is important, but it pales in comparison to the question of the risks to shareholders if the Company continues to lag behind the demands for renewable energy from a sizeable majority of its entire customer base. The Company's slowness to respond to these expressions of customer demand for 100-percent renewable energy endangers shareholder investment. In addition to increased customer preference for 100-percent renewable energy, the future is expected to bring both increased technological feasibility of decentralized generation and distribution and the prospect of state regulators committed to 100-percent carbon-free power generation. Without a plan to provide 100-percent renewable energy, the Company is exposed to risks of residential customers, businesses and governments installing their own generation or looking elsewhere. This has the potential to cut into Company's revenues significantly.

c. The Company's distinctions between the Proposal and Xcel Energy's goal to commit to 100-percent carbon-free energy are not significant.

In support for the point that 2050 is the emerging benchmark for transition to clean energy, Proponent's Letter referenced the 2050 carbon-free goal of another Wisconsin utility, Xcel Energy.¹¹ The Proponent's overall point is supported by recent analysis of Xcel's move. See "Xcel's carbon-free pledge expected to become industry norm."¹² The Company Response Letter asserts that Proponents mischaracterized the nature of the Xcel statement by calling it a "pledge." Proponent's note that the Xcel press release repeatedly referred to their plans as "goals."¹³ Proponents do not discern and did not intend to convey a significant difference between a "pledge" and a "goal." Proponents also note that the Xcel action was widely reported in the media as a "pledge" and are not aware of any corrections or retractions from the news outlets that made these reports.¹⁴

Second, the Company asserts Xcel CEO's subsequent statement that Xcel may consider, "possibly, carbon capture and sequestration" minimizes the relevance of the Xcel goal to the Proponents' Proposal.¹⁵ The Proponents do not believe this is true. While the Proposal calls for a report on the Company's ability to eliminate coal and move to 100-percent renewable energy, any such report could, at the Company's discretion, present and discuss the feasibility of complementary and alternative strategies. However, if the

Institute, one of the Company's trade associations, that show support for 100% renewable energy reaches 87%).

¹¹ Proponent Letter at 5.

¹²Greg Avery, Xcel's carbon-free pledge expected to become industry norm, Denver Business Journal (2018), <https://www.bizjournals.com/denver/news/2018/12/14/xcel-energy-carbon-free-pledge-industry-norm.html> (last visited Mar 3, 2019).

¹³ Xcel Energy, https://www.xcelenergy.com/company/media_room/news_releases/xcel_energy_aims_for_zero-carbon_electricity_by_2050 (last visited Jan 21, 2019).

¹⁴See for example, Dan Haugen, Xcel Energy pledges to go carbon-free by 2050, Energy News Network (2018), <https://energynews.us/digests/xcel-energy-pledges-to-go-carbon-free-by-2050/> (last visited Mar 2, 2019).

¹⁵ Company Response Letter at 11.

Company were to simply rely on the possible development of carbon sequestration technology as a partial means of becoming carbon-free by 2050, without comparison to a 100-renewable scenario, the report would be of very limited value to shareholders. The viability of this technology is currently doubtful. Recent analysis shows that:

...coal plants equipped with [Carbon Capture and Sequestration] are nearly three times more expensive than onshore wind power and more than twice as expensive as solar photovoltaics (PV). Although these costs will decline with research and development, the potential for cost improvement is limited. Coal with CCS will always need significant subsidies to compete economically with wind and solar.¹⁶

3. Proponents continue to dispute the Company's application of previous decisions related to the micromanagement consideration.

The Proponents understand and appreciate the Company's attempt to refute the Proponents' discussion of why the non-energy section cases referenced in the Original Company Letter are not applicable to the Proposal.¹⁷ The Proponents believe the Company's reading of these Staff decisions is insufficiently attuned to the fact that each proposal was rejected for micromanagement considerations. When considered through the lens of a micromanagement analysis, these proposals are very different from the Proposal at issue here.

a. The *Apple, Inc., Deere & Company* and *Amazon.com, Inc.* proposals entail a level of micromanagement that is simply not present in this Proposal.

Footnote 21 of the Proponents Letter presented the text of each non-energy sector proposal referenced in the Original Company Letter to show that these proposals involved a highly detailed level of shareholder micromanagement.¹⁸ Shareholders making those proposals sought to be involved in such matters as employee transportation, the carbon emissions of the the companies' suppliers and emissions attributable to companies' offices and data centers, just to name a few of the highly prescriptive details included in the proposals. Therefore, Proponents' observation that the rejected proposals were mired in peripheral aspects of the companies businesses supports the common-sense notion that shareholder involvement in employee commuting, office building design, et cetera, is an exercise of micromanagement. Shareholders seeking to influence these intricate and detailed secondary and tertiary aspects of the companies' operations is the definition of micromanagement. There is no fair comparison that can be drawn between these situations

¹⁶ Jeffrey Rissman & Robbie Orvis, Carbon Capture And Storage: An Expensive Option For Reducing U.S. CO2 Emissions, *Forbes* (2017), <https://www.forbes.com/sites/energyinnovation/2017/05/03/carbon-capture-and-storage-an-expensive-option-for-reducing-u-s-co2-emissions/#2b1b6ab96482> (last visited Mar 7, 2019).

¹⁷See Company Response Letter at 14-17.

¹⁸ Proponent Letter at 10. The decisions are *Apple, Inc.* (December 5, 2016), *Apple Inc.* (Jantz) (December 21, 2017), *Deere & Company* (December 27, 2017) and *Amazon.com, Inc.* (March 6, 2018).

and the shareholders of an energy company asking for a long-term report on steps necessary to address a transcendent policy issue for the company and shareholders.

Furthermore, the staff decisions in all of these cases were based on a finding that they sought to micromanage the Company. Therefore, the Company's argument that Staff based their decisions in these cases on the notion that emissions and renewable energy targets themselves "implicate the day-to-day business operations" of the non-energy companies is misplaced.¹⁹ The Company's further claim that this faulty characterization of the cases supports the proposition that, therefore, emissions and renewable energy targets must somehow especially fail the ordinary business test for energy companies is doubly misplaced.

The following is the Company's attempt to draw support from these micromanagement decisions to support their argument that renewable energy targets are suspect for energy companies:

Further, the fact that the Staff has allowed the exclusion of similar proposals at non-energy companies could be viewed as supportive of the premise that the Proposal is related to the ordinary business operations of the Company — if renewable energy and emissions targets are "peripheral" to non-energy companies, and yet still implicate the day-to-day business operations of these companies as determined by the Staff — such proposals should be rightly classified as integral to the day-to-day operations of energy companies and an even stronger argument exists that the Proposal interferes with the purview of the Company's management.²⁰

Clearly, the staff decisions were not a determination that any renewable energy and emissions target is excludable under Rule 14a-8(i)(7) for non-energy sector companies, as the Company argument implies. As summarized in Staff Bulletin 14J, Staff determined that these particular types of proposals, with their intricate and detailed requirements, sought to micromanage the companies, again, injecting the shareholders into such things as employee commuting practices and data center design. Therefore, these micromanagement cases cannot be viewed as supportive of the proposition that renewable energy and emissions targets do not transcend the day-to-day operations of energy companies--or non-energy sector companies for that matter.

¹⁹ Company Response Letter at 14.

²⁰ Id.

b. In its *EOG Resources* analysis, the Company misses the distinction between the subject matter and micromanagement tests.

The Company Response Letter claims that *EOG Resources* (February 26, 2018) (“EOG”) is a very helpful precedent for the Company and that Proponents do not understand the longstanding Staff position related to its analysis of proposals that call for a report.²¹ In both respects, the Company is mistaken.

The Proponent Letter contained a close reading of the EOG correspondence and staff decision, and the Proponent Letter related this reading to Staff’s explanation of the distinctions between the subject matter and micromanagement considerations.²² Based on that analysis, Proponents affirm their position that the EOG proposal was excluded because it micromanaged the company--not based on the proposal’s subject matter--and that the micromanagement finding was based on the fact the EOG proposal required actual implementation of emission targets. Proponents will not fully repeat those arguments here, but will again explain the relevance of the distinctions between the subject matter and micromanagement considerations as it relates to proposals that dictate management decisions.

The Company Response Letter does not account for the fact that the subject matter and micromanagement considerations are independent analyses. The Company Response Letter only presents a portion of the Staff guidance in Release No. 34-2009. The entire paragraph elucidates the distinction between the subject matter and micromanagement considerations which would otherwise be lost in the shorter excerpt:

In the past, the staff has taken the position that proposals requesting issuers to prepare reports on specific aspects of their business or to form special committees to study a segment of their business would not be excludable under Rule 14a-8(c)(7). Because this interpretation raises form over substance and renders the provisions of paragraph (c)(7) largely a nullity, the Commission has determined to adopt the interpretative change set forth in the Proposing Release. Henceforth, the staff will consider whether the subject matter of the special report or the committee involves a matter of ordinary business; where it does, the proposal will be excludable under Rule 14a-8(c)(7).²³

The full quote more clearly establishes that substance-over-form treatment of proposals that call for reports pertains to Staff consideration of the proposal’s *subject matter*. Whether or not a proposal micromanages a company is a consideration independent of the proposal’s subject matter,²⁴ and,

²¹ Id. at 17.

²² Proponent Letter at 11.

²³ Release No. 34-20091 (August 16, 1983).

²⁴ Again, to cite Staff Bulletin 14J for the point that a micromanagement analysis is independent of a subject matter analysis: “Unlike the first consideration, which looks to a proposal’s subject matter, the second consideration [the micro-management consideration] looks **only** to the degree to which a proposal seeks to micromanage. Thus, a proposal that may not be excludable under the first consideration may be excludable under the second if it micromanages the company.” (Emphasis added.)

therefore, whether or not a proposal actually requires management to implement a specific action is entirely germane to a micromanagement analysis. The Company submits that Staff, when determining if a proposal micromanages a company, should not consider if a proposal actually dictates changes in company policies or practices rather than calling for a report to explore those policies or practices. Ironically, the Company's suggestion that, under the micromanagement test, Staff should ignore the practical effect a proposal would have to usurp management decision-making truly raises form over substance.

4. The nearly-verbatim similarity of the Board analysis of two very different shareholder proposals does greatly diminish the significance of the Board's judgement regarding this Proposal.

The Company Response Letter states proponents are "critical that the Board's analysis resembles the analysis provided" for a different proposal of a different scope. Proponents do not think the charge of mere "resemblance" is a fair characterization of what they believe is deeply flawed regarding the Board's analysis. The Proponent Letter acknowledged that some of the background and contextual information the Company would be expected to provide Staff would be similar for both this Proposal and the now-withdrawn Riverside Proposal. However, the heart of the Board's conclusions and analysis was nearly-verbatim identical for, on the one hand, a proposal related to a very particular business decision that management will make in the near-term and, on the other hand, a thirty-one-year goal on an industry policy and social issue of grave importance. In both cases, according to the Board, the proposals:

- "[are] requesting and what the Company is already doing does not present a significant policy issue for the Company."²⁵ Original Company Letter at 11.
- "...interfere[] with the day-to-day ordinary business functions of Company's management."²⁶ "...override the complex analysis the Company's management undertakes in making operational decisions..."²⁷

In the Company Response Letter, the Company justifies the strikingly identical analyses because, "although different in scope, related to the use of renewable energy and environmental matters at the Company." This justification supports the point made in the Proponent Letter that a proposal on any renewable energy or environmental topic related to the Company would likely elicit Board rejection with similar or identical analysis.²⁸ Proponents understand the rationale behind Staff seeking board-of-director analysis through Staff Bulletins I and J; however, accepting the Company's Board's analysis under circumstances that demonstrate little if any sensitivity to the actual Proposal undermines the meaningfulness and utility of seeking board input.

Conclusion

Thank you for the opportunity to provide additional clarification and support for the Proponent's position that the Proposal should not be excluded from the Company's 2019 Proxy Materials. One, the Proposal

²⁵ Original Company Letter at 11.

²⁶ Id. at 12.

²⁷ Id.

²⁸ Proponent Letter at 14.

relates to a long-term goal dealing with climate change, a significant policy issue for the Company, and as such transcends the day-to-day business of the Company. Two, consistent with its previous decision, Staff should decline to find that a report on a renewable energy goal, to be achieved over three decades, micromanages the Company.

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 letter or require additional information, please contact Tony Gibart at *** or by email at *** .

A handwritten signature in black ink, appearing to read "Tony Gibart". The signature is stylized with a large, sweeping initial "T" and a long horizontal stroke extending to the right.

Tony Gibart, JD



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February 14, 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 100% Renewable Energy Report

Ladies and Gentlemen:

MGE Energy, Inc. (including its subsidiaries, as applicable, the “Company”) previously sent a letter to the Securities and Exchange Commission (the “Commission”) on January 3, 2019 (the “Original Company Letter”), to notify the Commission that the Company intends to omit a shareholder proposal (the “Proposal”) from its proxy materials for its 2019 Annual Meeting of Shareholders (the “2019 Annual Meeting” and such materials, the “2019 Proxy Materials”) pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended. The Proposal and statement in support thereof was submitted by Don Ferber; Dan Siehr; and Paul and Dianne Stevens (collectively, the “Proponents”).

