

**GLU WEST POWER SUPPLY PROJECT COMMITTEE
GREAT LAKES UTILITIES
MINUTES**

December 18, 2017
Manitowoc, WI (via teleconference)

COMMITTEE MEMBERS:

Bangor	Steve Baker
Cornell	Dave DeJongh
Medford	John Fales
Trempealeau	Kurt Wood

Legal Counsel:	Richard Heinemann, Boardman & Clark Law Firm
Managing Director:	Nilaksh Kothari
Additional Attendees:	Andy Onesti
Absent:	Richard Heinemann

Chair Dave DeJongh called the meeting to order at 1:05 p.m. Those present are indicated above.

DISCUSSION ON 2018 POWER SUPPLY RATES TARIFF: The proposed GLU-West power supply pool rate design analysis along with the proposed 2018 whole sale rate tariff were presented for discussion to ensure that all members had an understanding on how the rates were developed. The proposed average system rates for 2018 will result in a slight decrease in the wholesale rates, versus the 2017 wholesale rates to the members. The calculation of the proposed 2018 wholesale rates uses the contracted capacity and energy charges for all of the purchased power agreements as well as projected MISO on-peak and off-peak energy prices. The other major assumption in the rate calculation is the expected member billing units of capacity and energy. The member billing units were based on an average of the prior three years actual billing units increased by 0.5%. To calculate the billing determinants the total expected charges from the power supply contracts for each billing unit were summed and then divided by the expected sales volume for each determinant. The billing determinants were then increased by 2% to cover administrative expenses. A lengthy discussion ensued with a general consensus to accept the proposed 2018 wholesale rates.

John Fales joined the meeting at 1:30 p.m.

ADJOURN: Motion to adjourn by Kurt Wood and seconded by Steve Baker. Motion carried. Meeting adjourned at 2:00 p.m.



Dave DeJongh, Chair

**POWER SUPPLY PROJECT COMMITTEE
GREAT LAKES UTILITIES
MINUTES**

December 19, 2017
Wisconsin Rapids, WI

COMMITTEE MEMBERS:

Clintonville	Brian Ellickson
Kiel	Dennis Dederling
Manitowoc	Nilaksh Kothari
Shawano	Brian Knapp
Wisconsin Rapids	Jem Brown

Legal Counsel: Richard Heinemann, Boardman & Clark
Absent: Brian Knapp; Richard Heinemann
Additional Attendees: Kurt Wood; Steve Baker (via telephone); John Fales; Mike Furmanski (via telephone); Dave DeJongh; Ben Modal; Jamie Aulik; Kris August; Nicolas Kumm

Chair Jem Brown called the meeting to order at 10:00 a.m. Those present are indicated above.

APPROVAL OF MINUTES: The Regular Session Minutes from the August 17, 2017 meeting were presented for approval.

MOTION: Motion was made by Dennis Dederling and seconded by Nilaksh Kothari to approve the Regular Session Minutes from August 17, 2017. Motion carried unanimously.

2018 WHOLESALE RATES TARIFF – POWER SUPPLY POOL: The 2018 wholesale rate tariff was presented for approval. The tariff was reviewed at the September 2017 Power Supply Committee meeting. The GLU average system rates for 2018, as proposed, result in no increase in the wholesale rates, versus the 2017 budgeted wholesale rates charged to members.

MOTION: Motion was made by Dennis Dederling and seconded by Brian Ellickson to approve the 2018 wholesale rate tariff as presented. Motion carried unanimously.

CONSULTING SERVICES TO REVIEW LONG TERM POWER SUPPLY PLAN AND POTENTIAL ALTERNATIVES: Three responses for consulting services were received from Sargent & Lundy, Burns & McDonnell, and Leidos. The lowest fee was from Sargent & Lundy at \$63,680 for all three phases. The next lowest cost was from Burns & McDonnell at \$169,283 for all three phases. Their proposed schedule is very aggressive to properly complete the required scope of services. The third proposal was from Leidos at \$171,200 for all three phases. Proposals from both Burns & McDonnell and Leidos have an extensive write-up on their project approach. For Phase 2, the Leidos proposal, besides generating a list of power supply alternatives, includes a review of an analysis of the power supply alternatives. Also, the proposed power supply planning model that Leidos will use to validate the results of the GLU power supply plans uses a risk analysis process similar to the one used by GLU. The recommendation is to retain the services of Leidos at a cost not to exceed \$171,200 and to discuss this at the GLU Board meeting to seek interest of GLU West Power Supply Committee on participation in this study. Discussion ensued.

