



2017-2018 Annual Report

FROM THE GENERAL MANAGER

Kaukauna Utilities is your community-owned, not-for-profit electric and water utility. We strive to provide low-cost, reliable, environmentally responsible service with a friendly, personal touch. After all, we are your friends and neighbors who share your values and understand local needs.

Customers and the community are the focus of all we do, which is why our utility invests in more than water mains, meters, and poles. We award scholarships to local seniors, support worthy local events and causes, help customers save electricity and money, and invest in the critical infrastructure and modern technology necessary to ensure we are well prepared for the future. This report outlines some of our recent efforts in these areas.



If you have any questions, please don't hesitate to get in touch with us at 920-766-5721 or kumail@ku-wi.org, or visit our office at 777 Island Street in Kaukauna.

Jeff Feldt
General Manager, Kaukauna Utilities

KAUKAUNA UTILITIES IN THE COMMUNITY

We are fortunate to support a variety of worthy local organizations and initiatives. Here are some of the ways KU gave back in the past year:

- Tanner Early Learning Center Heads Up/ Helmets On Program
- Make-A-Wish Foundation
- FIREPUP Safety program
- Boy Scouts of America
- Kaukauna and Little Chute High School academic & athletic programs
- Kaukauna Public Library
- Community Foundation U.S. Venture Fund for Basic Needs
- 1,000 Island tree seedling sale
- Electronic Recycling Event
- Kaukauna Community Players
- Kaukauna Lions/Lioness Club
- KinderHaus AED device
- Autism Society of Fox Valley
- Combined Locks Advancement Association
- Kaukauna & Little Chute Rec dept.
- Park Community Charter school



Kaukauna Utilities' partnership with the Park Community Charter School encompasses multiple studies throughout the school year, including this Power Safety Trailer demonstration for fourth graders.

High School Scholarships

Kaukauna Utilities awarded a total of \$4,000 in academic scholarships to three deserving seniors in 2018.

- **Taylor Paschen**, Kimberly High School
- **Nathan Evers**, Kaukauna High School
- **Matthew Niquette**, Kaukauna High School

Mutual Aid: Standing Strong Together

When Mother Nature does her worst, it brings out the best in our nationwide community of 2,000+ public power utilities who can count on one another for support. After Hurricane Irma struck in Florida, Kaukauna Utilities stepped up to answer the call for mutual aid, sending two line workers to help restore electric service.



Public power utility crews from across Wisconsin joined forces to help restore power in hurricane-ravaged Florida.

Electronics Recycling

Kaukauna Utilities partnered with the City of Kaukauna to host recycling events in 2017 to help keep electronics out of landfills and ensure that they are responsibly recycled.

The next recycling event is scheduled for Sept. 22, 2018.

KEEPING COSTS DOWN

Kaukauna Utilities' investment in local hydropower resources is the greatest factor helping to keep our rates among the lowest in Wisconsin. In addition, a recent change to the federal corporate tax rate is lowering our wholesale electric costs, and our utility passes these savings on to customers. We have also examined our business plan for the next several years and cut back on infrastructure and operational costs where possible.

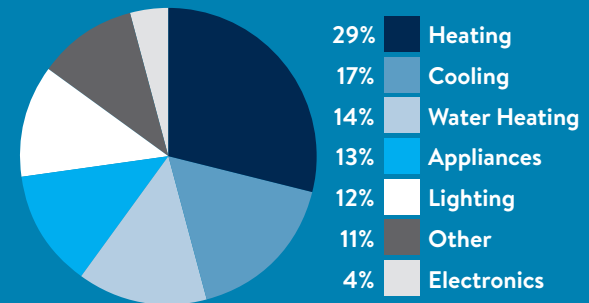
Helping Customers Save

Kaukauna Utilities offers resources to help you manage your utility bill, including:

- An alternative time-of-use rate provides savings for customers who are able to shift their usage to times when electricity costs less to generate
- Energy and water-saving programs and incentives
- Budget billing

How do you use energy in your home?

Try our energy calculator at kaukaunautilities.com
> Residential > Power Calculator.



