

Kaukauna, WI
February 19, 2014

The regular meeting of Kaukauna Utilities Commission was called to order at 4:00 p.m. by President Lee Meyerhofer. Commission Members present were Bill Vanderloop, Gene Rosin, Tom McGinnis, Lee Meyerhofer, Cindy Fallona and John Moore. Also present were Jeff Feldt, Mike Kawula, Denise Vanderloop, Mike Pedersen, Don Krause, Kevin Obiala, Eric Miller, Randy Vercauteren and Amy Brick from KU, Attorney Kevin Davidson and Brian Roebke.

It was moved by Tom McGinnis, seconded by Gene Rosin to excuse Commissioner Tom Driessen's absence.

All members voted aye Motion Carried.

It was moved by John Moore, seconded by Bill Vanderloop to approve the minutes of the January 21, 2014 regular Commission meeting as written.

All members voted aye. Motion Carried.

Manager of Finance and Administration Mike Kawula discussed the American Transmission Company Investment Activities. He stated that KU has contributed \$68,960 to ATC in 2013 and these contributions were based on ATC's capital call which is designed to obtain funds for future ATC capital projects. If KU elected not to contribute additional funds, KU's percentage interest in ATC would be reduced. KU's percentage interest is currently 0.1724%. ATC has indicated that it will require up to \$75,000,000 in additional capital in 2014. Based on this figure, KU will be required to contribute up to \$129,300 in 2014 to maintain KU's current ownership interest of 0.1724%. In 2014, KU is anticipating approximately \$240,000 in earnings from the ATC investment. Approximately \$160,000 will be received in cash and \$80,000 will be reinvested in ATC. Commission President Lee Meyerhofer stated that because his employer is American Transmission Company, he wanted to reiterate that there would be no personal financial gain from the Commission authorizing KU to contribute sufficient funds to ATC to maintain KU's percentage interest in ATC.

It was moved by Tom McGinnis, seconded by John Moore to authorize the General Manager to contribute sufficient funds to ATC to maintain Kaukauna Utilities' Percentage interest in ATC (0.1724%).

Roll Call Vote:

Lee Meyerhofer	aye
Cindy Fallona	aye
Gene Rosin	aye
Bill Vanderloop	aye
Tom McGinnis	aye
John Moore	aye

General Manager Jeff Feldt discussed the First Amended and Restated Distribution-Transmission Interconnection Agreement. He stated that ATC did an internal review of all the interconnection agreements and determined that certain provisions that were common to all of the agreements had become outdated. When the original agreements were written, MISO (Midcontinent Independent System Operator) did not exist nor did the current compliance standards mandated by the North American Electric Reliability Corporation (NERC). ATC developed a standard interconnection agreement to modernize the language to current industry standards.

It was moved by Cindy Fallona, seconded by Gene Rosin to authorize the General Manager to execute the First Amended and Restated Distribution-Transmission Interconnection Agreement with the American Transmission Company, LLC on behalf of the City of Kaukauna acting by and through Kaukauna Utilities.

All members voted aye. Motion Carried.

Manager of Human Resources Denise Vanderloop discussed the need for up to five summer help positions to perform routine maintenance and other tasks similar to previous years. Two positions will be assigned to the Generation & Operations Department, two positions will be assigned to the Facilities Department and one position will be assigned to the IT Department.

It was moved by John Moore, seconded by Bill Vanderloop to authorize the Human Resources Manager to hire up to five summer help positions for 2014.

All members vote aye. Motion Carried

Manager of Electric Distribution Eric Miller discussed the Pole Attachment Licensing Agreement with Net-Lec (Nsight). He stated that Net-Lec has requested permission to attach to our overhead structures. Eric stated that City Attorney Kevin Davidson and Anita Gallucci of Boardman Law Firm have both reviewed the proposed agreement. He stated that all proposed contracts require a formal review and approval process on a case by case basis.

It was moved by John Moore, seconded by Tom McGinnis to authorize the General Manager to execute the pole attachment licensing agreement with Net-Lec, LLC.

All members voted aye. Motion Carried

General Manager Jeff Feldt reviewed the 2014 work plan. The work plan identifies 55 departmental goals to achieve in 2014 that are associated with the six key business objectives of the strategic business plan as well as planned capital investments.

It was moved by Tom McGinnis, seconded by Cindy Fallona to authorize the General Manager to approve the 2014 work plan as submitted.

All members voted aye. Motion Carried

The Commission chose not to adjourn to closed session pursuant to Wis. State Statute 19.85(f) for review of data Kaukauna Utilities is prohibited from making public under Wis. Stat. 196.37, including Kaukauna Utilities Write Off Journal details and Check Register.

It was moved by John Moore, seconded by Tom McGinnis to approve the accounts receivable write-offs.