On February 1, 2019, representatives for Proponents submitted a response to the Commission regarding the Original Company Letter (“Proponent Letter”). The Company is submitting this letter to respond to the Proponent Letter and reaffirm its request for 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, in addition to the reasons set forth in the Original Company Letter.

The Company intends to file its definitive proxy materials for the 2019 Annual Meeting on or about March 25, 2019. The Company would like to notify the Staff that the printing deadline for its definitive proxy materials is March 19, 2019.

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.

SIDLEY

U.S. Securities and Exchange Commission
Office of Chief Counsel
Division of Corporation Finance
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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: MGE shareholders request MGE prepare a public report no later than October 1, 2020, describing how they can provide a secure, low cost energy future for their customers and shareholders by eliminating coal and moving to 100% renewable energy by 2050 or sooner. The report should be produced at reasonable cost and omit proprietary information.

RESPONSE TO PROPONENT LETTER

Although the Company appreciates the effort that the Proponents have invested in the preparation of the Proponent Letter, the Company reaffirms its conclusion in the Original Company Letter that 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. Further, the Company does not agree with several of the conclusions stated in the Proponent Letter and would like to further clarify for the Staff several statements made by Proponents that are misleading.

I. The Proponent Letter Does Not Accurately Portray the Analysis Conducted by the Company's Board

The Proponent Letter includes the following paragraph, which is inaccurate in all respects:¹

Finally, the Company's Board of Directors' (the "Board") conclusion that the Proposal is excludable is of little value to Staff's determination. In fact, the Company Letter's summary of Board's discussion about the Proposal support the facts that the proposal transcends the day-to-day business matters and relates to a significant policy issue for shareholders. . . Other factors suggest the Board did not genuinely engage in the analysis requested in Staff Bulletins I and J. These factors include the fact the Company submitted nearly identical Board analysis to the Division in attempt to exclude a very different kind of shareholder proposal, the fact the Board focused on its own opinion of the merits of the Proposal, and the lack of any noted Board consideration of recent events that make a 100-percent renewable energy future more foreseeable . . .

The Company will respond to each assertion below:

¹ Proponent Letter at page 2.

SIDLEY

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A. The Board’s conclusion that the Proposal is excludable is of great value to Staff’s determination and supports the fact that the Proposal does present a significant policy issues that transcends the day-to-day business matters of the Company.

In Staff Legal Bulletin No. 141 (November 1, 2017) (“SLB 14I”), the Staff 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 sets 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 the staff in evaluating a company’s no-action request.” Consistent with the direction provided by the Staff in SLB 14I and SLB 14J, the Original Company Letter included an analysis of the Company’s Board regarding whether the Proposal presented a policy issue that transcends ordinary business and a description of the Board’s processes, including the specific substantive factors considered in its analysis.

The Original Company Letter goes into great detail regarding the Board’s analysis, which does not need to be repeated again here for the Staff, but the Company would like to point out that SLB 14J provided companies with examples of data points that may be helpful to the Staff in considering a Board’s analysis of such matters, most of which were covered by the Board’s analysis described in the Original Company Letter. Please refer to the specific elements of SLB 14J highlighted below:

SLB 14J: “Whether the company has already addressed the issue in some manner, including the differences – or the delta – between the proposal’s specific request and the actions the company has already taken, and an analysis of whether the delta presents a significant policy issue for the company”

The Original Company Letter provided the Staff with a significant amount of detail regarding the Company’s existing renewable energy goals and environmental policy in general. The Company currently has mid-term and long-term carbon reduction goals, and strategies for achieving deep decarbonization, which include reducing the carbon intensity of its electric generation and aggressively increasing its use of renewable energy sources. As stated in the Original Company Letter, the Company has adopted several environmental and sustainability goals, including the “Energy 2030 Framework,” which calls for the greater use of renewable resources – 30% by 2030 (“Energy 2030”), with an interim goal of 25% by 2025 – and further reduced carbon emissions – 40% from 2005 levels by 2030. Beyond 2030, the Company is committed to reducing carbon emissions at least 80% by 2050 from 2005 levels (“Energy 2050”), with such reduction to be accomplished by any means possible, including dramatic

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increases in the use of renewable energy sources, and may even include technologies that don't yet exist. The Company has also publicly stated that if it can go further, faster in achieving these goals, it will. The Company has made considerable investments and disclosures around its Energy 2030 initiative and its Energy 2050 goals.²

The Proponent Letter is misleading in that it focuses only upon the Company's 2030 renewable energy goals, when in fact the Company has already made a commitment related to 2050 as well, including the use of renewable energy sources. In this way, the gap between the report requested by the Proponents, and everything the Company is already doing and disclosing to shareholders, does not present a significant policy issue for the Company. The Board carefully analyzed the request from the Proponents, considered everything the Company is already doing to achieve its 2030 and 2050 goals, in addition to existing technologies available to achieve those goals and other considerations, as more fully set forth in the Original Company Letter, and determined that the difference (or the delta) between the Proposal's specific request and the actions the company has already taken does not present a significant policy issue for the Company.

The Company is actually aligned with Proponents in seeking the greater use of renewable energy sources in its operations. However, the Company has already determined specific targets and a timeline for this transition that were carefully selected as appropriate and achievable for the Company's operations. The efforts of management in trying to reassess our existing goals and operations to create a report seeking the goals sought by Proponents would distract management from achieving the Company's existing commitments. Management's time and attention are best placed to pursue new, cost-effective, clean energy opportunities as well as other deep decarbonization strategies, as aggressively as possible, toward the Company's existing goals. This fact ties back into the Company's basis for seeking to exclude this proposal under Rule 14a-8. The Proposal pertains to the fundamental management function of determining the Company's choice of technologies to provide its products and services (electricity) to customers and upon what timeframe.

In addition to already seeking the greater use of renewable sources, the Company has already made extensive environmental disclosures available to all stakeholders. Its existing disclosures are consistent with the recommendations set forth by the Task Force on Climate-

² The Company's Energy 2030 Framework, information related to its 2050 carbon reduction goal 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 the Company's Energy 2030 Framework were described in the Company's 2015, 2016 and 2017 annual reports to shareholders. The Company's proxy statement for the 2018 Annual Meeting included information about the Company's 2050 carbon reduction goal in its message from then-Chairman Gary Wolter and President and CEO Jeff Keebler and also on page 23 of the proxy statement for the Company's 2018 Annual Meeting under "Carbon Dioxide Reductions."

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related Financial Disclosures (TCFD) in the guidance categories of governance, strategy, risk management, and metrics and targets. The Company does not believe that the additional report requested by Proponents would add any meaningful information to the total mix of information already publicly available regarding the Company's environmental efforts and impact.

The Proponent Letter is also misleading in referring to the Company's goals as "business as usual" and presenting the Company as being disingenuous in its commitment to renewable energy and carbon emission reduction.³ This is false. The Company is working to achieve a more sustainable energy future using the best, most cost-effective technologies as they become available. The Proponent Letter stated that "the Company's current framework presents a business as usual model of clean energy growth. The Company has added renewable energy at an average rate of 1.28% per year from 2006 to 2015." Note that the "MGE Report Card" cited by the Proponents in support of this statement is based on 2014 and 2016 surveys and is not published by the Company. The group that published this report, "RePower Madison," is affiliated with Don Ferber, one of the Proponents. Mr. Ferber has held a Chair or Co-Chair position with RePower Madison since its inception, including when this report was published.⁴ The report, in addition to being stale and misleading, cannot be trusted as a reliable source of information, and is more appropriately viewed as a position statement specifically targeted to the Company. In truth, since announcing the Energy 2030 Framework in November 2015, the Company has developed projects that have or will increase its owned renewable capacity in the aggregate by more than 500%. Such projects include the following initiatives, which are all disclosed on the Company's website:

- New Wind Farm: The Company is building a \$108 million wind farm in Saratoga, Iowa. It is expected to go online in February 2019. The investment will grow Company-owned wind generation by 160%.
- Forward Energy Center Wind Farm: In 2018, the company purchased a share of the Forward Energy Center wind farm, which when combined with Saratoga, grows Company-owned wind generation by more than 200%.

³ Proponent Letter at page 6.

⁴ Don Ferber has been identified as Chair and Co-Chair of RePower Madison in various organization materials since 2014 including: http://thewheelerreport.com/wheeler_docs/files/1229rpm.pdf; and, http://www.thewheelerreport.com/wheeler_docs/files/0222rpm.pdf. Mr. Ferber also serves in leadership positions on the Wisconsin chapter and the local Madison chapter of the Sierra Club. One of the authors of the Proponent Letter, Bill Davis, is a Chapter Director of the Sierra Club. See <https://www.sierraclub.org/wisconsin/contact>.

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- **New Solar Projects:** The Company is seeking regulatory approval in 2019 to build two large solar projects with WEC Energy Group. If approved, the Company will own 100 megawatts of new solar generation.
- **Community Solar:** The Company's unique Shared Solar pilot project in partnership with the City of Middleton, Wisconsin, came online in early 2017. The Company has announced plans with the City of Middleton to expand this program at Morey Airport.
- **Renewable Energy Rider ("RER"):** The Company partners with large customers on customized renewable energy solutions. In October 2018, the Company and Dane County announced plans for a solar installation of up to eight megawatts on county-owned land near Dane County Regional Airport. The Company will own the solar infrastructure, lease the land from Dane County and sell the energy to Dane County. This is the first project announced under the Company's RER. Under this program, the Company is also working with the City of Madison to build an up to 5 megawatt solar project in Dane County, Wisconsin to help the City achieve its own renewable energy goals.
- **Transition from Coal:** The Company reduced its ownership share in the Columbia Energy Center, one of two coal plants in which the Company is a minority owner. The Company has no controlling interest in coal-fired generation and announced several years ago that it has no plans for additional coal resources. The Company discontinued burning coal at its Blount Generating Station and is retiring other legacy assets. The Company has an existing agreement whereby its ownership in a jointly-owned coal generating plant, the Columbia Energy Center, is being reduced gradually through 2020, and the Company recently accelerated its depreciation of a portion of the Columbia Energy Center.
- **Enabling new technologies, such as electric vehicles ("EVs") and smart home technology, is a priority under the Company's Energy 2030 Framework.**
- **EV Charging:** The Company is a utility leader in EV charging with a network of public charging stations that operates on 100% clean energy, an EV home charging program and other programs for employers and multifamily property owners to install charging stations at workplaces and residential properties. The Company is working to grow an emerging EV market and to reduce carbon emissions.
- **Partnerships:** The Company is partnering with the City of Madison's Metro Transit, which serves the majority of the Company's electric service territory with public transit, to facilitate electric buses and charging infrastructure. The City has a goal to electrify 50% of its bus fleet by 2035. The Company is providing financial and in-kind support as well as expertise to support the City's electrification efforts.

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- Smart Thermostat Program: This program is testing how the Company can reduce peak electric demand through the use of smart thermostats to manage air conditioners. The Company is meeting another objective under Energy 2030 to deepen customer engagement around energy efficiency and conservation.
- Energy 2030 Website: The Company keeps stakeholders informed about its Energy 2030 progress through energy2030together.com, which also engages customers further in new technologies, such as EVs, and energy-saving efforts.

As clearly illustrated by the above, the Company is actively seeking to increase the use of renewable energy, reducing carbon emissions and meeting its 2030 and 2050 targets. This is anything but “business as usual” as described in the Proponent Letter.

SLB 14J: “The extent of shareholder engagement on the issue and the level of shareholder interest expressed through that engagement.”

The Company is dedicated to engaging with shareholders regarding the Company’s renewable energy goals and environmental policy in general. These efforts were set forth in the Original Company Letter and include:

- Discussions and correspondence with a number of institutional investors regarding environmental, social and governance matters, as well as shareholder proposals; and
- Frequent engagement with shareholders to discuss and evaluate the environmental and renewable energy-related disclosures made available by the Company, including conference calls and exchanges of information.

Notably, engagement with the Company’s significant institutional shareholders indicated support for the Company’s environmental strategies and initiatives, including plans to increase renewable energy consistent with the Energy 2030 and Energy 2050 goals. The Board considered this background in determining that the request in the Proposal did not present a significant policy issue for the Company.

SLB 14J: “Whether anyone other than the proponent has requested the type of action or information sought by the proposal.”

The Proponents are affiliated with a special interest group, MGE Shareholders for Clean Energy (“SCE”). No other shareholders have come forward with proposals or requests similar to those affiliated with SCE. This organization originally came together in 2014 after a group of customers were concerned about a change in billing. Since then, SCE has been the organization

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behind all but one of the shareholder proposals the Company has received, with SCE-affiliated proponents submitting a total of 17 shareholder resolutions on various topics, including policies, studies, governance and related matters.

In response to these many shareholder proposals, the Company has engaged extensively in discussions with SCE to understand their concerns. SCE has withdrawn 12 of their 17 proposed resolutions to date. Of those that went to a vote, support for those proposals has been low – ranging from 7.6% to 11.1%. 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.

This background was considered by the Board in determining that the request in the Proposal did not present a significant policy issue for the Company. The Proposal is not something that has the support of the Company’s broader shareholder base. Rather, SCE has become an active initiator of shareholder proposals as a small special interest group that does not represent the priorities of the larger shareholder base.

