

Kaukauna WI  
October 18, 2006

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, Joe Verhagen, Tom McGinnis and Brian Paschen. Also present were Paul Van Berkel, City Attorney, Jeff Feldt, Bruce Gomm, Mike Kawula, Kevin Obiala, Don Krause, Ron Roberts, Eric Miller and Erin Naser from KU. Diane Baumgart from the Times Villager and Karen Brooks were also present.

It was moved by Gene Rosin, seconded by Joe Verhagen to approve the minutes of the September 20, 2006, Regular Commission meeting as written.

All members voted aye

Motion Carried

It was moved by Brian Paschen seconded by Gene Rosin to approve the minutes of the October 2, 2006 Special Commission meeting as written.

All members voted aye

Motion Carried

There was no public comment.

General Manager Jeff Feldt advised the commission about the construction of two new substations at Little Chute Hydro and Rapide Croche Hydro. The project is required to meet Spill Prevention Control and Countermeasures Plan (SPCC) and to insure system reliability. New transformers for each site were previously approved and are scheduled for delivery in December. The project is scheduled for completion in the spring of 2007. Three bids were received for construction services.

It was moved by Tom McGinnis, seconded by Joe Verhagen to approve a contract for the Little Chute Hydro and Rapide Croche Hydro Substation Projects be awarded to Town and Country Electric for the firm bid price of \$401,764.

Commissioner Brian Paschen questioned the wide range between the lowest qualified bid and the other bidders. Manager Feldt explained that the project was designed by Baisch Engineering and the bids were evaluated to ensure the proposals meet the project specifications. All bidders are required to use prevailing wage rates.

Roll call Vote:

Gene Rosin	aye
Lee Meyerhofer	aye
Tom McGinnis	aye
Brian Paschen	aye
Joe Verhagen	aye
Bill Vanderloop	aye
Tom Driessen	aye

Motion Carried

The October agenda was amended to add an action item for the Water System Geographic Inventory System (GIS) Field Inventory. Manager Feldt informed the commission that early this fall underground locating contractor, Triple E Utility Services of Little Chute, made a proposal to conduct the water system inventory. The inventory was originally to be completed by an outside contractor but it was decided to perform the work in-house due to cost. However, personnel changes in the Water Department resulted in two open positions and lack of staff to complete the work. The proposal from Triple E is approximately one third of the original estimated contractor cost.

It was moved by Gene Rosin, seconded by Tom Driessen to accept the proposal of Triple E Utility Services in an amount not-to-exceed \$31,000 to conduct a water system field inventory in conjunction with the Geographic Information System (GIS) project.

Roll call Vote:	Joe Verhagen	aye
	Bill Vanderloop	aye
	Tom Driessen	aye
	Gene Rosin	aye
	Lee Meyerhofer	aye
	Tom McGinnis	aye
	Brian Paschen	aye

Motion Carried

Mike Kawula, Manager of Finance advised the commission that during the 2006 budget process, it was determined that the electric unrestricted cash balance would not cover the 2006 electric capital budget. As a result plans were included to issue bonds to finance \$5,000,000 of the 2006 electric capital projects and avoid depletion of the electric unrestricted cash balance. Due to delays in construction projects, bonds do not have to be issued until now. The total bond offering would be \$5.765 million with \$200,000 going into reserve, \$1.5 million being spent in 2006 and the remaining bond proceeds spent in 2007.

It was moved by Brian Paschen, seconded by Gene Rosin to authorize Kaukauna Utilities to proceed with issuance of the 2006 Electric Revenue Bonds (\$5,765,000). Proceeds from the sale of the bonds are to be used to finance a portion of the 2006 and 2007 Electric Capital Budgets.

Roll call Vote:	Tom Driessen	aye
	Gene Rosin	aye
	Joe Verhagen	aye
	Bill Vanderloop	aye
	Lee Meyerhofer	aye
	Tom McGinnis	aye
	Brian Paschen	aye

Motion Carried

Manager of Finance, Mike Kawula, summarized the 2007 Operating Budget. Mr. Kawula called attention to two graphs showing operating revenues and expenses. Total operating revenues increased 3.2% in 2006 due to the January 2005 Electric Rate Study and increased sales to customers. Budget Total Operating Revenues for 2007 will be an increase of 13.8%. Total Operating Expenses for 2006 decreased from 2005 due to favorable purchased power costs and decreased maintenance costs in 2006. Budgeted total operating expenses for 2007 are projected to increase 19.5% due to anticipated higher purchased power costs, increased distribution operating and maintenance expenses, enhancements to the Energy Conservation Program and projected increases in depreciation expenses and taxes due to the increase in capital additions.

General Manager, Jeff Feldt, summarized the 2007 Capital Budget. The 2007 Capital budget includes vehicle and equipment purchases, generation/production projects and fixed asset additions as well as a transformer upgrade at Central Substation, licensing of the badger plant and substation relocation construction at the Rapide Croche Hydro Plant and Little Chute Hydro Plant.

M. Kawula discussed the Water Operating Budget. Water operating revenues remain fairly constant from 2005 to 2006 with an increase of 11% due to the 2006 water rate increase and more customer water usage. Water operating expenses decreased 3.1% from 2005 to 2006 due to a decrease in costly water main breaks. However, 2007 projected operating expenses increase 12.2% from 2006. This increased is based on a higher allocation of administrative labor and benefits to the Water Department along with significant increases in depreciation and tax expenses related to annual capital additions.

J. Feldt explained the 2007 Water Capital Budget includes water main extensions and relays expenses as well as the implementation of the Automated Meter Reading (AMR) project and a GIS system inventory and new accounting software.

Commissioner Joe Verhagen asked for more detail on energy conservation funds. Jim Brown, Customer Service Representative will make a presentation on public benefits and energy conservation at the November commission meeting.

Jeff Feldt went over the 2006 Work Plan 3<sup>rd</sup> Quarter Update with the commission. The highlight of the quarter was the formal closing of the DNR Consent Order. The KU Water Department has achieved radionuclide compliance ahead of schedule.

It was moved by Bill Vanderloop, seconded by Tom McGinnis to approve the accounts receivable write offs.

All members voted aye

Motion Carried

It was moved by Joe Verhagen, seconded by Brian Paschen, that checks numbered 032115, 032117 to 032200 in the amount of \$3,699,006.91 and 032116, 032201 to 032334 in the amount of \$961,658.15 be approved.

All members voted aye

Motion Carried

The commission reviewed the monthly reports.

Jeff Feldt gave an update on the new warehouse and maintenance facility. The construction schedule has been revised and the project will be completed in May of 2007. Remediation of the property is 99% accomplished and all rock removal is complete. There were some issues with state codes that have added costs to the project. Consequently, the original project cost of \$3.1 million is now estimated at \$3.7 million. Therefore, a decision was made to postpone Phase 2 and Phase 3 of the construction plan until 2008.

Jeff Feldt informed commissioners that he is still waiting for the final documents in the John Street / Shaw transaction. There is another developer from Colorado who is quite interested.

WPPI has expressed new goals to have members spend 2% of their annual revenue on energy conservation. For KU that would amount to \$1.2 million. There is interest at WPPI for wind generation. One proposal is for a windmill in KU territory out near County U. Lee Meyerhofer requested a push for energy conservation to go hand in hand with green power projects.

Manager Feldt announced that at the MEUW Lineman's Rodeo, one of the two Kaukauna Utilities team that competed in the event won first place and received the first traveling trophy.

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

The meeting ended at 5:10 p.m.

---

Thomas J. McGinnis  
Secretary