Roll Call Vote:

Cindy Fallona	aye
John Moore	aye
Tom McGinnis	aye
Lee Meyerhofer	aye
Gene Rosin	aye
Bill Vanderloop	aye

Motion Carried

It was moved by John Moore, seconded by Bill Vanderloop, that check number 32 and checks numbered 55771 through 56065 in the amount of \$11,209,026.58 be approved for payment.

Roll Call Vote:

Bill Vanderloop	aye
Tom McGinnis	aye
Lee Meyerhofer	aye
John Moore	aye
Cindy Fallona	aye
Gene Rosin	aye

Motion Carried

The Commission reviewed the monthly reports.

Staff reports:

Manager of Electric Distribution Eric Miller informed the Commission that the implementation of the work order system is progressing. He stated that crews have been working on the design of the new safety trailer. Eric also stated that crews have been installing utility poles on Hwy GG in preparation for the rebuild project that will start in the spring. Eric stated that KU has a preliminary service agreement with Power Systems Engineers to complete a feasibility study for a possible interconnection site. He also informed the Commission that control work is being done at Ann Street Substation.

Manager of Generation and Operations Mike Pedersen informed the Commission that a joint agency meeting was held on January 29 regarding the relicensing of Kaukauna City Plant. He stated

that the agencies have sixty days to make comment. Mike reported that Elm Street Gas Turbine ran for 47.8 hours in January when historically it runs 6-10 hours per year. Mike stated that crews installed a new heating system on the Pratt Whitney unit. Crews had training on the mechanical system at Badger and a representative from Voith will be training them on the electrical and controls next week. Mike also stated that crews have installed fire extinguishers, eye wash stations and completed miscellaneous work at Badger Hydro.

Water Superintendent Kevin Obiala informed the Commission that forty-five customers are currently running a steady flow due to services freezing. He stated that due to the snow and cold, crews have been keeping the hydrants cleared. Kevin stated that to date, there have been twelve water main breaks compared to fourteen this time last year. Crews have been completing water meter change outs, testing water meters, keeping current with cross connection surveys and completing routine maintenance at the plants.

Manager of Information Technology Don Krause stated that due to our printer/copier lease coming up for renewal, he has been evaluating our printing needs. Don also informed the Commission that he has been working on major upgrades with the Police and Fire Departments at the City. He stated that the communication link between Kaukauna Utilities and the City has been installed.

Manager of Finance & Administration Mike Kawula reported that the audit work papers are still being completed. He stated that the auditors are scheduled to be at the Utility the last week of March. Mike also stated that staff has been updating timecards. Mike also informed the Commission that staff has been working with Warehouse staff and the line crew making changes to inventory procedures such as moving items from major to minor to make the process of checking items out of inventory easier.

Manager of Human Resources Denise Vanderloop informed the Commission that the employees have all received their insurance cards. Denise stated that she is in the process of updating employee job descriptions. Denise also stated that she held a kick off meeting with the employee committee regarding the employee handbook. The committee will look at possible options regarding the good attendance program, sick leave and any other concerns that get brought up.

Manager of Finance and Administration Mike Kawula gave the Commission an update on the 2012 Electric Rate Case Supplemental Order – PCAC Reset. He stated that upon completion of the Badger Plant in January 2014, the PCAC was reset to \$0.0680 per kWh from \$0.0702 per kWh.

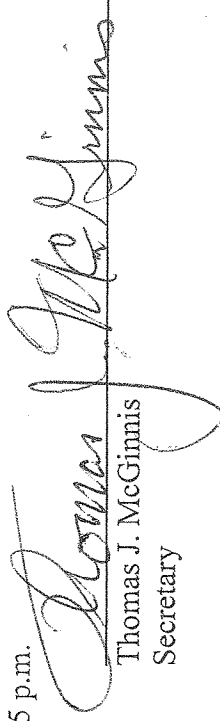
Manager of Generation & Operations Mike Pedersen informed the Commission that the Combined Locks Unit #1 Generator went back online effective January 13.

General Manager Jeff Feldt discussed the Kimberly Hydro Operating and Financial Report. Jeff informed the Commission that the Utility was awarded the APPA Reliable Public Power Provider (RP3) Diamond Designation for 2014-2017. He presented the Commission with the January update to the WPPI Policy and Communications Leadership Council (PCLC). Jeff informed the Commission that the Utility will be going for bids regarding Hydro Park mid-March. He also stated that the Utility is working with the WDNR, Army Corp of Engineers and Fox Locks Authority to relocate the boat launch to the west side of the river. Doing so would save the Utility roughly \$500,000. Jeff also asked the Commission about rescheduling the March Commission meeting. Amy will send an e-mail to confirm the date.

It was moved by Tom McGinnis, seconded by John Moore to adjourn.

All members voted aye. Motion Carried

The meeting ended at 5:15 p.m.



Thomas J. McGinnis
Secretary