SLB 14J: “Whether the company’s shareholders have previously voted on the matter and the board’s views as to the related voting results.”

This same proposal, with the only difference being the timing of delivery for the report requested, was presented by SCE at the Company’s 2018 Annual Meeting and received approximately 11.1% votes in favor. Based on engagement with certain larger shareholders over the past year, the Company anticipates that, if this proposal were to run again in the 2019 Proxy Materials, a smaller percentage of votes would be received in favor of this proposal. The Board considered the fact that this Proposal received a low percentage of support at the Company’s 2018 Annual Meeting and the Company’s belief that an even lower approval percentage would be obtained if this Proposal were presented again in affirming its conclusion that the Proposal does not present a significant policy issue for the Company.

B. The Board genuinely and thoughtfully engaged in the analyses requested in SLB 14I and SLB 14J.

As set forth in the Original Company Letter, the Board engaged in a thoughtful, detailed and careful analysis of the Proposal and whether it presented a significant policy issue that transcended the Company’s ordinary business. The Board concluded that the Proposal did not present a significant policy issue that transcended the Company’s ordinary business. The Proponent Letter attempts to criticize the Board’s analysis in ways that are either irrelevant, false or inapplicable, as further explained below.

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The Proponent Letter is critical that the Board's analysis resembles the analysis provided in a separate no-action letter sent to the Commission on a different proposal.⁵ What the Proponent Letter did not tell the Staff, however, is that both of the proposals in question were submitted to the Company on the same day and submitted by shareholders affiliated with the same special interest group, SCE. The Board considered the two proposals at the same meeting. Both proposals, although different in scope, related to the use of renewable energy and environmental matters at the Company. Much of the background information was applicable to the Board's analysis of each proposal, although the unique request represented by each proposal was, of course, considered individually by the Board. The fact that the Board's analysis provided similar background information and elements of consideration is of absolutely no consequence to the Staff's analysis of the Original Company Letter and does not in any way indicate that the Board did not take its analysis seriously and thoughtfully as to each individual proposal.

The Proponent Letter is also critical of the fact the "Board focused on its own opinion of the merits of the Proposal." Yes, the Board did consider whether the Company should entertain the idea of implementing this proposal in addition to whether it was excludable under Rule 14a-8(i)(7). This is completely within the purview of the Board and a reflection that the Board takes shareholder concerns seriously, notwithstanding that this particular matter was offered for a shareholder vote at the Company's 2018 Annual Meeting and received only 11% support from shareholders. The Company disagrees with Proponent's characterization that the Board "focused" on the merits rather than the question of whether the Proposal presented a significant policy that transcended ordinary business. All of the factors considered by the Board were a part of this broader analysis.

Finally, the Proponent Letter makes note that the Original Company Letter did not include a description of any "Board consideration of recent events that make a 100-percent renewable energy future more foreseeable." As stated in the Original Company Letter, the Board frequently considers and discusses environmental and sustainability matters, including the Company's Annual Environmental and Sustainability Report, with a focus on Energy 2030 and Energy 2050 goals and progress. This report and presentation includes, among other information, a discussion of the Company's environmental performance as well as trends and industry comparisons. Company management also discusses environmental matters with the Board throughout the year, including risks and the strategies to manage those risks. The Board also discusses the Company's strategic direction for building customer and shareholder value,

⁵ The other proposal requested "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." The Company submitted a no-action request letter to the Commission regarding this proposal on January 3, 2019 (the same date as the Original Company Letter), which also argued exclusion under Rule 14a-8(i)(7). This proposal was subsequently withdrawn by the applicable proponents.

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including planning for future electric generation, renewable energy resources and fuel source selection. All of these focus points necessarily require a consideration of recent events that are related to such matters, despite such events not having been specifically mentioned in the Original Company Letter.

The Proponent Letter suggests a few examples of such recent events, including:

- The Intergovernmental Panel on Climate Change (“IPCC”) issued a monumental study stating that to avoid some of the most devastating impacts of climate change, the world must completely decarbonize by 2050.⁶
- The State of California passed a law requiring 100-percent carbon-free emissions by 2045.
- A major Wisconsin electric company, Xcel Energy, recently pledged to deliver 100-percent carbon-free energy to all its consumers by 2050.
- A 2018 report produced by the Company’s own trade association shows growing and overwhelming public support for 100% renewable energy.
- The largest and third largest municipalities in the Company’s service area adopted a plan to reach a 100-percent renewable energy goal.

The Board is fully aware of each of these recent events, and would also like to point out that the Xcel Energy “pledge” mentioned above is not accurately stated. A brief response to each point is noted below:

- The Company continues to explore and understand the latest climate research. In October 2018, the IPCC released an updated report that analyzed a 1.5-degree scenario. Both the IPCC Report and the U.S. Mid-Century Strategy (“MCS”) for Deep Decarbonization rely on decarbonizing our electric generation, using energy efficiently and electrifying other energy uses, including transportation. These are the strategies the Company is pursuing and will continue to pursue to achieve deep decarbonization. Neither the IPCC nor the MCS utilize 100 percent renewable energy

⁶ IPCC Report available at <https://www.ipcc.ch/sr15/>. (“IPCC Report”)

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singularly to meet their respective long-term climate goals.⁷ Rather, both reports identify similar strategies toward decarbonization of the energy generation sector.⁸

- Although the State of California passed a law requiring 100-percent carbon free emissions by 2045, all of the Company’s operations are in Wisconsin. The passage of a law in California, although an important development to observe, is not relevant to the Company’s operations.
- The Proponent Letters states that Xcel Energy “recently pledged to deliver 100-percent carbon-free energy to all its consumers by 2050.” Although the Board is aware of developments at Xcel Energy, the Company notes that Proponents’ portrayal of this “pledge” is egregiously misleading. Xcel Energy published a statement that it “aims for zero-carbon electricity by 2050” as an aspirational goal. This is not a pledge or a promise.⁹ Further, Xcel has specifically stated “[A]chieving the long-term vision of zero-carbon electricity requires technologies that are not cost effective or commercially available today. That is why Xcel Energy is committed to ongoing work to develop advanced technologies while putting the necessary policies in place to achieve this transition.” A subsequent news article stated: “And while renewables will continue to be a major part of the conversation, Ben Fowke, Xcel’s president and CEO, stressed that to fully decarbonize the grid, all tools need to remain available — including, possibly, carbon capture and sequestration.”¹⁰ Proponents imply that Xcel is committed to 100% renewable energy, when it is actually focused on carbon emissions and could still involve the use of coal and natural gas, which are not renewable energy sources.
- To suggest that the Board is somehow out of touch with the importance of renewable energy in local markets, the Proponent Letter states that “A 2018 report produced by the Company’s own trade association shows growing and overwhelming public

⁷ For example, the IPCC Report specifically lists carbon reducing measures to include afforestation and reforestation, land restoration and soil carbon sequestration, bioenergy with carbon capture and storage, direct air carbon capture and storage, enhanced weathering and ocean alkalization. *See* IPCC Report at C.3.1.

⁸ For more information on the Company’s alignment with MCS, see pages 7-8 of the Company’s 2018 Environmental and Sustainability Report and our Board Response regarding the 2°C scenario on pages 14-16 in our 2018 Proxy Statement.

⁹ *See* Xcel Energy Press Release dated December 4, 2018: https://www.xcelenergy.com/company/media_room/news_releases/xcel_energy_aims_for_zero-carbon_electricity_by_2050.

¹⁰ *Xcel Energy’s Climate Plan Includes Carbon Capture*, by Allen Best, November 15, 2018: <http://www.startribune.com/xcel-energy-s-climate-plan-includes-carbon-capture/50283831/>

support for 100% renewable energy” and “The largest and third largest municipalities in the Company’s service area adopted a plan to reach a 100-percent renewable energy goal.” The municipalities being referenced here are Madison, Wisconsin and Middleton, Wisconsin. The Company is actively engaged with both communities to help them to achieve their goals (as further illustrated below). Even beyond those two communities, the Company participates in collaborative efforts to gain knowledge and to take actions based on local, regional, national, and utility-specific efforts toward climate change mitigation and adaptation. Some examples of these collaborative efforts include:

- A formal collaboration with the City of Madison around renewable energy, energy efficiency and conservation, and transportation. This collaboration advances the City’s as well as the Company’s energy goals.
- An additional 5-MW solar project being developed in the City of Middleton, expected to come online in 2020. With this project, the Company plans to expand its community solar program, “Shared Solar.” This large-scale solar project, under the Company’s Shared Solar and Renewable Energy Rider programs, will advance both the Company’s and the Middleton community’s clean energy goals.
- Participation in climate-related decarbonization modeling with the Mid-Continent Power Sector Collaborative (MPSC) led by the Great Plains Institute. This road map analysis relies on sophisticated energy-economic modeling using the FACETS modeling platform to project what the Midwest region’s electricity sector might look like under various future conditions and uncertainty. *See* the July 2018 report, “A Road Map to Decarbonization in the Midcontinent,”¹¹ in which the Company is highlighted.
- Participation in electrification of transportation studies with the Midcontinent Transportation Electrification Collaborative (M-TEC). *See* the April 2018 white paper, “Electric Utility Roles in the Electric Vehicle (EV) Market: Consensus Principles for Utility EV Program Design.”¹²
- Participation in the Electric Power Research Institute’s (EPRI) Understanding Clean Power Plan Choices in Wisconsin: Options and Uncertainties analysis,

¹¹ Available at: http://roadmap.betterenergy.org/wp-content/uploads/2018/07/GPI_Roadmap_lr.pdf

¹² Available at: https://www.betterenergy.org/wp-content/uploads/2018/04/MTEC_White_Paper_April_2018-1-1.pdf

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which compares costs and other implications for “business as usual” versus alternative pathway scenarios specific to Wisconsin’s implementation of the EPA’s former Clean Power Plan.

- Regular engagement with local governments as officials develop policies and programs to tackle climate change, including participation as a member in the Dane County Council on Climate Change and advising Dane County’s Office of Energy and Climate Change.

All of these recent developments were part of the Board’s background knowledge built into the analysis of whether the difference between what the Company is currently doing to achieve renewable energy goals and what the Proposal is requesting represents a significant policy issue. As stated multiple times in this letter, after a thorough and careful analysis, the Board determined that the Proposal did not present a significant policy issue that transcends ordinary business operations.

II. The Proposal is Excludable under Rule 14a-8(i)(7), Despite the Fact that the Proposal Relates to a Long-Term Goal

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”). In SLB 14J, the Commission has explained that the question of micromanagement “may come into play in a number of circumstances, such as where the proposal involves intricate detail, or *seeks to impose specific time-frames* or methods for implementing complex policies.” (emphasis added)

The Company reaffirms its position that the Proposal deals with a matter relating to the company’s ordinary business operations because its focus on “*eliminating coal and moving to 100% renewable energy by 2050 or sooner*” imposes a company-wide, rigid, time-bound quantitative target that would impermissibly interfere with complex operating decisions. *The fact that the Proposal relates to a long-term goal does not change the fact that the implementation of the Proposal necessarily interferes with day-to-day management decisions.* As stated in the Original Company Letter, the Proposal would replace the careful balancing of the factors that

direct management’s decisions on which technologies will be used to generate electricity for its customers and on what timeframe—complex decisions involving engineering and financial analyses that are uniquely within the purview of management. 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 was built into the Company’s existing renewable energy goals. 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. The Company’s public characterizations of its Energy 2030 and Energy 2050 goals as long-term strategic plans do not change this analysis for the Staff’s purposes. Indeed, many proposals that relate to long-term goals have been excluded from proxy materials under Rule 14a-8(i)(7).¹³

III. The Precedents Cited by the Company in the Original Company Letter Supports the Exclusion of the Proposal, Despite the Attempt in the Proponent Letter to Reclassify These Precedents

A. Precedents cited by the Company outside of the energy industry are still relevant to the Staff’s analysis of the Company’s no-action request

The fact that the Company cited several precedents excluding similar proposals at non-energy companies is still relevant to the Staff’s analysis of the Proposal. The companies in question, *Apple, Inc.*, *Deere & Company* and *Amazon.com, Inc.*, all have operations that impact the environment and carbon emissions in different ways. Carbon emissions are relevant to each these companies and there is no reason to conclude that the proposals in question were excluded due to lack of nexus with the Company. Accordingly, there is no reason to disregard these precedents when analyzing whether the current Proposal is excludable under Rule 14a-8(i)(7), as the Proponent Letter suggests. Further, the fact that the Staff has allowed the exclusion of similar proposals at non-energy companies could be viewed as supportive of the premise that the Proposal is related to the ordinary business operations of the Company — if renewable energy and emissions targets are “peripheral” to non-energy companies, and yet still implicate the day-to-day business operations of these companies as determined by the Staff — such proposals should be rightly classified as *integral* to the day-to-day operations of energy companies and an

¹³ See e.g., *Verizon Communications Inc.* (March 6, 2018); *Amazon.com, Inc.* (January 29, 2018); *PayPal Holdings, Inc.*; *Apple Inc.*; *Deere & Company* (December 5, 2016) (in each case, the Staff allowed the exclusion of a proposal related to emissions targets by 2030); See also *Dunkin’ Brands Group, Inc.* (March 1, 2016) (the Staff allowed the exclusion under Rule 14a-8(i)(7) of a proposal requesting the Board to issue a public report describing the company’s short- and long-term strategies on water use management).

