

Kaukauna WI
March 28, 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, Mike Kawula, Don Krause, Mike Pedersen, Jason Wegand, Randy Vercauteren and Mike Bergner from KU. Dennis Meyer from Thilmany, David Wardecke and Mike Rask from Appleton Coated, Brian Roebke from the Times Villager, Tammy Freeman, Peggy Jesion and Tim Ament from WPPI Energy, Diana Driessen and Karen Brooks were also present.

It was moved by John Moore, seconded by Tom McGinnis to approve the minutes of the February 22, 2012 regular Commission meeting as written.

All members voted aye

Motion Carried

Dennis Meyer made a public comment that Thilmany had previously met with KU and WPPI representatives to discuss the electric rate case. He asked the commission to consider the significant impact a rate increase would have on Thilmany. Thilmany has been in this community 150 years and hopes to sustain their presence here for years to come.

General Manager Jeff Feldt introduced Tammy Freeman and Tim Ament from WPPI Energy. Tammy explained the electric rate application process. This application will consist of two steps and is being filed to recover costs associated with the Badger Hydro Project. Step one will cover only the 2012 costs or approximately \$25 million. Step 2 will add the full cost of the project or an additional \$12.9 million. The proposed rate design for the Industrial Class will include a demand Cost Adjustment (DCA) which would track purchased power costs more accurately. The last electric rate adjustment was in February 2011.

It was moved by Gene Rosin, seconded by Tom McGinnis to authorize finalization and submittal of the 2012 Electric Rate Study to the Public Service Commission.

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 Finance & Administration Mike Kawula advised the commissioners that staff have been working with Hutchinson, Shockey, Erley & Co to identify opportunities to refinance outstanding water bonds. Refinancing in today's market will result in gross savings of \$257,986.

It was moved by Tom McGinnis, seconded by Cindy Fallona to authorize Kaukauna Utilities to proceed with issuance of the 2012 Water Revenue Bonds (\$1,300,000). Proceeds from the sale of the bonds are to be used to advance refund the outstanding 1997 and 2004 Water Revenue Bonds.

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

Mike Kawula updated the Commission on the American Transmission Company (ATC) investment activities for 2011. Each year ATC's capital call is designed to obtain funds for future ATC capital projects. These capital calls allow KU to maintain their percentage interest of 0.1724%. The return of this investment is enough to fund the capital calls for the next year.

It was moved by Gene Rosin, seconded by Bill Vanderloop to authorize Kaukauna Utilities to contribute sufficient funds to ATC to maintain Kaukauna Utilities' Percentage interest in ATC (0.1724%).

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 Human Resources Denise Vanderloop reviewed the new Random Non-DOT Drug & Alcohol Testing Policy. The proposed policy applies to all employees, and will run parallel with the DOT testing. "Safety Sensitive employees" - those who operate commercial motor vehicles subject to DOT policy, and "non-Safety Sensitive employees" - those employees not covered by the DOT regulations, but subject to the Utility's drug and alcohol policies, will be treated equally.

It was moved by Tom McGinnis, seconded by Cindy Fallona to authorize approval for the Alcohol Substance Abuse Policy.

All members voted aye

Motion Carried

Manager of Human Resources Denise Vanderloop explained to the Commission the need to hire an additional summer employee to be assigned between the office and the warehouse.

It was moved by Bill Vanderloop, seconded by Bill Moore to authorize approval to hire an additional summer help position for 2012.

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

General Manager Jeff Feldt outlined the scope for the salvage of the hydro unit from New Badger. Kiser Hydro would remove and transport the equipment to their offices in Norway, Michigan. They would work to sell it for 3 years, after which time it would become theirs to sell or dispose of. The chances of selling it are about 50/50. Boldt will charge \$100,000 for the crane and loading of the equipment and Kiser will charge \$125,000 to remove, transport, and store it. If Kiser sells the equipment within 3 years, we would recover the initial investment of \$125,000, and the remaining proceeds would be divided between KU and Kiser. Scrap estimate is about \$50,000. The equipment can be refurbished, and it would be better if it were used again rather than just scrapped. According to Mark Pedersen, Kiser believes there is a market for the used equipment. The Commission recommended extending the contract to five years, before finalizing the deal.