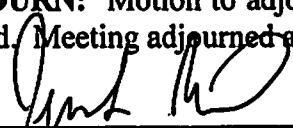
MOTION: Motion was made by Brian Ellickson and seconded by Dennis Dederling to approve retaining Leidos at a cost not to exceed \$171,200 and to include the GLU West Power Supply Committee analysis in the study at no cost for those members. Motion carried unanimously.

GLU-MPU POWER SUPPLY AGREEMENT CAPACITY PRICING APPROVAL: The Power Supply Committee had approved the extension of the GLU-MPU Power Supply Agreement for an additional five years from 2021-2026 subject to final capacity pricing per the recommendation of Price Consulting, Inc. Price Consulting Services completed the analysis and has provided two alternatives for capacity pricing. This includes a levelized capacity rate and a declining capacity rate from 2018 through 2021 and that the capacity pricing be re-assessed in 2021 to reflect MPU's cost from 2022-2026. A brief discussion ensued. The levelized capacity rate will decrease GLU's annual billing from MPU by approximately \$959,000 beginning 2018.

MOTION: Motion was made by Dennis Dederling and seconded by Brian Ellickson to approve the levelized capacity rate effective January 2018 to December 2021 of \$17.35 per kw-month and to update the Agreement and that the capacity rate be re-assessed in 2021 for Agreement years 2022-2026. Motion carried with Nilaksh Kothari abstaining.

2017-2017 – MISO ANNUAL ACTIVITY SUMMARY REPORT: The annual MISO Activity Summary Report for GLU was presented. GLU peak demand was 133.6 MW. The peak demand forecast error was -1.6%. Annual load forecast error was 5.05%, a slight increase from PY 2016-2017 at 4.69%. No changes are needed for MISO PY 2017-2018 based on the results. No change in the strategy was recommended based on the results.

ADJOURN: Motion to adjourn by Nilaksh Kothari and seconded by Brian Ellickson. Motion carried. Meeting adjourned at 10:25 a.m.



Jem Brown, Chair

**LAKESWIND PROJECT COMMITTEE
GREAT LAKES UTILITIES
MINUTES**

December 19, 2017
Wisconsin Rapids, WI

COMMITTEE MEMBERS:

Bangor	Steve Baker (via telephone)
Cornell	Dave DeJongh
Medford	John Fales
Power Supply Committee Representative	Brian Knapp
Trempealeau	Kurt Wood
Legal Counsel:	Richard Heinemann, Boardman & Clark Law Firm
Managing Director:	Nilaksh Kothari
Absent:	Brian Knapp; Richard Heinemann
Additional Attendees:	Brian Ellickson; Dennis Dederling; Jamie Aulik; Kris August; Mike Furmanski (via telephone); Ben Modal; Nicolas Kumm

Committee Chair John Fales called the meeting to order at 10:25 a.m. Those present are indicated above.

MINUTES: The Regular Session Minutes from the June 27, 2017 meeting were presented for approval.

MOTION: Motion was made by Steve Baker and seconded by Brian Kurt Wood to approve the Regular Session Minutes from June 27, 2017. Motion carried unanimously.

WIND PROJECT PERFORMANCE REPORT THROUGH OCTOBER 31, 2017: The overall performance of the project through October 31, 2017 was reviewed. The operation of the wind farm in the market continues to be stable. There have been no curtailments from either reliability or economic in 2017 to date. The energy production from the wind farm has continued to be short of projections. The reduced energy production along with slightly improved MISO energy pricing has resulted in the financial performance of the project to be ahead of budget. This has resulted in positive cash flows for the wind project during the first ten months of approximately \$550,000. The 2017 YTD cost for the wind energy (purchased price minus revenues received from sale to MISO market) is averaging \$17.47/MWh ranging from a high of \$19.65/MWh in October to a low of \$11.76/MWh in January. The projected cost which is being used for current bills is \$20.50/MWh. The total output of the wind farm in 2017 YTD is 132,241 MWhs. The projected annual output for 2017 is 158,689 MWhs versus an estimated annual output of 172,000 MWhs. The actual wind generation in 2016 was 176,299 MWhs.

PROPOSED 2018 LAKESWIND PROJECT MEMBER FEES: The financial operations of the Lakeswind project has improved during 2017 due to slightly higher MISO LMPs and reduced energy production from the facility. This has led to excess cash flow of approximately \$550,000

for 2017 YTD versus a budget of \$265,000. As of the end of 2016, the wind project committee had a cash balance of \$256,993. With the cash flow from 2017 operations, the cash balance for the wind project committee at the end of October 2017 is \$806,747. For the 2018 wind project committee budget, an estimated annual LMP at the Lakeswind node for the sale of the energy production of \$20.50/MWh was used. This along with an estimated energy billing rate to the project members of \$18/MWh yielded an estimated loss of \$23,499 for 2018 operations. The estimated annual energy production used for the budget was 173,000 MWhs. Due to the projected cash balance at the end of 2017 of approximately \$500,000 and the budgeted projections, it is recommended that the energy billing rate to the project committee members for 2018 be decreased to \$18/MWh from the current \$20.50/MWh. A brief discussion ensued. Chair Fales recommended that the non-committee members be notified of the decrease in rate beginning 2018.

