

Kaukauna WI
February 17, 2010

The regular meeting of the Kaukauna Utilities Commission was called to order at 4:00 p.m. by Secretary, Tom McGinnis. Commission members present were Gene Rosin, Tom Driessen, 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, Jeff McGlin from NewPage - Kimberly and Diana Driessen were also present.

It was moved by Gene Rosin seconded by Tom Driessen to excuse the absence of Commissioners Bill Vanderloop and Lee Meyerhofer.

All members voted aye Motion Carried

It was moved by Cindy Fallona, seconded by John Moore to approve the minutes of the January 25, 2010 regular Commission meeting as revised.

All members voted aye Motion Carried

There was no public comment.

General Manager Jeff Feldt presented the Commission with the 2010 Work Plan which consists of 50 objectives for review and approval. Highlights of the plan include the 5% Energy Challenge. KU will reduce consumption in their buildings and customers are challenged to do the same. KU will work with KHS to install a small scale 100 KW wind turbine demonstration project at the High School. In Finance the automated purchase order system interface with Caselle will be completed in house and the Paymentus customer payment system / promotion of automatic payment options will be completed as early as the second quarter. IT will work to establish fiber connections to the new Tobacnoir Sub and Kimberly Hydro Plant. GIS has been employed to track and identify street lights for inventory and billing purposes. Jeff also pointed out there is a 20-year long range capital improvement plan goal for the Generation, Distribution and Water Departments. Generation goals include a plan to optimize operating efficiencies at hydro plants. Distribution will be investing a lot into the 35 KV sub-transmission system to improve reliability. Water has an objective to increase leak detection efforts to achieve a 10% reduction in unaccounted for water loss. Water will also work with Jim Brown on a plan to optimize operation of KU wells to shift more load to off-peak hours.

It was moved by John Moore, seconded by Gene Rosin to approve the 2010 Work Plan as presented.

All members voted aye Motion Carried

Manager of Finance, Mike Kawula advised the Commission the ATC voluntary capital calls allow KU to maintain our 0.17% ownership interest in ATC. The investment returns more than offset the capital calls.

It was moved by Gene Rosin, seconded by John Moore to authorize Kaukauna Utilities to contribute sufficient funds to ATC to maintain Kaukauna Utilities' percentage interest of 0.17% in ATC.

Roll call Vote:	Gene Rosin	aye
	Tom McGinnis	aye
	Cindy Fallona	aye
	John Moore	aye
	Tom Driessen	aye

Motion Carried

City Attorney Paul Van Berkel and the KU Staff have been working with the attorneys for NewPage on the Asset Purchase Agreement (APA) for the acquisition of the Kimberly Hydroelectric Facility. KU will realize a credit of \$400,000 if all necessary approvals and financing are obtained within 90 days of the execution of the APA. Jeff Feldt updated the Commission on the status of said approvals. The Purchase Power Agreement (PPA) between WPPI Energy and KU was executed on 10/28/09. The PSC approved KU's application for the purchase on 1/20/10. Approval is pending on the joint application submitted on 1/29/10 by KU and NewPage to FERC for the transfer of License No 10674. KU informally initiated the financing process which will begin once the APA is approved with anticipated completion in early April, well within the required 90 days. Attorney Van Berkel provided a Resolution Authorizing Entering into an Asset Purchase Agreement with NewPage Wisconsin System Inc. for approval.

It was moved by Tom McGinnis, seconded by Gene Rosin to pass Resolution 2010-1 authorizing the President of the Commission and General Manager of the Utility to execute an Asset Purchase Agreement with NewPage Wisconsin System Inc. subject to the approval of the Common Council.

All members voted aye	Motion Carried
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Mike Kawula informed the Commission in October of 2009 Electric Revenue Bonds to finance the purchase of the NewPage Kimberly Hydro Facility were approved in the amount of \$6,650,000. The bonds were not issued at that time since the Asset Purchase Agreement was not finalized in 2009. Now that the Asset Purchase Agreement is nearing completion, KU will need to proceed with issuing the bonds to be in a position to close within the ninety days.