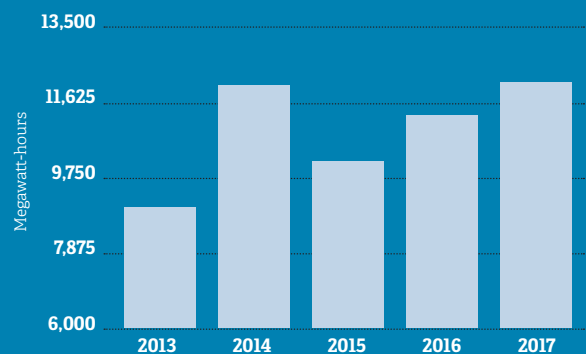
- Energy assistance for income-qualified customers, available through the Wisconsin Home Energy Assistance Program (WHEAP). To learn more about the WHEAP application process, customers should contact Wisconsin Energy Services at (800)506-5596.

Delivering Results

In 2017, Kaukauna Utilities helped customers reduce energy usage by more than 12 million kilowatt-hours – that's enough electricity to power 16,000 homes for a month. We also provided water conservation incentives including customer rebates for water saving faucets, toilets, automatic clothes washers and dishwashers.

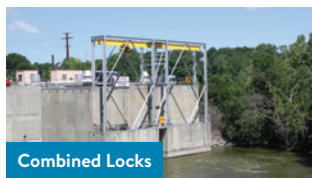
We're always here to help with programs for business and residential customers. For more information, visit kaukaunautilities.org or contact Energy Services Representative Steve Engebos at (920) 462-0251.

ENERGY SAVED BY EFFICIENCY MEASURES





Badger



Combined Locks



John Street



Kaukauna



Kimberly



Little Chute



Rapid Croche

ELECTRICITY NEWS

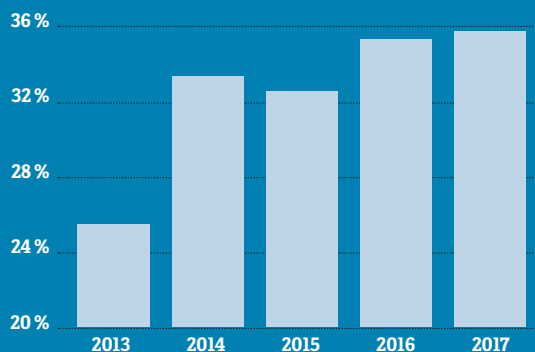
Cost-Effective Hydroelectric Power Benefits Customers

Kaukauna Utilities owns and operates seven hydroelectric facilities along the Fox River. These local, emissions-free facilities are our lowest-cost power supply resource, and the electricity they generate meets approximately 30% of KU customers' total needs, helping significantly to keep bills down for everyone we serve.

Solar Energy Projects

- The **Kaukauna Fire Department** has a new array of solar photovoltaic (PV) panels engineered and installed by Kaukauna Utilities and funded in part by a grant from our power supplier, WPPI Energy. The 90-kilowatt (kW) project is the largest renewable energy application for a municipal building in Wisconsin.
- The **Kaukauna Housing Authority**, with installation help from Fox Valley Technical College and a grant from WPPI Energy, is now home to a 20-kW PV array located on the roof of its carport.

RENEWABLE ENERGY PORTFOLIO



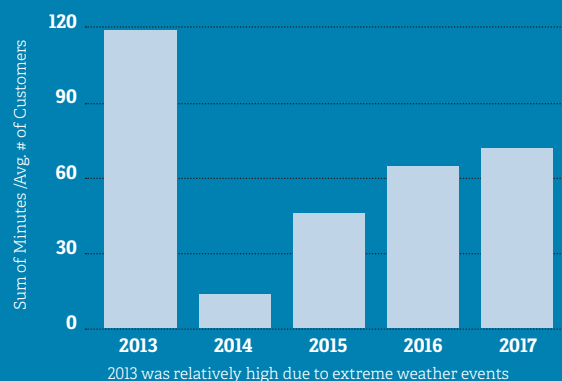
A Reliable Distribution System

With 183 miles of overhead lines, 142 miles of underground lines and 10 substations, regular maintenance is crucial to the reliability of Kaukauna Utilities electric distribution system. Our electric department completed a number

of capital improvement and preventative maintenance projects to help ensure excellent reliability for customers.