MOTION: Motion was made by Kurt Wood and seconded by Dave DeJongh to approve the reduction of the energy billing rate for 2018 to \$18/MWh. Motion carried unanimously.

ADJOURN: Motion to adjourn by Steve Baker and seconded by Dave DeJongh. Motion carried. Meeting adjourned at 10:40 a.m.



John Fales, Chair

**GLU WEST POWER SUPPLY PROJECT COMMITTEE
GREAT LAKES UTILITIES
MINUTES**

December 19, 2017
Wisconsin Rapids, WI

COMMITTEE MEMBERS:

Bangor	Steve Baker (via telephone)
Cornell	Dave DeJongh
Medford	John Fales
Trempealeau	Kurt Wood

Legal Counsel:	Richard Heinemann, Boardman & Clark Law Firm
Managing Director:	Nilaksh Kothari
Additional Attendees:	Jem Brown; Mike Furmanski (via telephone); Brian Ellickson; Jamie Aulik; Kris August; Dennis Dederling; Nicolas Kumm; Ben Modal
Absent:	Richard Heinemann

Chair Dave DeJongh called the meeting to order at 10:40 a.m. Those present are indicated above.

MINUTES: The Regular Session Minutes from the August 17, 2017 meetings were presented for approval.

MOTION: Motion was made by Kurt Wood and seconded by John Fales to approve the Regular Session Minutes from August 17, 2017. Motion carried unanimously.

2018 POWER SUPPLY RATES TARIFF APPROVAL: The proposed GLU-West power supply pool rate design analysis and proposed 2018 wholesale rate tariff were presented for approval. The wholesale rates were discussed in detail via conference call on December 18.

MOTION: Motion was made by Kurt Wood and seconded by John Fales to approve the 2018 power supply rates tariff as presented. Motion carried unanimously.

ADJOURN: Motion to adjourn by John Fales and seconded by Kurt Wood. Motion carried. Meeting adjourned at 10:55 a.m.



Dave DeJongh, Chair

GREAT LAKES UTILITIES BOARD OF DIRECTORS
MEETING MINUTES
January 18, 2018
Wisconsin Dells, WI

CITIES REPRESENTED:

Bangor	Absent
Clintonville	Brian Ellickson
Cornell	Ben Modl
Escanaba, MI	Absent
Kiel	Dennis Dederling
Manitowoc	Nilaksh Kothari
Marshfield	Nicolas Kumm
Medford	John Fales
Shawano	Brian Knapp
Trempealeau	Kurt Wood
Wisconsin Rapids	Jem Brown

Legal Counsel: Attorney Richard Heinemann, Boardman & Clark Law Firm
Absent: Dave DeJongh; Mike Furmanski
Additional Attendees: Leo Diehl (City of Rice Lake); Jerry Zelenka (Village of Stratford)

Jem Brown, Chair of the Board, called the meeting to order at 4:00 p.m. and called the roll. A quorum was present with nine communities represented. Those present are indicated.

MINUTES: The Regular Session Minutes from the December 19, 2017 meeting were presented for approval.

MOTION: Motion was made by John Fales and seconded by Brian Ellickson to approve the Regular Session Minutes from December 19, 2017. Motion carried unanimously.

SIGNATURE CHANGES – INVESTORS COMMUNITY BANK: Due to the transition of Secretary from Dennis Dederling to John Fales, Investors Community Bank is requiring updated signature cards on file for processing checks and other transactions. The document requires the signatures of the Board Chair, Treasurer, Secretary, and Administrative Services employee.

MOTION: Motion was made by Brian Knapp and seconded by Nilaksh Kothari to approve the signature changes with Investors Community Bank. Motion carried unanimously.

INTEREST ON RATE STABILIZATION ACCOUNTS: GLU holds several rate stabilization accounts for members within the investment accounts at Baird. There is no formal mechanism/policy in place to allocate the interest income to these individual accounts. An interest income allocation mechanism is recommended which would apply the actual interest earned rate for the year to the average balance of each member's rate stabilization account. In January, the average account balances for the previous year would be calculated along with the average interest rate for that year to credit each member's account. This will be booked back to

December. Documents were presented to the Board to show the calculation of average investment interest for 2017 and average member rate stabilization account balances along with the proposed interest income credit. Discussion ensued. The consensus was to revise the policy manual to include mark to market and distribute interest on a quarterly basis. The revised policy will be presented at the next meeting for approval.

