

Kaukauna WI  
October 21, 2009

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, Lee Meyerhofer, John Moore, Tom McGinnis and Cindy Fallona. Also present were Paul Van Berkel, City Attorney, Jeff Feldt, Mike Pedersen, Mike Kawula, Don Krause, Denise Vanderloop, Kevin Obiala, and Eric Miller from KU. Brian Roebke from the Times Villager and Tom Flick, Director of the Little Chute Parks, Recreation and Forestry were also present.

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

All members voted aye

Motion Carried

It was moved by Gene Rosin, seconded by John Moore to approve the minutes of the October 13, 2009 Special Commission meeting as written.

All members voted aye

Motion Carried

There was no public comment.

Tom Flick, Director of the Little Chute Parks, Recreation and Forestry addressed the Commission concerning bow hunting of deer on KU owned property adjacent to Heesakker Park. The Village of Little Chute approved limited bow hunting of deer in Heesakker Park from the end of November until December 19<sup>th</sup>. Additional permits will be issued if the controlled hunt extends to Electric Island owned by Kaukauna Utilities. Prospective hunters will be required to take a proficiency test at a local archery range, be subject to a background check and then enter into a lottery system managed by the police Department.

It was moved by Tom McGinnis, seconded by Bill Vanderloop to approve the Village of Little Chute to conduct a managed deer bow hunt on the Kaukauna Utilities property known as Electric Island located in the Village of Little Chute for a period of one year from November 1, 2009 to November 1, 2010.

All members voted aye

Motion Carried

Mike Kawula, Manager of Finance discussed the proposed 2010 budget with the Commission. The format is the same as previous years. KU follows Federal Energy Regulatory Commission (FERC) accounting rules that correlates to reporting requirements of the Public Service Commission (PSC). One item worth noting is that total revenues from KU's largest customers have decreased so there is a smaller percentage of revenue from the two largest customers when compared to total revenues. WPPI power costs will increase between 6-8% in 2010. Over 80% of the total operating budget is for purchased power costs. One highlight is the value of the hydro plants. Without the hydros, rate payers would need to pay approximately \$6 million more in purchased power costs than they do currently. KU is still among the lowest in the state.

The new Ann Street Substation is postponed until 2011. The Tobacnoir Sub will go ahead in 2010. Engineering and planning of the Badger Hydro project will take place in 2010. The required canal repair will be completed in 2011. The costs of not doing these capital projects are reduced reliability. IT and GIS will proceed with new equipment for a phone system upgrade. The outage management software is postponed and the costs will be divided between budgets for 2011 and 2012. As noted, PSC authority is required for any project over \$1.65 million.

The 2010 water budget shows a decrease in overall residential sales forecast based on 2009 usage. The 2010 water budget has been adjusted to cover the increased costs due to water main breaks.

The 2010 Operating Budget for Electric and Water will be presented for approval at the November Commission meeting.

Jeff Feldt, General Manager advised the commission the John Street Hydro Purchase Power Agreement with WPPI Energy (WPPI) needs to be amended. Originally the agreement stated WPPI would purchase the entire net output from the plant. KU provides service to the Army Corps of Engineers for the John Street dam and the Fox River Navigational Authority for the Appleton fourth lock from the output of the plant. The Amended and Restated PPA will reflect that and clear up the access to the interconnection metering at the plant.

It was moved by John Moore, seconded by Gene Rosin to authorize the General Manager to execute an Amended and Restated Purchase Power Agreement with WPPI Energy for the sale of energy output from the John Street Hydro plant.

All members voted aye

Motion Carried

Jeff Feldt advised the Commission that KU and WPPI have reached an agreement to purchase all the output from the Kimberly Hydro Facility for a 20 year period in conjunction with KU's pending transaction to purchase the Kimberly Hydro from NewPage Wisconsin System, Inc. KU will pay We Energies a wheeling charge to "wheel" the energy across their 34.5 kV distribution system to interconnect with the ATC transmission system.

It was moved by John Moore, seconded by Gene Rosin to authorize the General Manager to execute a Purchase Power Agreement and other applicable documents with WPPI Energy for the sale of all energy, capacity and associated renewable attributes from the Kimberly Hydro. The term of the agreement shall begin upon closing of the pending transaction between Kaukauna Utilities and NewPage Wisconsin System, Inc. for the purchase of the Kimberly Hydroelectric facility assets.

Roll Call Vote:

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

Motion Carried

Mike Kawula informed the commissioners during recent discussions regarding the Kimberly Hydro Facility, it was determined that KU would issue bonds to finance the purchase of the Kimberly Hydro Facility from NewPage. Staff is working with Hutchinson, Shockey, Erly & Co. (HSE) to issue the bonds and develop a debt schedule structured to equalize the annual debt payments to avoid significant debt payments in any one year.

It was moved by Gene Rosin, seconded by John Moore to authorize Kaukauna Utilities to proceed with issuance of the 2009 Electric Revenue Bonds (\$6,650,000). Proceeds from the sale of the bonds are to be used to finance the purchase of the Kimberly Hydro Facility and fund the required Bond Reserve Accounts.

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

Motion Carried

Manager of Generation and Operations, Mike Pedersen advised the Commission bids were received for the upgrade of the controls for the Elm Street Gas Turbine. When this project is completed, all operational functions will be removed from the ACS SCADA and installed on the Wonderware SCADA System. Innovative Control Systems, low bidder, has experience in converting over 50 G.E. Frame 5-turbine control systems to new control systems.

It was moved by Tom McGinnis, seconded by Bill Vanderloop to issue a purchase order to Innovative Control Services for the firm price of \$156,500 for the Elm Street Gas Turbine Controls Upgrade project.

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

Motion Carried

It was moved by John Moore seconded by Gene Rosin to approve the accounts receivable write offs.

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

Motion Carried

It was moved by Bill Vanderloop, seconded by Gene Rosin, that checks numbered 41879 through 42117 in the amount of \$5,201,663.17 be approved for payment.

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

Motion Carried

The commission reviewed the monthly reports.

Manager of Electric Distribution Eric Miller advised the Commission the overhead rebuild on Buchanan in Little Chute is going well.

Manager of Generation and Ops, Mike Pedersen reported the annual fall outage at the Island Street gas turbine is this week. The tainter gate at KCP has been pulled and Mead & Hunt will inspect next week. The controls upgrades at RCP and Delanglade are complete and Mike is working with the DNR on the Badger license issues.

Water Superintendent, Kevin Obiala reported that fall hydrant flushing is complete. During flushing the crew checked for broken and leaking hydrants. Residential cross connection surveys and clear water inspections for the City are going well.

Manager of Information and Technology, Don Krause advised he is working on the new phone system. The new email server is installed; and anti virus and anti spam are both working.

Manager of Finance and Administration, Mike Kawula indicated there are currently four households disconnected.

Manager of Human Resources, Denise Vanderloop is working with employees and retirees on their health insurance open enrollment. Employee handbooks have been given to all active employees and commissioners. As we add new policies, each handbook will be updated.

Jeff Feldt gave the Commission the 2009 Work Plan third quarter update.

It was moved by John Moore, seconded by Gene Rosin to adjourn. The meeting ended at 6:00 p.m.

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Thomas J. McGinnis  
Secretary