

Kaukauna, WI
April 20, 2016

The regular meeting of Kaukauna Utilities Commission was called to order at 4:00 p.m. by President Lee Meyerhofer. Commission Members present were Tom Driessen, Lee Meyerhofer, Gene Rosin, John Moore, Bill Vanderloop, Tom McGinnis, and Susan Hennes. Also present were Mike Kawula, Kevin Obiala, Jeff Feldt, Eric Miller, Mike Pedersen, Don Krause, Dave Pahl, Randy Vercauteren, Sean Latimer, Tim Taplin and Amy Brick from KU, Attorney Kevin Davidson, Brian Roebke, Diana Driessen and Karen Brooks.

It was moved by Bill Vanderloop, seconded by Tom Driessen to approve the minutes of the March 16, 2016 regular Commission meeting as written.

All members voted aye. Motion Carried.

There was no public comment.

Utility Commission President Lee Meyerhofer presented System Operator Sean Latimer with a certificate stating he is a NERC Certified System Operator.

Manager of Information Technology Don Krause introduced Tim Taplin, the new Information Technology Specialist.

Manager of Finance & Administration Mike Kawula discussed replacement of the Stores Department Truck, a 2002 Ford F150 that was acquired from the Line Department. Mike informed the Commission that \$30,000 is included in the 2016 capital budget to replace Truck K-6. Mike stated that five bids were received with Dorsch Ford being the lowest evaluated bid at \$29,090.86 for a 2016 Ford F150.

It was moved by Tom McGinnis, seconded by John Moore to authorize the General Manager to purchase a 2016 Ford F150 truck from Dorsch Ford for the firm price of \$29,090.86.

Roll Call vote:

Gene Rosin	aye
Tom Driessen	aye
Susan Hennes	aye
John Moore	aye
Bill Vanderloop	aye
Tom McGinnis	aye
Lee Meyerhofer	aye

General Manager Jeff Feldt discussed the Elm Street Gas Turbine Project and Financing. Jeff informed the Commission the agreement between KU and WPPI for the purchase of the output of the Elm Street Gas Turbine expires at the end of 2016. The exhaust stack is in need of replacement and the turbine needs a major overhaul to continue operating past 2016. The interior of the exhaust stack is rusted and each time the turbine runs, metal from the interior of the stack peels off, resulting in a thinning shell and also the interior bracing is falling down. Jeff stated maintenance staff has welded the bracing back in place in the past, but due to the thinning metal shell, it cannot be welded anymore. Staff is in the process of obtaining WDNR permitting of the stack as well as writing the specification for stack replacement. The cost to replace the exhaust stack is estimated at \$600,000. Jeff stated the power production output of the gas turbine has been slowly decreasing. In 2015, maintenance staff cleaned the turbine and completed a boroscope inspection to determine the cause for the reduction of power output and the overall mechanical shape of the unit. The boroscope revealed damage to the first and second stage blades and some cracking in the outer casing of the turbine. Also the #9 hook section had major cracking. Jeff informed the Commission the blade damage and cracking is critical as anytime the unit runs, a blade could break off or a piece of casing let loose, causing a catastrophic failure of the turbine. Staff is in the process of writing the specification for a major overhaul of the unit. Cost to complete a major overhaul of the unit is estimated to be \$750,000 to \$1,200,000. With regard to the output agreement, initial discussion with WPPI in early 2015 resulted in WPPI agreeing to a five-year extension of the output agreement with the requirement that the exhaust stack be replaced. Due to the boroscope analysis confirming blade damage and cracking, staff proposed a ten-year extension of the output agreement due to the substantial investment KU would have to make to complete the work. With respect to financing, KU proposed an up-front payment from WPPI in exchange for reduced monthly capacity payments to offset the initial investment of the project.

It was moved by John Moore, seconded by Tom Driessen to authorize the General Manager to finalize an Output Agreement with WPPI Energy for the Elm Street Gas Turbine to include an up-front payment from WPPI Energy of \$1,500,000 in exchange for reduced monthly capacity payments to Kaukauna Utilities over the ten-year term of the Agreement, and; authorize the Exhaust Stack Replacement and Turbine Overhaul Projects at a budgeted cost of up to \$1,800,000.

Roll Call vote:

Susan Hennes	aye
John Moore	aye
Tom McGinnis	aye
Tom Driessen	aye
Lee Meyerthofer	aye
Gene Rosin	aye
Bill Vanderloop	aye

General Manager Jeff Feldt presented the 2015 Customer Interaction Tracking Study Year-End Report.