It was moved by Cindy Fallona, seconded by Gene Rosin to authorize Kaukauna Utilities to proceed with issuance of the 2010 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.

Roll Call Vote	John Moore	aye
	Tom Driessen	aye
	Tom McGinnis	aye
	Cindy Fallona	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
	John Moore	aye
	Tom Driessen	aye
	Tom McGinnis	aye
	Cindy Fallona	aye

Motion Carried

It was moved by John Moore, seconded by Cindy Fallona, that checks numbered 42883 through 43112 in the amount of \$5,024,067.00 be approved for payment.

Roll Call Vote:	Cindy Fallona	aye
	Gene Rosin	aye
	John Moore	aye
	Tom McGinnis	aye
	Tom Driessen	aye

Motion Carried

The commission reviewed the monthly reports.

Manager of Electric Distribution, Eric Miller provided an update to the Commission. The Meter Techs are changing fuse blocks on large customers' meters in response to arc flash requirements. This will allow KU to safely service and test these meters without shutting them off. KU is utilizing a new tree trimming contractor who provided a lower bid for the service than the previous contractor. The line crew has been working on Blackwell Street in preparation for the new Tobacnoir Substation and decommissioning of the Delanglade Sub Station. A meeting is set with Appleton Coated, the Combined Locks Energy Center and ATC to plan an alternate feed to the Combined Locks Sub.

Manager of Generation and Ops, Mike Pedersen informed the Commission he has been working closely with NewPage to ensure a smooth transition once the purchase of the hydro plant is finalized. The RCP controls upgrade allows System Operations to fine tune gate operations with the new Wonderware System increasing overall efficiency. KU continues to work with the DNR to come to agreement concerning the 401 Water Certification Permit for the Badger Hydro Project. FERC has issued a preliminary Environmental Analysis (EA) but the DNR has issues with several of the conditions. Conditions the DNR is proposing will cost KU customers an additional \$500,000 annually.

Water Superintendent, Kevin Obiala informed the Commission there were six water main breaks this month. One break was under the RR tracks near Hwy 55 and OO. There is a plan to replace certain areas of water main each year. Cross connection surveys and meter tests are continuing.

Manager of Information and Technology, Don Krause updated the Commission on the large power meter cell modems which are in 40+ locations. ALLTEL worked well but there are issues with Verizon. The fiber to Appleton Coated is completed. Don is the Committee Chair for the WPPI Energy Information and Technology Advisory Group (ITAG). Don is also working to set up communication with the new Kimberly Hydro Plant.

Manager of Finance and Administration, Mike Kawula stated that January is a busy month in accounting with year-end reports. The Audit is scheduled for March 26th. Mike is involved in the Smart Grid Meter Group which is connected to ITAG as they study future meter schematics and AMI.

Manager of Human Resources, Denise Vanderloop is working with Diane to schedule Billing Clerk interviews next week. Denise is currently evaluating summer positions. The Task Force Committee is looking at budget allocations and evaluating the program for community sponsorships.

Jeff Feldt gave an update on Roloff Manufacturing. Mike Kawula and Jeff met with Dave Roloff and his accountant to work out a payment schedule and how Roloff can use electricity more efficiently. Mike will continue to stay in touch with his accountant.

The Governor's office has selected KU and the City as an award winner for the 2010 EI Pilot Communities – 25x25 Plan Grant in the amount of \$45,000. A committee with members from the Utility, City and community will gather to analyze data, attend EI Pilot meetings and complete a 25x25 Plan Final Report.

Jeff Feldt also commended Attorney Paul Van Berkel for an exceptional job working with the attorneys from NewPage and reviewing all the documents on behalf of the Utility and Commission.

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

All members voted aye

Motion Carried

The meeting ended at 5:30 p.m.

Thomas J. McGinnis
Secretary