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even stronger argument exists that the Proposal interferes with the purview of the Company's management.

The Proponent Letter cites *CVS Health Inc.*, (February 22, 2017) and *Lowes Cos. Inc.* (March 10, 2017) as examples where the Staff has determined certain proposals do not micro-manage the company and attempts to liken the Proposal to the proposals in these letters. The Proposal is far more prescriptive than *CVS* and *Lowes*, as illustrated below:

CVS Proposal:

Shareholders request that CVS produce a report assessing the climate benefits and feasibility of adopting enterprise-wide, quantitative, time-bound targets for increasing CVS's renewable energy sourcing and/or production. The report should be produced at reasonable cost, in a reasonable timeframe, and omitting proprietary and confidential information. This proposal does not prescribe matters of operational or financial management.

Lowes Proposal:

Shareholders request Lowe's produce a report assessing the climate benefits and feasibility of adopting enterprise-wide, quantitative, timebound targets for increasing Lowe's renewable energy sourcing and/or production. The report should be produced at reasonable cost, in a reasonable timeframe, and omitting proprietary and confidential information. This proposal does not prescribe matters of operational or financial management.

The Proposal:

MGE shareholders request MGE prepare a public report no later than October 1, 2020, describing how they can provide a secure, low cost energy future for their customers and shareholders by eliminating coal and moving to 100% renewable energy by 2050 or sooner. The report should be produced at reasonable cost and omit proprietary information.

If the Proposal had been phrased in a way that more closely matched the approach in *CVS* and *Lowes*, it is likely that the Company would have instead argued that the Proposal was excludable under 14a-8(i)(10) as being substantially implemented, because the Company has already accomplished the requests set forth in *CVS* and *Lowes* by publishing its Energy 2030 and Energy 2050 goals and related disclosures. However, the Proposal set forth a specific target

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(100% renewable) and a specific timeframe (by 2050 or sooner). This formulation does seek to micro-manage the company to such a degree that exclusion of the proposal would be appropriate.

The Proponent Letter pointed to a few instances where a shareholder proposal imposed a specific timeframe on a company and yet the Staff rejected the applicable requests to exclude such proposals under Rule 14a-8(i)(7). To characterize the Staff's decision in this way ignores the final prong of the Rule 14a-8(i)(7) test — a proposal is not excludable, even if it is a matter of ordinary business, if such proposal presents a policy issue that transcends the ordinary business of the company. In the cases cited by the Proponent Letter, it is possible that the Staff concluded, in each case, that the proposal in question was a matter of ordinary business, but also presented a policy issue that transcends ordinary business.

The Proponent Letter also cited *Entergy Corporation* (March 14, 2018) as further evidence of the type of proposal that does not micro-manage the Company. As a point of clarification, the proposal in *Entergy* related to a specific environmental emissions target but did not give a specified timeframe.¹⁴ In this way, the proposal was less prescriptive than Proponents' Proposal.¹⁵ Also, in the response letter denying the company's no-action request, the Staff stated that "[a]lthough your discussion of the board's analysis sets forth several factors the board considered in evaluating the Proposal, it does not provide a sufficient level of detail to reach a determination that exclusion of the Proposal is appropriate." This statement indicates that the Staff's decision on this letter turned on the question of whether the proposal in question presented a policy issue that transcends ordinary business. It also indicated that the proposal in question was deemed to be a matter of ordinary business and that, perhaps if the board analysis in the company's no-action letter had been more extensive, the Staff may have allowed the exclusion under Rule 14a-8(i)(7).

¹⁴ The proposal in *Entergy* was as follows:

"With board oversight, shareholders request that Entergy prepare a report (at reasonable cost and omitting proprietary information) describing how the Company could adapt its enterprise-wide business model to significantly increase deployment of distributed-scale noncarbon-emitting electricity resources as a means of reducing greenhouse gas emissions consistent with limiting global warming to no more than 2 degrees Celsius over pre-industrial levels."

¹⁵ The Proponent Letter argued that the *Entergy* proposal implicitly contained temporal conditions by requiring "that the reduction on emission be consistent with the timeframe necessary to limit global warming to 2-degree." Proponent Letter at page 11, FN 23. This argument was not raised in the no-action letter submitted by *Entergy*, which focused on the micro-management of the business by the choice of technology called for in the proposal.

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B. The EOG Resources, Inc. letter is directly applicable to the Staff's analysis of the Company's no-action request

The no-action letter granted to *EOG Resources, Inc.* on February 26, 2018 (Recon. denied March 12, 2018) is a very helpful precedent in support of the Company's position in the Original Company Letter. It is no surprise that the Proponent Letter attempted to discredit its applicability to the Proposal.¹⁶ The Proponent Letter stated that the proposal in *EOG Resources* is distinguishable from Proponent's Proposal because the Proposal is requesting a report, where the proposal in *EOG Resources* was requesting the adoption of specific targets for reducing emissions.¹⁷

Framing a proposal as a request for a report does not change the nature of the proposal. Notwithstanding any distinction articulated by the Proponent Letter, it has long been the Staff's position that it is the "subject matter" of a report that will determine whether or not a proposal is excludable under Rule 14a-8(i)(7).¹⁸ An interpretation that "proposals requesting issuers to prepare reports on specific aspects of their business ... would not be excludable under Rule 14a-8(c)(7)" would "raise[] form over substance and render[] the provisions of paragraph (c)(7) [now (i)(7)] largely a nullity."¹⁹

Here, it is clearly the case that the nature of the Proposal is asking the Company to implement a goal of 100% renewable energy by 2050 or sooner, regardless of such request being framed as a request for a report on how to attain such goal. Given this background, it is clear that that the analysis in *EOG Resources* is directly applicable to the Staff's analysis of the Proposal, and furthermore, the Company's argument is even stronger than the arguments set forth in *EOG Resources* because the Proposal is more prescriptive than the proposal in *EOG Resources*. Unlike the proposal in *EOG Resources*, the Proposal specifies an exact target goal and an exact date to attain such goal, delving too deeply into complex matters upon which shareholders as a group would not be in a position to make an informed judgment.

¹⁶ The Proponent Letter stated that the EOG letter "does not relate to this Proposal because the EOG Proposal required the actual implementation of greenhouse gas emission targets. This Proposal. . . simply requires a report. . . the fact that the EOG Proposal required the implementation of the targets appears to have been the key reason Staff found the EOG proposal sought to micromanage EOG and was therefore excludable." Proponent Letter at page 11.

¹⁷ The full language of the proposal in EOG requested that "EOG Resources, Inc. (EOG) adopt company-wide, quantitative, time-bound targets for reducing greenhouse gas (GHG) emissions and issue a report, at reasonable cost and omitting proprietary information, discussing its plans and progress towards achieving these targets."

¹⁸ See Release No. 34-20091 (August 16, 1983).

¹⁹ See *id.*

C. The Proposal involves the choice of technologies at the Company

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.

The Proponent Letter is critical of the analysis in the Original Company Letter characterizing the Proposal as seeking to dictate the Company's choice of technologies. The Company finds the attempts to distinguish the Proposal in this regard unconvincing and would like to reaffirm for the Staff its original analysis. In addition, the Company would like to highlight for the Staff an additional and important element to consider. The Proponent Letter stated that the Proposal involves an "overriding context, which is climate change and carbon emissions driving it." The Company would like to point out to the Staff that the goal of reducing carbon emissions can involve many technologies, not just the switch from coal and gas to renewable energy. As discussed above, although Xcel Energy set forth a carbon emissions goal, which is also referenced in the Proponent Letter, the CEO admitted that "to fully decarbonize the grid, all tools need to remain available — including, possibly, carbon capture and sequestration." These strategies, while important to the goal of minimizing carbon emissions, do not involve the transition to renewable energy technologies.²⁰ If the overarching goal of the Proposal is the reduction of carbon emissions, then the prescription of achieving that goal by the use of 100% renewable energy source is, in fact, imposing a choice of technology on the Company to achieve this broader goal. Whether meeting the Company's carbon reduction goals while maintaining safe, reliable, and affordable electricity service will require 85 percent, 95 percent or 100 percent renewable energy will be determined by management over time as technology continues to evolve.

CONCLUSION

For all of the above reasons, in addition to the arguments set forth in the Original Company Letter, 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 again respectfully requests your concurrence that the Proposal may be excluded from the Company's 2019 Proxy Materials.

²⁰ The need for these additional tools for deep decarbonization is also discussed in the IPCC Report and part of the strategy to meet 1.5 degree objectives.

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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,

A handwritten signature in cursive script that reads "Andrea L. Reed". The signature is written in black ink and is positioned above the printed name.

Andrea L. Reed

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

February 1, 2019

Via electronic mail

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

Re: MGE Energy, Inc. – Proponents Response to Request to Exclude Shareholder Proposal Regarding 100% Renewable Energy Report

Ladies and Gentlemen:

This letter is submitted on behalf of Don Ferber, Dan Siehr, and Paul and Dianne Stevens (collectively, the “Proponents”), who are beneficial owners of common stock of MGE Energy, Inc. (the “Company”). We have been asked by the Proponents to respond to the letter dated January 3, 2019 (“Company Letter”) sent to the Securities and Exchange Commission by Andrea L. Reed, Counsel for the Company. In that letter, the Company contends that the Proposal may be excluded from the Company’s 2019 proxy statement by virtue of Rule 14a-8(i)(7). A copy of this letter is being emailed concurrently to Andrea L. Reed, Counsel for the Company, and to Cari Anne Renlund, Vice President and General Counsel, MGE Energy, Inc.

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

RESOLVED: MGE shareholders request MGE prepare a public report no later than October 1, 2020, describing how they can provide a secure, low cost energy future for their customers and shareholders by eliminating coal and moving to 100% renewable energy by 2050 or sooner. The report should be produced at reasonable cost and omit proprietary information.¹

Summary

The Company letter asserts that the Proposal is excludable under Rule 14a-8(i)(7) because its subject matter relates to the Company's ordinary business operations. However, a shareholder proposal that deals with an important social issue that relates to ordinary business is not excludable, subject to two considerations. SEC Release 34-40018 (May 21, 1998) (the “1998 Release”). One, proposals are not excludable so long as the 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” and, two, the proposal is not excludable if it does not “seeks to ‘micro-manage’ the company by probing too deeply into

¹ A copy of the full Proposal is attached to this letter as Exhibit A.

matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” 1998 Release.

The Proposal concerns reducing long-term carbon emissions to respond to climate change. The Company concedes the Proposal touches on an important social issue (Company Letter at 4) and does appear to dispute that the nature of the Proposal bears sufficient nexus to the Company.

The Company’s ability to respond to climate change is a significant policy concern for shareholders and appropriate for oversight. The Proposal transcends the day-to-day business of the company because its subject matter relates only to a long-term goal, thirty-one years into the future, that will be necessary to respond to the impacts climate change is likely to and is already having on market and regulatory conditions. (See section 1., below.)

Staff has repeatedly and consistently declined to endorse exclusion of similar proposals related to climate change and emission reductions put forward by the shareholders of energy companies. Staff has found that proposals like the Proponent’s Proposal focus on significant policy issues, transcend day-to-day business and do not micromanage (see section 3.b., below). The previous no-action letters cited by the Company are distinguishable on a number of grounds and are inapplicable to the Proposal (see sections 3.a., 3.c., 3.d., below).

Finally, the Company’s Board of Directors’ (the “Board”) conclusion that the Proposal is excludable is of little value to Staff’s determination. In fact, the Company Letter’s summary of Board’s discussion about the Proposal support the facts that the proposal transcends the day-to-day business matters and relates to a significant policy issue for shareholders (see sections 4.c., below). Other factors suggest the Board did not genuinely engage in the analysis requested in Staff Bulletins I and J. These factors include the fact the Company submitted nearly identical Board analysis to the Division in attempt to exclude a very different kind of shareholder proposal, the fact the Board focused on its own opinion of the merits of the Proposal, and the lack of any noted Board consideration of recent events that make a 100-percent renewable energy future more foreseeable (see sections 4.d., 4.e., 4.f., below).

Therefore, for these reasons the Proposal may not be excluded under Rule 14a-8(i)(7), and the Proponents request Staff decline the Company’s request to issue a no-action letter.

Analysis

1. The Proposal concerns reducing long-term carbon emissions to mitigate the risks of climate change, which is a significant policy concern for shareholders.

In evaluating a proposal in the context of Rule 14a-8(i)(7), the Staff has stated that its ordinary business assessment revolves around the subject matter of the proposal:

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, the proposal generally will not be excludable under Rule 14a-8(i)(7) as long as a sufficient nexus exists between the nature of the proposal and the company. Staff Legal Bulletin No. 14E (October 27, 2009).

a. Climate change and associated risks to the Company are appropriate areas for shareholder oversight.

The proposal is focused on understanding the Company's ability to transition to a clean energy future in a timeframe that can reasonably be foreseen as necessary to mitigate the significant risks climate change poses to the Company and shareholder investment. The Company concedes the Proposal concerns, "significant social issues of greenhouse gas emissions, climate change, and environmental policy." Company Letter at 7.