It was moved by Gene Rosin, seconded by Tom Driessen to agree to the New Badger Hydro Equipment Sale/Scrap Contract with Kiser Hydro if the sale period is extended to five (5) years.

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

It was moved by Tom McGinnis, 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 John Moore, seconded by Cindy Fallona that checks numbered 49635 through 49956 in the amount of \$13,409,531.08 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 & 55, Hwy 96, and HWY 00 from Buchanan to Tobacnoir St. Miller continues to work with the other utilities, phone and cable, to move their services along with the electric service.

A motion was made by Bill Vanderloop and seconded by Cindy Fallona to allow a question from Brian Roebke of the Times Villager.

All members voted aye. Motion Carried.

Brian asked about the large pole on the corner of Hwy 55 & CE. Eric said the pole will be relocated pending coordination with ATC. Intent is to make everything underground at that intersection, similar to Crooks Avenue from Henry Street to CE.

Mike Pedersen told the Commission that while changing out equipment at the Kimberly Hydro facility, crew found that Unit #1 had an oil leak. Crew pulled switch gears out of the NewPage substation and the transformer. It will be possible to re-use this equipment at the new Ann Street substation, saving KU approximately \$1,000,000. This new Ann Street substation

will be fully enclosed to ensure that it is aesthetically pleasing in the neighborhood and is quieter.

Jeff Feldt reported for the Water Department. The water crew is working on basic maintenance and cross connection surveys.

Manager of Information & Technology Don Krause has been busy moving fiber for all the big electrical projects. Don reported that the kiosks are back on line here at KU, Kaukauna High School, Little Chute High School, and at The Thousand Islands. This will allow students and visitors to see weather and actual production of hydro by units, as well as energy produced by the wind turbines, and solar panels. In the event we would need to abandon this building due to a tornado or other emergency, the back-up operations center has been tested and is ready to operate remotely if necessary.

Mike Kawula reported that the audit field work was completed last week, so the audit report will be presented at the May Commission Meeting. The PSC report has been filed. The billing winter moratorium ends April 15th.

Denise Vanderloop indicated that two (2) employees have resigned in the last 2 weeks. We are now looking to fill 3 positions: Customer Service, Maintenance, and Administrative/Marketing Assistant.

Jeff Feldt gave progress report on the Badger Hydro project. KU is on track for draw down of the canal on April 30th, followed by the fish and mussel rescue. Boldt will then begin installation of coffer dams and demolition. The Main Street Bridge will be removed approximately July 1st, but may delay until after the Firecracker 500 Race on July 4th. The webcam will be installed by April 12th. Don Krause is looking for a good spot to mount the camera.

KU achieved a diamond designation or 100% for the APPA Reliable Public Power Provider (RP3) application. Eric Miller will accept the award for us at the Engineering & Operations Conference in April.

Jeff Feldt invited the commissioners to attend a WPPI Regional Power Dinner Meeting scheduled for May 10th at the Rock Garden in Green Bay.

The 100th Anniversary Celebration plans are on schedule. A few Wisconsin elected officials will attend the open house, facility tours will begin at 1:00 p.m., Boldt Construction and the Corps of Engineers will have representatives present to explain how the Badger Hydro project will affect the canal and water levels in the river. All Commission Members are invited to join the Celebration. A short 100th Year Commemorative Commission meeting will be held at 6:00 p.m. that evening, followed by cake and ice cream.

It was moved by Tom McGinnis, seconded by Gene Rosin to adjourn.

All members voted aye

Motion Carried

The meeting ended at 5:22 p.m.

Thomas J. McGinnis
Secretary

Minutes taken by Alice Rasmussen