



**ANNUAL REPORT
FOR THE YEAR ENDING
DECEMBER 31, 2021**

GREAT LAKES UTILITIES 2021 ANNUAL REPORT

HISTORY AND MISSION OF GREAT LAKES UTILITIES

Great Lakes Utilities (GLU) is a municipal electric company formed under Section 66.0825, Wis. Stats. As such, it is a public body and a political subdivision of the State of Wisconsin, with separate legal status from that of its members. GLU was formed in 2000 in order to become a vehicle for obtaining low cost and reliable electric power for its members.

GLU currently operates two power supply pools: GLU East (serving Manitowoc, Kiel, Stratford, Wisconsin Rapids, and Badger Power Marketing Authority, which is comprised of the cities of Shawano and Clintonville); and GLU West (serving Cornell, Bangor, Trempealeau and Medford). Power supply pool members are served under long term requirements contracts using a portfolio of power supply resources, which includes short-term and long-term wholesale power contracts, as well as member-owned generation.

GLU also provides a range of utility services to all of its members, including power supply planning and forecasting, market participation and scheduling, retail rate case support, and others.

MEMBER COMMUNITIES

Bangor, Cornell, Clintonville, Escanaba (Michigan), Kiel, Manitowoc, Marshfield, Medford, Shawano, Stratford, Trempealeau, and Wisconsin Rapids.

2021 BOARD OF DIRECTORS

Bangor – Patrick Reilley
Clintonville – Jim Supanich
Cornell – Dave DeJongh (Treasurer)
Escanaba – Gerald Pirkola
Kiel – Kris August
Manitowoc – Troy Adams (Co-Managing Director)
Marshfield – Nicolas Kumm (Secretary)
Medford – Joe Harris
Shawano – Brian Knapp (Vice Chair)
Stratford – Scott Dennee
Trempealeau – Kurt Wood
Wisconsin Rapids – Jem Brown (Chair)

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SIGNIFICANT ACTIVITIES**

With approval of the Manitowoc Public Utilities Commission (MPU), the GLU Board extended managing director services through 2021 with Nilaksh Kothari, who had retired in 2020 from the General Manager role at MPU, and then contractually the GLU Managing Director role for GLU. The extension of services through contract with MPU allowed for overlap and the transition of the GLU Managing Director role through MPU as well as provide project management oversight for various generation projects GLU was pursuing.

GLU submitted an application to the Public Service Commission of Wisconsin for a Certificate of Authority to construct a 45 MW Reciprocating Internal Combustion Engine Plant Generation Project to be located at the Manitowoc Public Utilities existing Custer Energy Center Electric Generation Site. The project included converting four gray-market engines from marine to land-based units. Subsequently this project was abandoned due to regulatory delays and cost concerns.

GLU completed the investigation into the economic feasibility of installing solar PV facilities on the distribution systems of the GLU members.

GLU completed an investigation into acquiring hydroelectric facilities in Wisconsin and determined that it was not in the best interest of GLU at this time.

GLU continues to provide demand forecasting, meter data management services, and rate case services to members under the GLU-MPU Operating Agreement. GLU also continues to provide MISO market services for the operation of the Marshfield CT under the GLU-MPU Operating Agreement.

GLU continues to participate actively in a coalition of municipal power agencies in federal energy regulatory commission (“FERC”) proceedings related to the operation and administration of the MISO energy markets.

GLU continues monitoring state and federal regulatory activities and intervenes when appropriate.

GLU continues to file aggregated RPS compliance reports for members so that REC retirement can be undertaken on behalf of power supply groups rather than individual municipalities. GLU also assisted Bangor with rate case filings at the Public Service Commission during 2021.