In line with the Company's acknowledgment that the Proposal concerns a significant policy issue, industry experts agree that climate change-related risk is a paramount concern for investors in the electrical power industry. As stated in a recent report entitled, "Climate Strategy Assessments for the U.S. Electric Power Industry," [t]he electric power industry is one of the largest sources of greenhouse gas (GHG) emissions in the U.S. It is also the most capital-intensive industry in the U.S, with infrastructure and operations uniquely vulnerable to climate change risks."² It is increasingly accepted that shareholders of electric power companies have a significant interest in understanding how companies are prepared to reduce GHG emissions, particularly how electric companies can keep pace with the most likely benchmarks on the regulatory horizon and with climate change-driven market disruptions.

The Climate Strategy Assessments report further stated:

As these risks grow and become more apparent, companies in the electric power industry are facing increased demands from investors and other stakeholders to understand how they are addressing and mitigating these risks in their investment decisions and overall business strategies. Investors want to know if management teams have fully accounted for the potential pace and scale of change associated with reducing GHG emissions from electricity and energy operations as well as those needed to prepare for the physical impacts associated with climate change.

In 2017, shareholders of nine companies in the electric power industry filed resolutions calling on companies to undertake analyses that would examine the business impacts of policies and market changes that would drive GHG emissions reductions to levels consistent with limiting global temperature rise to below two degrees Celsius (a commonly accepted benchmark for climate change mitigation activities). There is a growing level of engagement on this topic across the industry. Spurred by increased investor focus, several organizations have developed recommendations and guidance for companies to consider when assessing climate risks and opportunities. Most notably, the Financial Stability Board's Task Force for Climate-Related

² Robert LaCount et al., Climate Strategy Assessments for the U.S. Electric Power Industry Assessing Risks and Opportunities Associated with a 2-Degree Transition and the Physical of Climate Change, at 3 (2018).

Financial Disclosures (TCFD) released recommendations in 2017. TCFD and similar investor initiatives are urging companies to disclose how they are assessing and planning for the potential effects of climate change within their core business operations.³

Consistent with the reality that climate change is a significant policy issue with a particularly significant nexus for energy companies, Staff has recently and repeatedly affirmed resolutions that seek to disclose climate change mitigation strategies to shareholders by rejecting Rule 14a-8(i)(7) exclusions of similar resolutions. For example, Staff rejected the exclusion of a resolution proposed by Chevron stockholders that called for:

... an annual assessment of long-term portfolio impacts to 2035 of possible public climate change policies....The report should explain how current capital planning processes and business strategies incorporate analyses of the short and long-term financial risks of a lower carbon economy. Specifically, the report should outline impacts of fluctuating demand and price scenarios on the company's existing reserves and resource portfolio - including the International Energy Agency's "450 Scenario," which sets out an energy pathway consistent with the internationally recognized goal of limiting the global increase in temperature to 2 degrees Celsius. *Chevron* (March 23, 2016).

Staff concluded that the proposal “focuses on the significant policy issue of climate change.” Staff reached similar conclusions in *Exxon* (March 23, 2016) and *Portland General Electric Company* (February 19, 2016) and provided similar reasoning to those requests. Likewise, in *DTE Energy* (Jan. 26, 2015), *Duke Energy* (February 22, 2016) and *NorthWestern Energy* (January 8, 2016), Staff has specifically said that those proposals “focus[ed] on reducing greenhouse gas emissions” are not excludable under Rule 14a-8(i)(7). Even more recently, Staff rejected Entergy Corporation’s Rule 14a-8(i)(7) exclusion request for a proposal that called for a report “describing how the Company could adapt its enterprise-wide business model to significantly increase deployment of distributed-scale non-carbon-emitting electricity resources as a means of reducing greenhouse gas emissions consistent with limiting global warming to no more than 2 degrees Celsius over pre-industrial levels.” *Entergy Corporation* (March 14, 2018).

b. The Proposal is a reasonable mechanism for shareholders to understand the Company’s ability to respond to climate change.

The 2050 benchmark is not, as the Company implies, an artificially imposed timeline. The Proposal directly cites the 2018 Report of the Intergovernmental Panel on Climate Change, which is the most widely-accepted and authoritative source for predicting the requisite scale and pace of energy transition. Consistent with the IPCC Report, the year 2050 has emerged as a benchmark for the transition to clean energy to avoid disastrous consequences of climate change.⁴ In light of this goal, it is foreseeable that

³ Id.

⁴ Joeri Rogelj et al., An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways,... Chapter 2: Mitigation pathways compatible with 1.5°C in the context of sustainable development (2018). (Generally, the “2018 IPCC Report”).

regulatory and market forces may require the Company to transition to 100% clean energy by 2050 or sooner. For instance, in 2018, the state of California passed a law requiring 100-percent carbon free emissions by 2045 in the state.⁵ California is the world's fifth or sixth largest economy, and its pace of energy transition will likely exert a significant influence on the energy regulation and markets nationally. Other major energy consumers have set goals to purchase only clean energy by 2050 or sooner. These companies include some of largest corporations in the nation, from Apple, Google and Facebook to General Motors, Johnson & Johnson and Coca Cola.⁶ Even closer to the Company's service area., Xcel Energy, which also serves Wisconsin, recently pledged to deliver 100-percent carbon-free energy to all its consumers by 2050.⁷

As cited in the Proposal, municipalities in the Company's service area have pledged to use only renewable energy. The City of Madison (the largest municipality in the service area), in 2018, adopted a resolution to meet its 100-percent renewable energy target.⁸ Similarly, the third largest city in the Company's service area, in 2018, set a goal to consume "renewable energy sources in 100 percent of energy consumption city-wide — for the city government's operations but also for community residents and companies."⁹ Also, 100-percent renewable goals are pending with the second and fourth largest cities in the Company's service area. These developments are significant because the municipalities are themselves customers and because these governments are expressions of most of the Company's retail customers. Indeed, analysis from a 2018 electric power industry study shows strong and increasing public support nationally for moving to a 100-percent renewable energy future, in ways that cut across traditional partisan divides.¹⁰ These recent trends, many from the last year, show that Proposal directly relates to the Company's ability to keep pace with energy transition on a foreseeably likely timeline. This is a reasonable area of shareholder concern.

⁵ Sen. Bill 100, 2018-2019 Reg. Sess., ch. 312, 2018 Cal. Stat.

⁶ Companies, RE100, <http://there100.org/companies> (last visited Jan 26, 2019).

⁷ Xcel Energy,

https://www.xcelenergy.com/company/media_room/news_releases/xcel_energy_aims_for_zero-carbon_electricity_by_2050 (last visited Jan 21, 2019).

⁸ Pawan Naidu, *Madison wants to transition to 100 percent renewable energy using RECs*, The Capital Times, June 26, 2018,

https://madison.com/ct/news/local/madison-wants-to-transition-to-percent-renewable-energy-using-recs/article_8a322f39-871d-5fdb-bb8e-e494fdf58b73.html (last visited Jan 26, 2019).

⁹ Shelley K. Mesch, *Local governments take up effort to reduce greenhouse gas emissions, combat climate change*, Wisconsin State Journal, July 30, 2018,

https://madison.com/wsj/news/local/govt-and-politics/local-governments-take-up-effort-to-reduce-greenhouse-gas-emissions/article_0bc286c0-9036-5492-b592-64e1d4dab967.html (last visited Jan 30, 2019).

¹⁰ David Roberts, *Utilities have a problem: the public wants 100% renewable energy*, and quickvox.com(2018), <https://www.vox.com/energy-and-environment/2018/9/14/17853884/utilities-renewable-energy-100-percent-public-opinion> (last visited Jan 26, 2019) (citing market research and polling done on behalf of the Edison Electric Institute, one of the Company's trade associations, that shows support for 100% renewable energy reaches 87%).

c. Proposal would result in information and analysis that is significantly different than what the company has provided through its Energy 2030 Framework and other disclosures. This difference itself is a significant policy issue.

The Company argues that it already provides information about renewable energy targets, and, therefore, the proposal would not present a significant change for the Company (“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...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.” Company Letter at 11. This is not true. The Proposal relates to a decarbonization target that is in line with the 2018 IPCC report, is consistent with the decarbonization goals of municipal and other customers in the Company’s service area, and – most importantly – would meet the emerging benchmark of decarbonization in the energy industry. On the other hand, the Company’s current framework presents a business as usual model of clean energy growth. The Company has added renewable energy at an average rate of 1.28% per year from 2006 to 2015.¹¹ The company can exceed its Energy 2030 goal of 30% renewable energy without accelerating this rate of deployment of renewable energy.¹² In contrast, meeting a goal of 100% clean energy by 2050 would require a rate of growth at 5.13% per year between 2030 and 2050, assuming the company meets its goal of 30% renewable generation by 2030. Thus, the rate of change is not insignificant for the company; it would require an increase of over 300% in the long term.

Moreover, these differences reflect a consequential policy issue. The Company states that its current reduction framework is consistent with U.S. strategy for meeting the goals of the Paris Agreement and a 2-degree warming scenario. Company Letter at 8. However, the 2018 IPCC Report establishes two critical points that demonstrate the significant and consequential differences between the Company’s current framework and the Proposal. One, the IPCC Report outlines the myriad of differences between 1.5-degree warming and 2-degree warming. The 2-degree warming scenario entails more than doubling the percentage of the world’s population that would be commonly exposed to extreme heat (from 14% to 37%), and the 2-degree scenario will likely lead to the complete disappearance of summer arctic ice and coral reefs.¹³ Two, “[c]urrent national pledges on mitigation and adaptation are not enough to stay below the Paris Agreement temperature limits and achieve its adaptation goals.”¹⁴ They amount to a world that catastrophically warms by around 3 degree or more.¹⁵ Therefore, “the delta” between the Company’s status quo and Proposal reflects a very significant policy difference which has enormous social implications.

¹¹MGE Energy Report Card, RePower Madison, <http://www.repowermadison.org/mge-report-card/> (last visited Jan 21, 2019).

¹² Id.

¹³ Brad Plumer & Nadja Popovich, *Why Half a Degree of Global Warming Is a Big Deal*, The New York Times, October 7, 2018, <https://www.nytimes.com/interactive/2018/10/07/climate/ipcc-report-half-degree.html> (last visited Jan 21, 2019).

¹⁴ Heleen de Coninck, et al., An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways,...Chapter 4 Strengthening and implementing the global response.”

¹⁵ Temperatures, Climate Action Tracker, <https://climateactiontracker.org/global/temperatures/> (last visited Jan 21, 2019).

d. The Company's references to its "Energy 2030 Framework" demonstrate that the Proposal pertains to a policy matter of broad importance and transcends the day-to-day business of the company.

The Company's own communications of its goals and strategies concerning decarbonization demonstrate that this subject matter transcend the Company's day-to-day operations. Long-term goals on a matter of broad social importance that are key to a Company's business are precisely the type of matters appropriate for shareholder involvement. The Company Letter argues that because it currently has environmental and sustainability goals, a proposal related to renewable energy does not transcend the Company's day-to-day operations. This argument runs counter to the commonsense notion of the nature and function of long-term goals, which do not dictate operational decisions but provide the overarching framework that transcends these decisions. In fact, the Company's practices of communicating about and reporting on progress towards its long-term goals, referenced in the Company Letter to the Division, show that the setting of a long-term goal transcends day-to-day operations. Elsewhere in the Company Letter, the Company says that it engages "frequently" with shareholders on "renewable energy-related disclosures made available by the Company." This level of engagement shows that, outside of the context of the request for a no-action letter, the Company recognizes long-term renewable energy goals as an appropriate area of shareholder involvement – not a matter of day-to-day operations.

The characterization of setting a goal related to renewable energy as a day-to-day operational matter is also wholly inconsistent with how the Company describes these goals to the public. The company has said on its website that the Energy 2030 Framework, "represents a long-run, cost-effective strategy for our customers."¹⁶ And the company has said these types of long-term goals remain constant, while operational decision making occurs over time. "Figuring out how to reach our Energy 2030 goals will be an ongoing process with implementation to occur over time."¹⁷ In contrast to the representations in the no-action request, in communicating about renewable energy goals with the public, the Company does not characterize goal-setting as an operational decision and instead uses terms like "long-term direction"¹⁸ and "the company's vision."¹⁹

2. The Proposal bears a significant nexus to the Company.

As summarized above, when a proposal's 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) as long as a sufficient nexus exists between the nature of the proposal and the company. Staff Legal Bulletin 14E. The Company does not appear to dispute that carbon emissions and climate change bear a significant and clear nexus to the

¹⁶ Energy 2030 - Frequently Asked Questions, <https://www.mge.com/community-conversations/faq.htm> (last visited Jan 21, 2019).

¹⁷ Id.

¹⁸ Customer Survey Shows Support for Long-term Direction, <https://www.mge.com/community-conversations/customer-survey-results.htm> (last visited Jan 21, 2019).

¹⁹ MGE Lays Out Framework for Building Tomorrow's Community Energy Company, <https://www.mge.com/community-conversations/news-release.htm> (last visited Jan 21, 2019).

Company. The Company's current public communications and activities related to renewable energy and the environment, discussed above, demonstrate the Company understands the close connection between these issues and the Company.