INVESTMENT POLICY REVISION: Investment Policy revisions were presented as recommended by Baird, our investment partner. The changes recommended at the last meeting to address downgrades of investments held and incorporate changes of Wisconsin Statutes related to period of time allowed for certain investments were incorporated into the policy. Discussion ensued.

MOTION: Motion was made by Brian Knapp and seconded by John Fales to approve the Investment Policy revision as corrected. Motion carried unanimously.

MANAGING DIRECTOR REPORT: N. Kothari informed the Board of the following: The first demand bids for the GLU-West pool have been entered and power delivered under the new power pool. Village of Stratford Utility Committee has approved joining GLU. The Village Board will make a final decision at the February 13, 2018 meeting; APPA Legislative Rally is from February 26-28, 2018 and GLU will have a dinner on February 26, 2018; WPUI membership information of which GLU is a member was distributed for review; and an email was sent to Lakeswind project members regarding the rate reduction.

STRATEGIC PLAN DISCUSSION: The following strategic plan initiatives were updated: the Succession Planning initiative is complete; the Rate Stability Fund Policy initiative is complete; the GLU-MPU Power Supply Agreement initiative is complete and Leidos has been retained to conduct the generation feasibility study with a kick-off meeting being scheduled for March 2018. A list of potential services of interest to members was distributed for review - the Board or Committee needs to prioritize the list to the top two or three priorities for further consideration. Branding initial steps to include: developing a quarterly newsletter to distribute to members on news and highlights of GLU activities; the GLU Chair and/or Managing Director attending annually each member's Board/Commission/Council meeting to provide a GLU update; designing a member plaque to display at each member Board office; and encouraging attendance of policy makers at the GLU annual meeting. Discussion ensued on printing services and costs associated with branding, along with the importance of publicizing GLU to the member Boards and communities. The Board also recommended updating the GLU website.

FINANCIAL REPORTS AND INVOICES FOR NOVEMBER 2017: For claims lists dated November 2017: invoices from Boardman & Clark, Customized Energy Solutions, Duncan Weinberg Genzer & Pembroke, Manitowoc Public Utilities, Midwest Renewable Energy Tracking, North American Electric Reliability Corp., Price Consulting, and Spiegel & McDiarmid totaling \$68,154.41; Wind Purchase Power Revenue Invoices from North Central Power Co, Inc., Northwestern Wisconsin Electric Co., and Lakeswind Power Partners, LLC totaling \$573,081.61; and Power Supply Invoices from Manitowoc Public Utilities, Marshfield Utilities, American Electric Power-EP, American Transmission Co., MISO, NextEra Energy Power Marketing LLC, TransAlta Energy Marketing, Inc., WE Energies, Wisconsin Power &

Light, and Wisconsin Public Service Corp totaling \$7,357,945.60, for a total of \$8,899,577.98. A brief discussion ensued on investment income.

MOTION: Motion was made by Brian Knapp and seconded by Dennis Dederling to approve payments of invoices totaling \$8,899,577.98 for November. Motion carried unanimously.

2018 MPU CONTRACT SERVICES AGREEMENT: A revised version of Schedule B of the GLU Contract Service Agreement was presented for approval. The revision reflects 2018 salary increases for MPU employees who provide GLU contract services effective January 1, 2018.

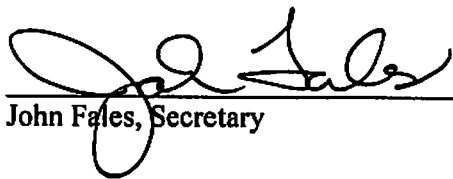
MOTION: Motion was made by Brian Knapp and seconded by Brian Ellickson to approve the revision of Schedule B of the GLU Contract Services Agreement. Motion carried with Nilaksh Kothari abstaining.

NEXT MEETING: The next meeting is on March 20, 2018, in Wisconsin Rapids at 10:00 a.m.

Notice had previously been given that the Great Lakes Utilities Board may convene to closed session pursuant to Section 19.85(1)(e) of the Wisconsin State Statutes, which authorizes the governmental body to convene to a closed session for the purpose of deliberating or negotiating the purchase of public property, the investing of public funds, or conducting other specified public business whenever competitive or bargaining reasons require a closed session. A Motion was made by Nilaksh Kothari and seconded by Brian Knapp to adjourn to closed session pursuant to Section 19.85(1)(e). A roll call was taken with nine members voting aye. Accordingly the members convened in closed session at 4:50 p.m. on January 18, 2018.

Reconvened to open session at 5:30 p.m.

ADJOURNMENT: Motion by Dennis Dederling and seconded by Nicolas Kumm to adjourn. Motion carried unanimously. Meeting adjourned at 5:31 p.m.



John Fales, Secretary