

Kaukauna WI
February 22, 2012

The regular meeting of Kaukauna Utilities Commission was called to order at 4:00 p.m. by President Lee Meyerhofer. Commission members present were Gene Rosin, Bill Vanderloop, Tom Driessen, Lee Meyerhofer, Tom McGinnis, and John Moore. Also present were City Attorney Paul Van Berkel, Jeff Feldt, Denise Vanderloop, Kevin Obiala, Mike Kawula, and Mike Pedersen from KU. Brian Roebke from the Times Villager, Brent Radlinger, Logan Dorow and Kyle Schuh from Kaukauna High School, Diana Driessen and Jeff Dietz were also present.

It was moved by Tom McGinnis, seconded by Gene Rosin to excuse the absence of Commissioner Cindy Fallona.

All members voted aye

Motion Carried

It was moved by Gene Rosin, seconded by Tom Driessen to approve the minutes of the January 18, 2012 regular Commission meeting as written.

All members voted aye

Motion Carried

There was no public comment.

Commissioner Cindy Fallona arrived at 4:05 p.m.

Three students, Brent Radlinger, Logan Dorow and Kyle Schuh, from the KHS Civic Engagement class taught by Tim Roehrig gave an update to the Commission concerning the work the class has been doing at the Rapide Croche Park. This year the class finished the observation deck and filled the area with pea gravel, built a railing on the deck, built steps from the parking lot to the deck, put up signs for safety and signs to identify animals. The woodworking class is building the dedication bench; and the whole class has helped with general clean-up on the weekends. The students thanked Kaukauna Utilities for helping with the steps and observation deck. A question arose concerning DNR restrictions on improvements. Students will map the trails, determine the distance and give the information to KU.

General Manager Jeff Feldt advised the Commission the Elm Street Gas Turbine has been in service since 1969. KU and WPPI have an Agreement Related to Purchase of Member Generation Output. Capacity payments have decreased due to the capacity market conditions. Last year Jeff began discussions to extend the contract past 2014. This gas turbine is the only WPPI member owned peaking unit in Wisconsin. Earlier this year Jeff approached WPPI about purchasing the unit outright. In response, WPPI proposed a one-time upfront payment based on the net present value of capacity payments through December 2016. Extending the agreement will allow KU to fully evaluate the costs and benefits of repair or replacement of the turbine stack which show signs of deterioration.

It was moved by John Moore, seconded by Gene Rosin to authorize the General Manager to execute Amendment No. 2 to the Restated Agreement Related to Purchase of Member Generation Output with WPPI Energy in conjunction with the Elm Street Gas Turbine resulting in a one-time payment to Kaukauna Utilities in the amount of \$2,303,027 which is the equivalent of the net present value of capacity payments from March 2014 through December 2016.

Roll Call Vote:	Gene Rosin	aye
	Cindy Fallona	aye
	Lee Meyerhofer	aye
	Tom McGinnis	aye
	Tom Driessen	aye
	Bill Vanderloop	aye
	John Moore	aye

Motion Carried

Manager of Electric Distribution Eric Miller reviewed the bids for the new power transformer for the Badger Hydro Project. Bids were evaluated based on base bid cost, load and no-load losses and lead times.

It was moved by Tom McGinnis, seconded by John Moore to authorize the General Manager to award the bid for the new Badger Hydro transformer to the low evaluated bid of Carte International, Inc., in the amount of \$137,620.

Roll Call Vote	Cindy Fallona	aye
	Tom Driessen	aye
	Gene Rosin	aye
	Bill Vanderloop	aye
	John Moore	aye
	Tom McGinnis	aye
	Lee Meyerhofer	aye

Motion Carried

Manager of Generation and Operations Mike Pedersen explained to the Commission KU has an opportunity to sell some of the New Badger hydro equipment. Kiser Hydro will remove, store and market for sale the generators and turbines removed from New Badger. KU will pay \$125,000 to Kiser for equipment removal, transportation and storage plus \$100,000 to Boldt for crane services and equipment salvage value. The units will be stored at Kiser's Norway Michigan facility for up to 3 years. When they are sold KU will receive the initial investment of \$125,000 and 50% of the proceeds from the sale. The commission requested language be added to the contract to prevent Kiser from waiting the 3 years and then selling the equipment without any obligation to KU. If not sold in 3 years the units may only be salvaged.

It was moved by Gene Rosin, seconded by Tom Driessen to table this item to be revisited in March.

All members voted aye

Motion Carried

Eric Miller advised the Commission the American Transmission Company (ATC) has approached KU about formalizing a lease agreement for use of two strands of fiber optic line that connects Central Substation to Kaukauna North Substation. ATC has been using the strands for several years. The contract would extend for ten years allowing a 3% annual increase and an initial fee of \$8,000 per year.