3. The proposal does not seek to micromanage the company.

The Company claims the Proposal is excludable under Rule 14a-8(i)(7) because in the Company's view the proposal seeks to micromanage the Company. A proposal is not excludable if it does not seek "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." 1998 Release. Unlike the first consideration, which looks to a proposal's subject matter, when considering a micromanagement claim, Staff only looks only to the degree to which a proposal seeks to micromanage." Staff Bulletin 14J.

a. The proposal is not about the sale of particular products.

As noted above, recent Staff decisions have rejected similar attempts by energy companies to exclude other climate change proposals. In order to cast the proposal as micromanaging operations, the Company Letter characterizes the Proposal as one of determining "the choice of technologies to provide its products and services."

While the Company Letter notes that Staff has previously agreed with the exclusion of proposals directing companies to offer particular products or make specific technology choices, those proposals are distinguishable. For example, the Company Letter claims a no-action letter granted to Dominion Resources, Inc. ("Dominion") on February 22, 2011 is "directly on point." It is not. That proposal (the "Dominion Proposal") requested that Dominion offer customers the option of directly purchasing electricity generated from 100% renewable energy by 2012. Therefore, the Dominion Proposal directly requested the availability of a particular purchase option for consumers within a very short time frame – approximately one year. In contrast, the Proponent's Proposal does not mandate the offering of any particular product within a condensed time frame; rather it directs the Company to report on how it can meet a critical benchmark that will likely be necessary to meet regulatory and market conditions that are a foreseeable consequence of climate change.²⁰

The production of a report on the Company's ability to move to 100% renewable energy by 2050 or sooner is not concerned with sale of particular products. The resolution and the supporting statement clearly demonstrate that the Proposal is about understanding the Company's capacity to successfully transition to the only technologies that will likely be viable for the Company's business in the most likely regulatory, market and environmental scenarios over the next three decades. To describe the Proposal as one parochially interested in dictating what products the Company offers ignores the overriding context, which is climate change and carbon emissions driving it.

²⁰ It is also worth pointing out that in their correspondence with Staff, the Dominion Proposal proponents did not argue that their proposal was directed at the issue of climate change, rather than the sale of a particular product.

b. Staff has repeatedly rejected Rule 14a-8(i)(7) exclusion of similar proposals that request energy companies prepare reports on a transition to clean energy.

Staff has rejected previous attempts to cast proposals calling for the feasibility of reducing carbon emissions as related to the offer of products and services. In a no-action request sent on January 4, 2016, Duke Energy asserted that a shareholder resolution that called for Duke to assess how it could “ increase deployment of distributed low-carbon electricity resources” was excludable under Rule 14a-8(i)(7) because the proposal related to ordinary business decisions. Specifically, Duke wrote the proposal required:

..."low-carbon electricity resources" to be assessed for sale to commercial, industrial and residential customers" are expressly called out - "customer-sited solar, community solar, energy efficiency, energy storage, demand response, [and] electric car charging stations " Further, the proposal specifically recommends that the Company consider the revenue models associated with the foregoing types of electricity generation. In seeking a report regarding the assessment of revenue models associated with various "distributed low-carbon electricity resources...."

Staff understood that the Duke Proposal was properly understood as focusing on the important social issue of “ reducing greenhouse gas emissions.” *Duke Energy* (February 22, 2016). Staff reached similar conclusions in *DTE Energy* (Jan. 26, 2015) and *NorthWestern Energy* (January 8, 2016). Arguably, the Duke Proposal and these other proposals were more specific than Proponent’s Proposal in their focus on particular technologies. The Duke Proposal and the others referenced specifically *distributed* low-carbon electricity resources (emphasis added) and called for particular types of distributed low-carbon electricity resources to be addressed in the report. The Proponent’s Proposal does not specify the types of renewable energy sources the company must study.

c. The Company Letter cites to no-actions requests from non-energy companies that are distinguishable in critical ways.

The Company Letter cites a number of requests regarding proposals related to carbon-reduction targets for companies that are outside of the energy sector (“non-energy sector proposals”).²¹ The Company Letter does not address why Staff decisions about these requests would be relevant to Company.

First, unlike the businesses associated with the non-energy sector proposals, carbon reduction bears a direct relation to the Company’s business. The Company is a public utility holding company that provides natural gas and electric service. As an energy producer, the issues of carbon emissions, renewable energy and climate change have a significant nexus to the Company itself. The degree of connection between the policy issue addressed by a proposal and a company is a key consideration in determining whether or not a proposal is excludable. The cited non-energy sector proposals would have required those companies to account to shareholders regarding peripheral aspects of their businesses, including such things as emissions from office buildings, supply chains and employee travel.

Second, the content of the non-energy sector proposals are significantly more detailed and prescriptive than the Proposal at issue here. Staff has said an otherwise allowable proposal that calls “for a report may be excludable if the substance of the report relates to the imposition or assumption of specific timeframes or methods for implementing complex policies.” Staff Bulletin 14J. The non-energy sector proposal meticulously imposed detail regarding how each company should account for, calculate and scope its net zero greenhouse gas accomplishments. While the details of the non-energy sector proposals contained slight variations, the non-energy sector proposal either directed or suggested the non-energy sector companies to account for the carbon emissions attributable to such things as their manufacturing and distribution, executive and administrative offices, data centers, product development offices, customer service offices, major suppliers, and employee transportation. The *Apple* proposals and the *Amazon*

²¹ The Company Letter cites the following requests: *Apple, Inc.* (December 5, 2016) (“Apple”) (Apple to generate a feasible plan for Apple to reach a net-zero GHG emission status by the year 2030 for all aspects of the business which are directly owned by Apple and major suppliers, including but not limited to manufacturing and distribution, research facilities, corporate offices, and employee travel.); *Apple Inc.* (“Jantz”) (December 21, 2017) (Apple to evaluate the potential for the Apple to achieve, by a fixed date, “net-zero” emissions of greenhouse gases relative to operations directly owned by the Apple and major suppliers. Jantz proposal proponents suggested relevant operations could include executive and administrative offices, data centers, product development offices, fulfillment centers and customer service offices, suppliers, as well as transportation of goods and employees.); *Deere & Company* (Dec. 27, 2017) (Deere & Company to prepare a report to shareholders that evaluates the potential for the Company to voluntarily address its role in climate change by achieving unet-zero emissions of greenhouse gases by a fixed future target date. Deere & Company proponents suggest the company consider the potential for net zero GHG from manufacturing and distribution, executive and administrative offices, data centers, product development offices, customer service offices, and employee transportation.); and *Amazon.com, Inc.* (March 6, 2018) (Amazon to prepare a report to shareholders that evaluates the feasibility of Amazon achieving by 2030 “net-zero” emissions of greenhouse gases from all aspects of the business directly owned and operated by Amazon, including corporate office, fulfillment, sortation, delivery, warehouse operations, data center, customer service, and other facilities, as well as the feasibility of reducing other emissions associated with the Amazon's activities.).

proposal included detailed guidance on how Apple and Amazon should measure and quantify carbon offsets.²² The Proponent's Proposal simply requests that the Company describe how it could transition to 100% renewable energy by 2050 or sooner, without providing any other strictures.²³

Third, even in non-energy industry contexts, when proposals have avoided the level of prescription found in requests cited in the Company Letter, Staff has rejected attempts under Rule 14a-8(i)(7) to exclude similar proposals. For instance, in two requests related to a retailer, Staff affirmed proposals asking for a report on the "feasibility of adopting enterprise-wide, quantitative, time-bound targets" for renewable energy sourcing. *CVS Health Inc.*, (February 22, 2017) and *Lowes Cos. Inc.* (March 10, 2017). Staff determined these requests transcended ordinary business matters and did not seek to micromanage the retailers. The Proponent's Proposal likewise does not seek to micromanage the Company.

d. The Company Letter's cite to EOG Resources, Inc. ("EOG") (February 26, 2018) ignores a key distinction: the EOG proposal was found to micromanage because it *required* EOG to adopt emission reduction targets.

Staff decision in *EOG Resources, Inc.* ("EOG") (February 26, 2018) does not relate to this Proposal because the EOG Proposal required the actual implementation of greenhouse gas emission targets. This Proposal, like the numerous other proposals affirmed in the Staff decision cited above, simply requires a report. As will be explained below, the fact that the EOG Proposal required the implementation of the targets appears to have been the key reason Staff found the EOG proposal sought to micromanage EOG and was therefore excludable.

When a proposal calls for the production of a report, Staff first consider the subject matter of the report to determine if the proposal transcends the day-to-day business matters. Staff Bulletin 14E. Second, Staff consider if the Proposal "micromanages" the company. "Unlike the first consideration, which looks to a proposal's subject matter, the second consideration looks only to the degree to which a proposal seeks to micromanage." Staff Bulletin 14J. Therefore, when determining if the proposal micromanages a company, the distinction between producing a report about a potential target and mandating that management actually implement the target is extraordinarily significant. Requiring a company to implement an emissions target entails a degree of micromanagement that is not present when a company produces a report about an emissions target.

The EOG Rule 14a-8(i)(7) no-action request was based squarely on the fact the proposal actually required EOG to implement its emission targets. In its correspondence with the Division, EOG understood the

²² Indeed, in Staff Bulletin 14J the Division pointed to *Apple Inc.* (Dec. 5, 2016) as example of a proposal that was excluded on micromanagement grounds because the proposal "required specific timeframes or methods for implementing complex policies."

²³ Reference to a timeframe alone is not a exercise of micromanagement. As examples, Staff rejected Rule 14a-8(i)(7) climate change-related proposals that contained time targets in *Chevron Corporation*, (March 23, 2016) and *NextEra Energy, Inc* (February 24, 2016). Other proposals that have not been excluded implicitly contain temporal conditions. The *Entergy Corporation* (March 14, 2018) proposal required that the reduction on emission be consistent with the timeframe necessary to limit global warming to 2-degrees.

EOG proposal as actually requiring EOG to implement the targets, and EOG pointed to this crucial fact to make its “central point,” namely that “[i]mplementing the [EOG] Proposal would require EOG's management to potentially prioritize quantitative emissions reduction targets over a wide variety of factors...at the expense of management's own judgment, at least if such quantitative targets are to be meaningful at all.” Supplemental Letter of Michael M. Donaldson, EOG Resources to Office of Legal Counsel, Division of Corporate Finance, SEC at 1 (January 12, 2018) (“Donaldson Supplemental Letter”) (emphasis in the original). In an attempt to save the EOG Proposal from micromanagement exclusion, its proponents argued that the EOG Proposal left implementation of the targets to the discretion of management. Response Letter of Allan Pearce to Office of Legal Counsel, Division of Corporate Finance, SEC at 2 (January 12, 2018). EOG disagreed and rested its entire Rule 14a-8(i)(7) request on its interpretation of the proposal which held that implementation was not discretionary. In fact, EOG made the alternative argument that, if proposal did not require implementation, then EOG requested exclusion, not based on Rule 14a-8(i)(7), but, instead on Rule 14a-8(i)(10) (that the proposal had already been substantially implemented). Donaldson Supplemental Letter at 2. Staff found the proposal excludable under Rule 14a-8(i)(7) and did not address the Rule 14a-8(i)(10) argument, which strongly suggested that Staff interpreted the EOG proposal to require implementation of the targets and that this distinction was the reason for exclusion.

Proponent’s proposal does not require implementation of any targets. In all cases, the adoption of any emission targets are left to management’s discretion and, therefore, the *EOG* (February 26, 2018) no-action determination is not relevant to the Proposal. The Proposal does not micromanage the Company.

4. The Board’s analysis is flawed in a number of respects that render it of little value to the Staff’s decision.

a. Background

In Staff Legal Bulletin 14I, the Division explained that “[a]t issue in many Rule 14a-8(i)(7) no-action requests is whether a proposal that addresses ordinary business matters nonetheless focuses on a policy issue that is sufficiently significant.” The Division further explained that determining whether or not an issue is sufficiently significant raises “difficult judgment calls” which would be beneficially informed by an analysis from boards of directors. Therefore, the Division invited boards of directors 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.” The analysis conducted by the Company’s Board of Directors (“the Board”) as outlined in the Company Letter is not responsive to the Division’s request. The Board does not explain why a proposal relating to a long-term clean energy goal fails to transcend day-to-day operations at the Company, and instead provides a sundry list of reasons why the Board believes the proposal is not warranted. The Board’s reasoning is not only irrelevant to the question at hand; it also supports the conclusion that the proposal in fact transcends day-to-day operations. The Proposal is, therefore, not excludable.

b. The Board does not focus on the question of whether or not the proposal transcends the day-to-day operations of the Company.

