

November 1, 2010

Via Online Comments

The Honorable Mary L. Schapiro
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Subject: MGE Energy Comments on U.S. Proxy System - File No. S7-14-10

Dear Chairman Schapiro:

Our Company strongly supports the Commission's recent announcement that the SEC will be undertaking a comprehensive review of the current proxy system. A broad review of the proxy system is needed to promote greater efficiency and transparency in the proxy system and enhance the accuracy and integrity of the shareholder vote. MGE Energy, Inc., faces many of the same frustrations with the current proxy system as other similarly sized companies do. Below are a few points addressing our concerns of the current proxy system.

- **Excessive Cost.** Under SEC and NYSE rules, brokers, banks, and other financial intermediaries are responsible for handling proxy processing activities among their customers, including the delivery of proxy materials. Reimbursement rates for the "*reasonable expenses*" of proxy servicers are established by the NYSE, subject to approval by the SEC. Under the current system, companies seeking to encourage more voting participation by beneficial owners cannot do so without using a circuitous and expensive process that is controlled primarily by one service provider acting as an agent for brokers and banks, yet funded by the public companies themselves. We believe a system that would allow a competitive fee structure and allow real competition would result in better service to public companies and lower costs.
- **NOBO and OBO Classification.** The NOBO/OBO classification system prevents public companies from knowing the identity of many of their shareholders and engaging in any meaningful communications with them. Public companies should have access to contact information for all of their beneficial owners and should be permitted to communicate with them directly. The NOBO and OBO classification for beneficial owners should be eliminated. Those beneficial owners wishing to remain anonymous should be permitted to register their shares in a nominee account with their broker, bank, or other third-party intermediary. Those who are currently classified as OBOs should have adequate notice of the elimination of their OBO status to permit them to decide whether to establish a nominee account. Communications with beneficial owners should only be for purposes involving the corporate or business affairs of a company.

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- **Competition among Proxy Service Providers.** The current functions of (a) beneficial owner data aggregation and (b) proxy communications distribution should be separated, providing a public company with the opportunity to select a proxy distribution provider of its own choosing. The proxy distributor should be responsible for transmitting the proxy statement and proxy forms to all shareholders, once the beneficial owner list is obtained from an entity serving as the data aggregator. The prices for proxy distribution and communications services should be established by open competition among service providers handling these functions, based on value to end users, and not through a fee schedule established by regulators.

We appreciate the opportunity to respond to these important issues and look forward to an improved proxy system.

Sincerely,

/s/ Kenneth G. Frassetto

Kenneth G. Frassetto

Director -

Treasury Management and Shareholder Services

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