It was moved by John Moore, seconded by Gene Rosin to authorize the General Manager to execute the fiber optic lease agreement between Kaukauna Utilities and American Transmission Company

Roll Call Vote:	Lee Meyerhofer	aye
	Gene Rosin	aye
	Bill Vanderloop	aye
	John Moore	aye
	Cindy Fallona	aye
	Tom McGinnis	aye
	Tom Driessen	aye

Motion Carried

Manager of Human Resources Denise Vanderloop reviewed the Dangerous Weapons Policy for the KU employee handbook. The policy states KU employees shall not be allowed to carry or have in their possession a dangerous weapon during work hours unless such weapon is stored in their personal vehicle in a safe, secure and legal method and the employee has a valid concealed carry permit issued by the State.

It was moved by Tom McGinnis, seconded by Bill Vanderloop to approve the Dangerous Weapons Policy with the amendment to remove language pertaining to peace officers.

All members voted aye	Motion Carried
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Denise Vanderloop advised the Commission the number of students to be hired for summer help positions requires commission approval each year. This year staff has requested up to four positions to perform routine maintenance and other tasks similar to previous years.

It was moved by Gene Rosin, seconded by Bill Vanderloop to authorize staff to hire up to four summer help positions for 2012.

All members voted aye	Motion Carried
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It was moved by John Moore, seconded by Bill Vanderloop to approve the accounts receivable write offs.

Roll call Vote:	Gene Rosin	aye
	Lee Meyerhofer	aye
	John Moore	aye
	Tom McGinnis	aye
	Cindy Fallona	aye
	Bill Vanderloop	aye
	Tom Driessen	aye

Motion Carried

It was moved by Tom McGinnis, seconded by John Moore that checks numbered 49429 through 49634 in the amount of \$5,160,723.64 be approved for payment.

Roll Call Vote:	John Moore	aye
	Bill Vanderloop	aye
	Gene Rosin	aye
	Tom McGinnis	aye
	Cindy Fallona	aye
	Tom Driessen	aye
	Lee Meyerhofer	aye

Motion Carried

The Commission reviewed the monthly reports.

Staff reports:

Eric Miller updated the Commission about distribution line relocation projects on Hwy CE and 55 as well as Hwy 96 and the New Badger Hydro project. There is a limited window to accommodate road construction crews. Hwy 96 will be narrowed with the new construction so poles will be moved in.

Mike Pedersen told the Commission all units are running this month and the water level is down but steady the last couple of weeks. The crew relocated the power feed at Kimberly Hydro and purchased a web camera from Black River Falls to view construction activities at the Badger Hydro Project on the internet. The Island Street Peaking plant was called to run one time in January which is well below average.

Water Superintendent Kevin Obiala indicated there were six water main breaks this past month. The water crew is working on commercial and residential cross connection surveys, and plumbing in the plants. Kevin is working with the DNR on a new reporting system for monthly reports and is on a PSC committee to review and update rules.

Manager of Finance and Administration Mike Kawula advised commissioners the billing staff is working with the Village of Little Chute on their sanitation bills. The PSC report is due the end of March. The auditors will be here on March 19th. Mike will meet with WPPI staff on Friday to go over the electric rates. The electric rate case will be on the March agenda.

Manager of Human Resources Denise Vanderloop explained she is working on a new employment application and has implemented a tracking form for seminars and training.

Jeff Feldt gave the Commission an update on the Badger Hydro Project. Bonds were sold on February 1 at extremely good rates. The CA was received from the PSC on February 17. The contract and all documents with Boldt were signed last Friday. They will begin construction May 1. The web camera will be mounted on Old Badger and be positioned based on activity locations. The PCAC cost recovery on the overbilling issue started last week for all customers up to the CP2 rate class. CP2 and above will start March 1st. The Commission commended the KU Staff for coming to a good solution in handling an unfortunate situation.

The WPPI shared savings program is a way to loan money to customers for energy efficiency projects. This will take the place of the in-house loan program KU administered until last fall.

New PSC Commissioner Nowak will be here to see the Badger Hydro plants on the day of the 100th Anniversary. The event will be from 1-6 pm on April 12th with the commission meeting beginning at 6:30 pm. Park Community Charter School will participate with student displays to show what they've learned through our partnership.

It was moved by Bill Vanderloop, seconded by John Moore to adjourn.

All members voted aye

Motion Carried

The meeting ended at 5:30 p.m.

Thomas J. McGinnis
Secretary