The Board's analysis in the Company Letter is at pains to explain how a proposal relating to a policy issue of paramount importance to the energy industry and that takes the form of a report on a long-term strategic goal for thirty-one years into the future does not transcend the day-to-day operations of the Company. The Board's most germane argument is that management previously set renewable energy goals "based on a complex and thoughtful analysis of various factors" and that management makes operational decisions with reference to those goals and factors. Company Letter at 10. At no point does the Board attempt to argue that the Proposal's subject matter, the setting of a long-term renewable energy goal to mitigate the risks associated with climate change, is a matter of day-to-day operations for the Company. Instead, the Board argues that the proposal would "override the complex analysis the Company's management undertakes in making operational decisions..." and that it "interferes with the day-to-day ordinary business functions of Company's management." Id. at 12. While it is true the goals referenced in the proposal, if adopted, could at some point in the future have an operational impact, that fact does not mean the proposal micromanages the Company. The Proposal calls for a report on a renewable energy target, to mitigate the risks of climate change. If management subsequently adopted the goal, this would override the current goals of the Company, and day-to-day operational decisions would presumably shift over time to meet management's new goal. However, accepting the argument that any proposal that is associated with a speculative, future operational impact is not suitable for a shareholder vote would deprive shareholders of any meaningful proxy votes. Any proposal topic that is "sufficiently significant" and that has "sufficient nexus" to the company will undoubtedly have potential impacts on a company in the same indirect manner that Board characterizes as "interference."

c. Instead, much of the Board's discussion supports findings that a renewable energy goal to mitigate the risk of climate change (1) transcends the day-to-day business matters of the Company (2) relates to a significant policy issue for shareholders and (3) bears a strong nexus to the Company.

The Board's discussion of renewable energy goals, like the Company's public statements cited above, show this topic transcends day-to-day business matters. The Board calls the Company's current goals a "strategic direction" and discusses how the Board regularly reviews progress towards these goals. Id. The Board also notes that the Company engages "frequently with shareholders to discuss and evaluate the environmental and renewable energy-related disclosures made available by the Company." Id. at 11. The Board also references management's discussions with institutional investors about environmental matters. These facts support the conclusion that the subject matter of the Proposal is a significant policy issue for shareholders. Moreover, these statements, coupled with Board representations about the regularity with which it receives training on climate risks and discusses environmental matters with management, indicate the strong nexus between renewable energy, climate change and the Company. Id. at 9. Of course, the Company is not unique in any of these respects, and that is why Staff has repeatedly found similar proposals as appropriate for votes by the shareholders of energy companies. See *Entergy Corporation* (March 14, 2018); *Chevron* (March 23, 2016); *Exxon* (March 23, 2016); *Portland General*

Electric Company (February 19, 2016); *DTE Energy* (Jan. 26, 2015), *Duke Energy* (February 22, 2016) and *NorthWestern Energy* (January 8, 2016).

- d. The Board’s analysis is almost verbatim identical to its analysis of another, vastly different shareholder proposal. The similarity raises the question of whether or not the Board genuinely considered the question called for by Staff in the Legal Bulletin No. 14I (CF) with respect to this Proposal.**

As discussed above, Legal Bulletin No. 14I (CF) calls for boards of directors to analyze whether a particular issue is “sufficiently significant.” In this case, the Board’s analysis is nearly identical to the analysis the Company submitted to the Division in another no-action request letter (a copy of which is attached to this letter as Exhibit B). See Exhibit C, which shows through highlighting the language in the Company’s no-action request letter that is identical to the Board’s Riverside Proposal analysis. That request pertained to a stockholder proposal (“the Riverside Proposal”) on a topic that was dramatically more granular in its scope and focus. Specifically, that proposal called on the company to “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.” Notably, the Riverside Proposal related to a very particular business decision that management will make in the near-term. The Proposal at issue here relates to a potential long-term goal on an industry, policy and social issue of grave importance and that goal, if adopted, would be met over the course of the next thirty-one years.

While one would expect some of the contextual information presented, such as the Company’s discussion of its Board’s practices, to be applicable to both analyses, the Company presents nearly identical justifications for excluding this Proposal as it did for the Riverside Proposal. Because this Proposal and the Riverside Proposal are of dramatically different scopes, one would also expect a genuine analysis of whether or not the two proposals transcend the day-to-day business of the company to be unique to each proposal. Instead, the Company presents justifications for its conclusions that are nearly identical. In both cases, according to the Company, the Proposal and the Riverside Proposal:

- “[are] requesting and what the Company is already doing does not present a significant policy issue for the Company.” Company Letter at 11.
- “...interfere[] with the day-to-day ordinary business functions of Company’s management.” Id. at 12.
- “...override the complex analysis the Company’s management undertakes in making operational decisions...” Id.

The fact that the Company arrived at nearly identical analyses for two very different proposal calls into question to what extent the Board genuinely engaged in the analysis asked for by the Division in Legal Bulletin No. 14I. Because the Board’s analysis demonstrated very little, if any, sensitivity to key differences between the two proposals, arguably the Board’s method of analysis would lead it to reject any proposal related to climate change or related topics. Accepting the Board’s analysis under these circumstances could be seen as endorsing a problematic application of Legal Bulletin No. 14I. Boards of

directors of other companies could see acceptance of the Board's opinion as obviating their obligations to conduct the fact-specific analyses called for by Bulletin No. 14I in the future.

Therefore, Staff should reach a conclusion consistent with its finding in *Entergy Corporation* (March 14, 2018). Entergy's board felt that Entergy could exclude a similar proposal. The *Entergy* Proposal requested a report describing how to adapt its enterprise-wide business model to significantly increase deployment of distributed-scale non-carbon-emitting electricity resources as a means of reducing greenhouse gas emissions consistent with limiting global warming to no more than 2 degrees Celsius over pre-industrial levels. Staff determined that Entergy's discussion of the board's analysis sets forth several factors the board considered in evaluating the proposal, but did not provide a sufficient level of detail to reach a determination that exclusion of the proposal was appropriate. In this case, too, the Company's discussion of Board's analysis is neither detailed nor specific to the Proposal. It contains broad, conclusory statements that the Board equally applied to a proposal of very a different kind.

e. Rather than engage in the appropriate fact-specific analysis, the Board appears to have substituted its own judgement about the proposal.

The Company ends its discussion of the Board's analysis with the following statement, "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." Company Letter at 12. This concluding statement suggests that Board's main consideration was not whether or not the Proposal is excludable under Rule 14a-8(i)(7). While the Board may believe the "Proposal is not in the best interest of the Company" and "should be rejected," this is not the analysis called for. The Company and the Board are free to articulate to shareholders why they believe shareholders should not vote in favor of the Proposal. Notwithstanding the Board's opinion about its merits, the Proposal relates to an important policy area of shareholder concern, and debate by shareholders is appropriate. If the Board were allowed to exclude a Proposal on the basis of the Board's opinion of the proposal, Rule s. 240.14a-8 shareholder proposals would, in effect, be transformed into requests for votes by boards, rather than a mechanism for direct votes by shareholders.

f. The Board did not consider intervening events that increased the Proposal's significance to the Company.

Legal Bulletin No. 14J states that when a proposal has been voted on in the past, Staff will consider if "intervening events may have increased" a proposal's significance to the company. While the Board notes that shareholders previously voted on a similar proposal at the Company's last annual meeting and that the previous proposal did not pass, the Board did not consider whether or not intervening events make the Proposal more relevant to the Company.

As noted above in section 1.b. of this letter, in the last year alone, in the following major events have taken place that increase the urgency of the issue of decarbonization by 2050:

- The Intergovernmental Panel on Climate Change (IPCC) issued a monumental study stating that to avoid some of the most devastating impacts of climate change, the world must completely decarbonize by 2050.
- The State of California passed a law requiring 100-percent carbon free emissions by 2045.
- A major Wisconsin electric company, Xcel Energy, recently pledged to deliver 100-percent carbon-free energy to all its consumers by 2050.
- A 2018 report produced by the Company's own trade association shows growing and overwhelming public support for 100% renewable energy.
- The largest and third largest municipalities in the Company's service area adopted a plan to reach a 100-percent renewable energy goal.

All of these events amplify the significance of the Proposal, particularly in relation to the Company's current environmental goals. The Company Letter's description of the Board's analysis is bereft of mention of these intervening events and their bearing on the significance of the Proposal to the company. This also suggests the the company's Board did not substantively engage with the subject matter of the Proposal in conducting an analysis. .

Conclusion

For all of the above reasons, the Proposal should not be excluded from the Company's 2019 Proxy Materials. One, the Proposal relates to a long-term goal dealing with climate change, a significant policy issue for the Company, and as such transcends the day-to-day business of the Company. Two, consistent with its previous decision Staff should decline to find that a report on renewable energy goal, to be achieved over three decades, micromanages the Company.

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 letter or require additional information, please contact Tony Gibart at *** or by email at *** .

Sincerely,



Bill Davis, JD
Chapter Director
Sierra Club - John Muir Chapter



Tony Gibart, JD

MGE 100% Renewable Energy Report Resolution

RESOLVED: MGE shareholders request MGE prepare a public report no later than October 1, 2020, describing how they can provide a secure, low cost energy future for their customers and shareholders by eliminating coal and moving to 100% renewable energy by 2050 or sooner. The report should be produced at reasonable cost and omit proprietary information.

SUPPORTING STATEMENT:

To limit global warming to 1.5 degrees Celsius rise as per the dire warnings of the 2018 IPCC Report, the U.N. estimates CO2 emissions will need to decrease 45% from 2010 levels by 2030, and to net zero by 2050 – far more than MGE's current plans account for.

Coal and other fossil fuels are on the way out as clean energy is increasingly competitive:

- Madison and Middleton, the first and third largest communities in MGE's service territory, have passed resolutions to move to 100% renewable energy. Two others are working on resolutions.
- Climate change is driving low carbon energy alternatives, like energy efficiency and renewable energy, which now effectively out-competes coal in many electricity markets.
- Customers are demanding clean energy. As of June, 2018, over 150 major companies, including Apple, GM, and Walmart, have committed to 100% renewable energy, adding pressure on utilities to provide renewable energy or risk losing customers.
- MGE's Saratoga wind farm in Iowa will produce energy at prices competitive with its Columbia coal power plant.
- Solar panel costs dropped over 86% since 2010, and wind dropped 66% in the last 8 years, with both projected to continue to drop. Both will likely be cheaper than natural gas everywhere by 2030, even without subsidies, and will become increasingly viable as energy storage costs drop.
- The energy efficiencies of both wind turbines and solar panels continue to improve, allowing them to be economically viable in locations previously thought unsuitable.

MGE's part ownership in the Columbia and Elm Road coal plants commits MGE to nearly 63% of their power capacity coming from coal, creating a financial risk for the Company. Despite the poor financial outlook for coal-based electricity, competitive renewable energy costs and many utilities significantly reducing coal use, MGE reports a 10% increased use of coal from about 910,000 tons in 2014 to over 1,000,000 tons in 2017, which adds to both financial risks and the risks of climate change.

Many utilities have reported major losses from their reliance on coal. Bloomberg New Energy Finance released a study showing that half of U.S. coal plants are not making enough money to be cost effective in a free market. The bottom line is that coal plants are becoming too expensive to run.

In 2018, the World Bank withdrew support from their last coal power project, and supports banks that likewise are divesting from coal. In 2017, due to concerns of reliance on fossil fuels, shareholders of Exxon Mobil and Occidental Petroleum passed resolutions asking their companies to report climate change's impacts on their operations. MGE should likewise prepare for a clean energy future.



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Exhibit B

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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

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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

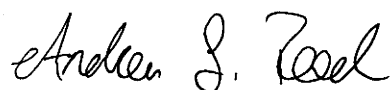
For all of the above reasons, the Proposal should be excluded because it deals with a matter relating to the Company's ordinary business operations and does not present a policy issue that transcends the Company's day-to-day business matters. Based on the foregoing, the Company respectfully requests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

A handwritten signature in cursive script that reads "Andrea L. Reed".

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

Exhibit B

NOV 21 '18 PM 4:17
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:

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

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Management identified the Company's environmental goals and carbon reduction strategies after a complex and thoughtful analysis. As noted above, the Company has stated since adopting its goals that it will go further faster in pursuit of them, if it can, by working with its customers. These goals and strategies were disclosed in the 2018 Proxy Statement and on the Company's website. Additionally, in prior annual meetings of shareholders, the Company's Chairman has stated the Company has no plans for further investment in coal-fired electric generating facilities.

As such, the Company believes that, similar to the proposals in EOG and Apple discussed above, the Proposal at issue touches on social issues 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. This conclusion is further supported by the board analysis provided below.

3. Perspective of the Company's Board

The Company is a community energy company and 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 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 a number of 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;

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- 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;
- The Company's utility subsidiary's 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 elimination of coal and moving to 100% renewable energy by 2050 or sooner. 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 renewable energy goals and overall environmental policy.

The Board noted the following as part of its analysis:

- Management determined the Company's existing renewable energy and carbon reduction goals 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. All of these goals and strategies are already publicly disclosed;
- 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;

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- 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, its annual Environmental and Sustainability Report 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 renewable energy-related disclosures made available by the Company. These engagements have taken the form of conference calls and exchanges of information;
- Engagement with the Company’s significant institutional shareholders indicated support for the Company’s environmental strategies and initiatives, including plans to increase renewable energy;
- 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. 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 2,164 shares registered in the name of such Proponents, or 0.006% of the Company’s total shares outstanding;
- This same proposal, with the only difference being the timing of delivery for the report requested, was presented by SCE at the Company’s 2018 Annual Meeting and received approximately 11.1% votes in favor. Based on engagement with certain shareholders over the past year, the Company anticipates that, if this proposal were



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to run again in the 2019 Proxy Materials, a smaller percentage of votes would be received in favor of this proposal; 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 policies and procedures and the Company's existing disclosure of its environmental policies and renewable energy and carbon reduction goals. The Company has explicitly stated its strategic direction to significantly increase use of renewable energy sources over time. However, the Proposal's specific directive of eliminating coal and moving to 100% renewable energy by 2050 or sooner interferes with the day-to-day ordinary business functions of Company's management. To present 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, as presented, 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.