- Continuous capital improvements
- Tree trimming
- Infrared inspection of lines and connections
- Annual substation inspections
- Combined Locks substation upgrades underway
- OO substation upgrades completed

RELIABILITY INDEX (SAIDI)



Kaukauna Utilities has been recognized by the American Public Power Association as a Diamond-Level Reliable Public Power utility. RP3 designation honors utilities that are strongly committed to providing reliable power while also maintaining high standards of safety and efficiency.

Advanced Meter Installation Continues

Kaukauna Utilities is continuing to install advanced meters across its customer base, with water meter completion anticipated in 2019, and electric meter completion expected in early 2020. Advanced meters allow utilities to provide more proactive customer service, improve system reliability and operate more efficiently. In the future, the technology will also enable more options for customers to track and make informed decisions about their usage, gain more control over their monthly bills, and more.

WATER NEWS

Kaukauna's municipal water system includes five groundwater wells throughout the city, with three iron filters to remove both iron and radium. Kaukauna's two water towers each hold up to 500,000 gallons of water and supply over 6,200 residents with water. We regularly carry out projects to ensure that we can continue meeting all regulatory requirements while providing reliable, clean water service at competitive rates.

Water Filter Plants

With #8 filter plant now completed and two other rebuild/replacement projects completed a few years ago, we expect decades of service without disruption from our water filter plants. These filter plants have the capacity to treat up to two million gallons of water per day.

Water Main Replacements Continue

Each year we concentrate on replacing water main relays where lead laterals still exist. We remain in compliance with our lead sampling and consider this a priority, therefore it is our goal to eventually eliminate lead laterals from our distribution system. New water lines are designed to reduce the chance of water line breaks and have life expectancy of 50+ years.

Detecting Leaks, Avoiding Waste

We are continuing our ongoing efforts using leak detector technology to find and repair water leaks in our system.

Addressing leaks helps Kaukauna Utilities avoid wasting not only water, but also the energy required to pump and filter the water we deliver.

Water Tower Celebrates Legacy

Kaukauna has long been known as the Electric City because of our ability to harness the Fox River to power local homes and businesses. After a recent inspection required by the Department of Natural Resources revealed that the industrial site water tower needed repainting to address rusted areas, the structure was repainted to proudly celebrate our roots with new "Electric City" graphics.

Annual Water Quality Report available

The 2017 Kaukauna Utilities Consumer Confidence water quality report is available at kaukaunautilities.com > Services > Water Department.



Electric City water tower.

FINANCIAL HIGHLIGHTS

	2017	2016	2015	2014	2013
ELECTRIC					
Operating Revenue	\$55,537,831	\$57,549,765	\$59,957,655	\$61,225,519	\$63,075,201
Operating Expenses					
Purchased Power	37,380,724	39,403,458	42,211,075	43,299,191	45,926,929
Operation and Maintenance	6,669,582	7,301,536	6,571,799	6,473,267	5,846,658
Depreciation	4,648,352	4,506,827	4,433,906	3,678,901	3,089,817
Taxes	1,464,297	1,521,477	1,520,980	1,551,395	1,482,624
Total Operating Expenses	50,162,955	52,733,298	54,737,760	55,002,754	56,346,028
Operating Income	\$ 5,374,876	\$ 4,816,467	\$ 5,219,895	\$ 6,222,765	\$ 6,729,173
WATER					
Operating Revenue	\$ 3,778,838	\$ 3,742,336	\$ 3,672,153	\$ 3,491,290	\$ 3,419,459
Operating Expenses					
Operation and Maintenance	2,039,629	1,950,418	1,983,109	1,903,793	1,883,211
Depreciation	\$65,510	\$529,679	503,612	475,190	472,039
Taxes	\$61,041	\$63,868	64,556	62,092	60,714
Total Operating Expenses	\$2,166,180	\$2,543,965	2,551,277	2,441,075	2,415,964
Operating Income	\$ 1,112,658	\$ 1,198,371	\$ 1,120,876	\$ 1,050,215	\$ 1,003,495