The Commission reviewed the monthly reports.

Staff reports:

Water Superintendent Kevin Obiala informed the Commission staff completed the necessary lawn restoration and concrete replacement due to water main breaks over the winter. Crews have been testing meters, working distribution valves, changing water meters and helping the maintenance department. Crews will begin spring hydrant flushing next week. Kevin also informed the Commission he received the Strontium water sample results that were collected throughout the City and the samples were all under the advisory limit of 25mg/l.

Manager of Engineering & Electric Distribution Eric Miller informed the Commission crews finished upgrading the line on Hwy OO towards the Outagamie County Landfill and crews have also been working near 1000 Islands installing new poles on the embankment. Crews will be working on McKinley and Grand Avenue in the Village of Little Chute and also stringing line on Greiner Road. Eric informed the Commission the Engineering Department has been helping review CAD drawings for the Hydro Plants and Substations. Eric also stated the AMI metering project is moving forward.

Manager of Finance & Administration Mike Kawula informed the Commission the 2015 PSC report has been filed and the final audit will be presented to the Commission at the May Commission meeting. Mike stated the requested information regarding the CREB bonds has been submitted to the IRS. Mike also informed the Commission the winter moratorium has ended for residential customers with disconnects being scheduled for April 27 depending on weather conditions.

Manager of Generation & Operations Mike Pedersen updated the Commission on department activities. Mike has been reviewing the Environmental Assessment for the Kaukauna City Plant Relicensing Project. Crews replaced all the piping at the Kimberly Hydro Plant. The temporary employee started Monday updating CAD drawings. The Army Corp of Engineers opened a tainter gate on the Kaukauna Dam to allow for walleye spawning. The gate will remain open until the water temperature reaches 55°. Mike and three System Operators recently attended the American Power Dispatchers Association (APDA) Spring Conference.

Manager of Information Technology Don Krause informed the Commission he has been working at the City preparing for the implementation of their new website. Don also stated he is working with the accounting staff regarding the replacement of their telephones.

General Manager Jeff Feldt reported for Human Resources Manager Denise Vanderloop in her absence. Jeff informed the Commission the 2016 summer employees have been hired and will begin May 23.

General Manager Jeff Feldt updated the Commission on the 2016 Work Plan for the 1st Quarter. Jeff stated the parts needed for the solar project are in the process of being ordered and KU staff will be doing the installation. Jeff stated Voith Hydro has provided KU with an old hydro unit that will be displayed at 1000 Islands.

General Manager Jeff Feldt updated the Commission regarding the electric rate case. Jeff stated overall, rates will go up 1.84% effective May 1 with the following breakdown:

Residential 3.3% increase
 Customer Charge \$7.00 to \$12.25 (75% increase)
 KWH .30/kwh decrease
 General Services 2.8%
 CP2 2.2%
 CP3 0.77%
 Lighting 1.28%

General Manager Jeff Feldt informed the Commission that KU received the 1st place 2015 APPA Safety Award. Jeff also reminded the Commission the WPI Regional Power Dinner is May 12 in Green Bay, the MEUW Annual Conference is June 1-3 in Elkhart Lake and the APPA Annual Conference is June 11-15 in Phoenix.

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, Check Register details and Customer Usage and Billing.

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

Roll Call Vote:

Lee Meyerhofer	aye
Tom Driessen	aye
Susan Hennes	aye
Gene Rosin	aye
Bill Vanderloop	aye
Tom McGinnis	aye
John Moore	aye

Motion Carried

It was moved by Bill Vanderloop, seconded by John Moore that check number 62 and checks numbered 62117 through 62415 in the amount of \$4,554,690.65 be approved for payment.

Roll Call Vote:

John Moore	aye
Gene Rosin	aye
Bill Vanderloop	aye
Tom Driessen	aye
Susan Hennes	aye
Lee Meyerhofer	aye
Tom McGinnis	aye

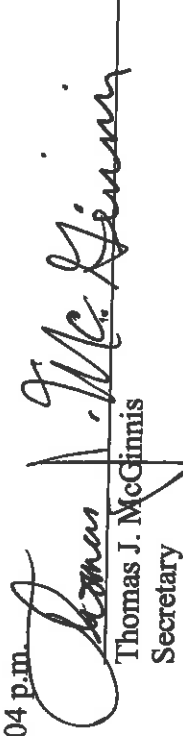
Motion Carried

It was moved by John Moore, seconded by Gene Rosin to adjourn.

All members voted aye.

Motion Carried

The meeting ended at 5:04 p.m.


 Thomas J. McGinnis
 Secretary