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.



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AMERICA • ASIA PACIFIC • EUROPE

ANDREA.REED@SIDLEY.COM
+1 312 853 7881

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 100% Renewable Energy Report

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 Don Ferber; Dan Siehr; and Paul and Dianne Stevens (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: MGE shareholders request MGE prepare a public report no later than October 1, 2020, describing how they can provide a secure, low cost energy future for their customers and shareholders by eliminating coal and moving to 100% renewable energy by 2050 or sooner. The report should be produced at reasonable cost and omit proprietary information.

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

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).”).

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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 risks pertain or that gives rise to the risks 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.

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).

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 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.

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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

The Staff has made clear that where a proposal seeks to influence a company's stance on an important social issue – such as environmental sustainability – it will not allow exclusion as an ordinary business matter where the proposal transcends the Company's day-to-day business. The Proposal purports to request action on the important social issue of climate change; however, the Proposal does not transcend the day-to-day business of the Company because its focus on “eliminating coal and moving to 100% renewable energy by 2050 or sooner” imposes a company-wide, rigid, time-bound quantitative target that would impermissibly interfere with complex operating decisions and would micro-manage the Company's approach to an important policy issue and its strategic and day-to-day operational decisions.

1. The Proposal seeks to micro-manage the Company

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 determination of which technologies the Company utilizes to generate electricity is a complex decision that requires management expertise and regulatory review and approval from the Public Service Commission of Wisconsin (“PSCW”) in order to ensure that all customers are being provided safe, reliable and affordable energy service at all times.

The Company currently has mid-term and long-term carbon reduction goals, and strategies for achieving deep decarbonization, which include reducing the carbon intensity of its electric generation and aggressively increasing its use of renewable energy sources. The Company has made considerable investments and disclosures around its “Energy 2030” initiative, a framework for building shareholder and customer value, 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.”

In addition to these public commitments, the Company has pledged to go further faster toward achieving these goals, if it can, by working with its customers. The Company has stated during prior annual meetings of shareholders that it has no plans to invest in new coal generation assets. Nonetheless, the Proposal, by calling upon the Company to eliminate coal entirely and achieve 100% renewable energy by a specific date, seeks to micro-manage the decisions of management. The Proposal would involve shareholders in decisions regarding the Company's

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choice of specific technologies for generation of electricity to serve its customers. 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 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, and directly on point, 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.

In this case, the Proposal calls upon the Company to eliminate coal and achieve 100% renewable energy by a specific date (2050 or sooner). As such, it pertains to the fundamental management function of determining the Company's choice of technologies to provide its products and services (electricity) to customers and upon what timeframe.

When determining which technologies to utilize to provide electricity safely, reliably and affordably, the Company must take into account a wide range of complex and variable considerations, such as:

- The Company's environmental goals and commitments;
- Operational and cost considerations;
- Cost, availability and reliability of fuel sources, to the extent applicable;
- Future power and capacity prices;
- Siting requirements for different forms of generation;
- Fuel supply (availability and diversity);
- New and emerging technologies;

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- Customer rate impacts; reliability, including environmental operating limits, transmission availability and constraints;
- Reliability, including intermittency of the generation resource and the need for, and availability of, back-up resources;
- Environmental operating limits and transmission availability and constraints;
- Technical issues and limitations, such as start-up time, capacity factor, and minimum and maximum generation limits;
- Dispatchability of resources;
- Ability to adjust or ramp generation output to match or follow electricity demand as it changes during the day;
- Applicable regulations and policies of the Company's regulators;
- 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.

The Proposal would require management to subjugate its real-time operational decisions to a company-wide, rigid, time-bound quantitative target of 100% renewable energy by 2050. Management would be forced to focus on the arbitrary target to the exclusion of the multitude of other factors that would otherwise influence their decisions, such as those described above.

Management has determined that an overly prescriptive plan, such as the Proposal imposes, is unwise given the many uncertainties between now and 2050. There are uncertainties in technology—how existing technologies will evolve, what new technologies will emerge, and at what cost, and how will they be best deployed to serve all customers safely, affordably, and reliably. In addition to technologies, there are uncertainties in regulatory and political environments and consumer and social dynamics—all unfolding over the coming decades.

These are all considerations that will factor into the Company's best scenarios to deep decarbonization and use of renewable energy sources. The Company is constantly evaluating and analyzing its next steps as technologies improve. And, as things change and evolve over time, flexibility allows the best options to emerge and, thereby, the best and most cost-effective opportunities to benefit customers, and at what points in time.

The Company's focus today is on taking actions to seize all of the opportunities to build new renewable energy that make sense for its customers—and to support its customers who seek to reduce their use and/or partner in building renewable energy resources. The Company

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recognizes its responsibility to provide safe, reliable, and affordable energy to all of its customers every hour of every day to preserve the health, safety, and vitality of the communities it serves. The Company will continue to modernize the electric distribution grid and invest in new technologies to enable a much greater deployment of renewable resources and to provide a seamlessly integrated electric grid to meet our obligations to our customers and our goals for carbon reduction.

The Proposal would replace the careful balancing of the factors that direct management's decisions on which technologies will be used to generate electricity for its customers and on what timeframe---complex decisions involving engineering and financial analyses that are uniquely within the purview of management. 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. 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.

2. 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 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

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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 currently has goals and strategies concerning the social issues raised by the Proposal. Specifically, the Company has adopted several environmental and sustainability goals, including the Energy 2030 Framework which calls for the greater use of renewable resources – 30% by 2030, with an interim goal of 25% by 2025 – and further reduced carbon emissions – 40% from 2005 levels by 2030. Beyond 2030, the Company is committed to reducing carbon emissions at least 80% by 2050 from 2005 levels. As mentioned above, the Company has also stated that if it can go further, faster in achieving these goals, it will. This public commitment to reduce carbon emissions by 80% is consistent 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 on climate change to limit global warming to two degrees Celsius. The Company's carbon reduction goals and strategies are consistent with the MCS and the 2-degree scenario.

The Company is also reducing the carbon intensity of its electric generation. For example, in the last decade, the Company has grown its wind capacity from 11 megawatts to 153 megawatts. This includes the Company's new 66 megawatt Saratoga wind farm which is anticipated to become fully operational in early 2019. The Company has discontinued burning coal at its Blount Generating Station and is retiring other legacy assets. The Company has an existing agreement whereby its ownership in a jointly-owned coal generating plant, the Columbia Energy Center, is being reduced gradually through 2020, and the Company recently accelerated its depreciation of a portion of the Columbia Energy Center. The Company is investing heavily in renewable energy sources. It is constructing a 66 megawatt wind generation facility in Iowa as well as pursuing approval from its regulatory agency to own 100 megawatts of solar generation projects in Wisconsin. The Company continues to aggressively pursue other cost-effective renewables. All of this information and a great deal more regarding the Company's renewable energy investments, environmental commitments and stewardship are readily available on the Company's website.

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Management identified the Company's environmental goals and carbon reduction strategies after a complex and thoughtful analysis. As noted above, the Company has stated since adopting its goals that it will go further faster in pursuit of them, if it can, by working with its customers. These goals and strategies were disclosed in the 2018 Proxy Statement and on the Company's website. Additionally, in prior annual meetings of shareholders, the Company's Chairman has stated the Company has no plans for further investment in coal-fired electric generating facilities.

As such, the Company believes that, similar to the proposals in EOG and Apple discussed above, the Proposal at issue touches on social issues 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. This conclusion is further supported by the board analysis provided below.

3. Perspective of the Company's Board

The Company is a community energy company and 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 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 a number of 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;

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- 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;
- The Company's utility subsidiary's 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 elimination of coal and moving to 100% renewable energy by 2050 or sooner. 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 renewable energy goals and overall environmental policy.

The Board noted the following as part of its analysis:

- Management determined the Company's existing renewable energy and carbon reduction goals 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. All of these goals and strategies are already publicly disclosed;
- 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;

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- 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, its annual Environmental and Sustainability Report 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 renewable energy-related disclosures made available by the Company. These engagements have taken the form of conference calls and exchanges of information;
- Engagement with the Company’s significant institutional shareholders indicated support for the Company’s environmental strategies and initiatives, including plans to increase renewable energy;
- 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. 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 2,164 shares registered in the name of such Proponents, or 0.006% of the Company’s total shares outstanding;
- This same proposal, with the only difference being the timing of delivery for the report requested, was presented by SCE at the Company’s 2018 Annual Meeting and received approximately 11.1% votes in favor. Based on engagement with certain shareholders over the past year, the Company anticipates that, if this proposal were

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to run again in the 2019 Proxy Materials, a smaller percentage of votes would be received in favor of this proposal; 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 policies and procedures and the Company's existing disclosure of its environmental policies and renewable energy and carbon reduction goals. The Company has explicitly stated its strategic direction to significantly increase use of renewable energy sources over time. However, the Proposal's specific directive of eliminating coal and moving to 100% renewable energy by 2050 or sooner interferes with the day-to-day ordinary business functions of Company's management. To present 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, as presented, 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

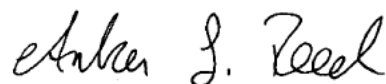
For all of the above reasons, the Proposal should be excluded because it deals with a matter relating to the Company's ordinary business operations and does not present a policy issue that transcends the Company's day-to-day business matters. Based on the foregoing, the Company respectfully requests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

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.

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Sincerely,

A handwritten signature in cursive script that reads "Andrea L. Reed".

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]

NOV 21 '18 PM 4:16

rcvd *[Signature]*

November 21, 2018

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 100% Renewable Energy Report Resolution" to be considered at the May 2019 MGE Energy, Inc. annual shareholder meeting. The following shareholders are filing this resolution:

Don Ferber
Dan Siehr
Paul and Dianne Stevens

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.

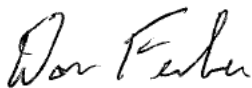
Our contact information is as follows:

Don Ferber

Dan Siehr

Paul and Dianne Stevens

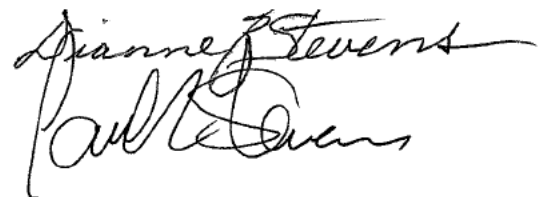
Sincerely,



Don Ferber



Dan Siehr



Paul Stevens &
Dianne Stevens

MGE 100% Renewable Energy Report Resolution

RESOLVED: MGE shareholders request MGE prepare a public report no later than October 1, 2020, describing how they can provide a secure, low cost energy future for their customers and shareholders by eliminating coal and moving to 100% renewable energy by 2050 or sooner. The report should be produced at reasonable cost and omit proprietary information.

SUPPORTING STATEMENT:

To limit global warming to 1.5 degrees Celsius rise as per the dire warnings of the 2018 IPCC Report, the U.N. estimates CO2 emissions will need to decrease 45% from 2010 levels by 2030, and to net zero by 2050 – far more than MGE’s current plans account for.

Coal and other fossil fuels are on the way out as clean energy is increasingly competitive:

- Madison and Middleton, the first and third largest communities in MGE’s service territory, have passed resolutions to move to 100% renewable energy. Two others are working on resolutions.
- Climate change is driving low carbon energy alternatives, like energy efficiency and renewable energy, which now effectively out-competes coal in many electricity markets.
- Customers are demanding clean energy. As of June, 2018, over 150 major companies, including Apple, GM, and Walmart, have committed to 100% renewable energy, adding pressure on utilities to provide renewable energy or risk losing customers.
- MGE’s Saratoga wind farm in Iowa will produce energy at prices competitive with its Columbia coal power plant.
- Solar panel costs dropped over 86% since 2010, and wind dropped 66% in the last 8 years, with both projected to continue to drop. Both will likely be cheaper than natural gas everywhere by 2030, even without subsidies, and will become increasingly viable as energy storage costs drop.
- The energy efficiencies of both wind turbines and solar panels continue to improve, allowing them to be economically viable in locations previously thought unsuitable.

MGE’s part ownership in the Columbia and Elm Road coal plants commits MGE to nearly 63% of their power capacity coming from coal, creating a financial risk for the Company. Despite the poor financial outlook for coal-based electricity, competitive renewable energy costs and many utilities significantly reducing coal use, MGE reports a 10% increased use of coal from about 910,000 tons in 2014 to over 1,000,000 tons in 2017, which adds to both financial risks and the risks of climate change.

Many utilities have reported major losses from their reliance on coal. Bloomberg New Energy Finance released a study showing that half of U.S. coal plants are not making enough money to be cost effective in a free market. The bottom line is that coal plants are becoming too expensive to run.

In 2018, the World Bank withdrew support from their last coal power project, and supports banks that likewise are divesting from coal. In 2017, due to concerns of reliance on fossil fuels, shareholders of Exxon Mobil and Occidental Petroleum passed resolutions asking their companies to report climate change’s impacts on their operations. MGE should likewise prepare for a clean energy future.