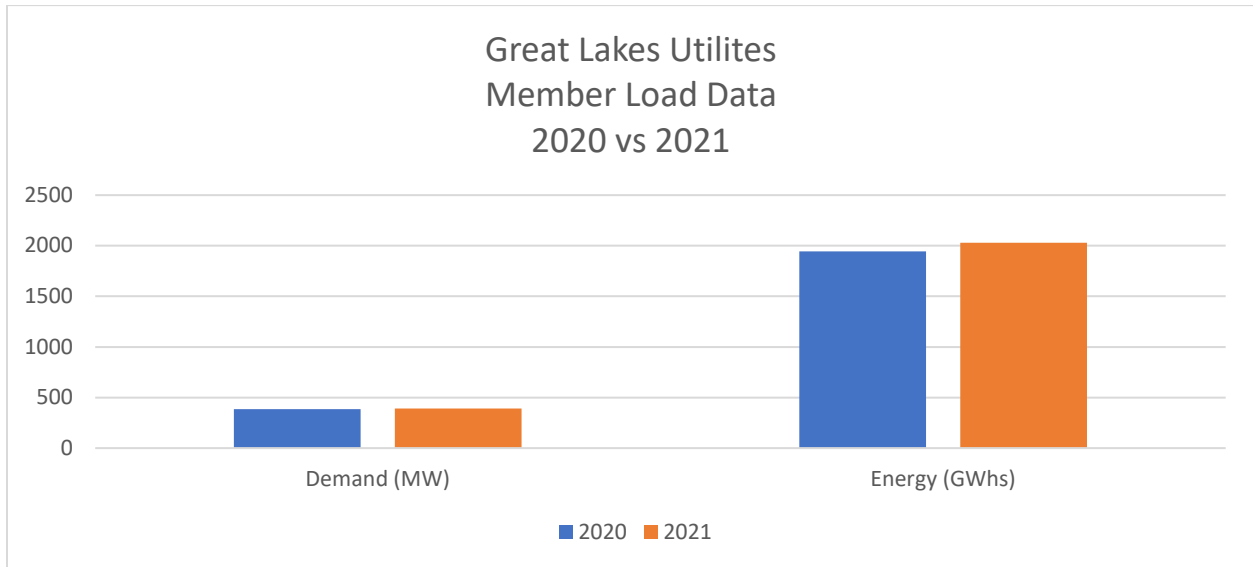
With the assistance of a facilitator, the GLU Board conducted a planning session to establish priorities and strategic initiatives. Two clear Board priorities became evident: By a significant margin, controlling costs and keeping rates low was the most important priority for members; and, maintaining and clarifying our “project oriented” agency model also came to light through discussion. The session produced three action areas:

1. Develop a new Board Member orientation and training process
2. Develop agency growth plan and related by-law revisions
3. Develop committee and project rules

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POWER SUPPLY AND FINANCIAL PERFORMANCE

The combined 2021 load of GLU members was approximately 390 MWs and 2,029,450 MWhs. The 2021 GLU member's demand was up ~1.5% from 2020 and the energy requirements were up over 4%.



For GLU-West Power Supply Pool, 2021 budgeted average system rates remained the same as budgeted 2020 wholesale rates. The pool experienced increased wholesale costs of ~5.7% versus 2021 budgeted and were able to maintain the 2021 budgeted wholesale rates via use of available cash reserves.

For GLU-East Power Supply Pool, 2021 budgeted average system rates were decreased by approximately 3.5% versus budgeted 2020 wholesale rates. The pool experienced increased wholesale power costs of ~ 9.4% versus 2021 budgeted. The pool implemented a 5.7% increase to wholesale rates for the October through December 2021 period.

The energy production from the Lakeswind facility in 2021 was 157,237 MWhs which is a little short of the projected annual production of 172,000 MWhs. Energy pricing in MISO during the latter half of 2021 was significantly higher than recent years. This increased energy pricing resulted in the financial performance of the project to be well above budget. The weather event in February of 2021 resulted in a week of very high energy prices. This led to the financial performance of the project in February of 2021 for the first time to actually generate more revenues than expenses. The higher MISO energy prices in the latter half of 2021 resulted in every month from June through the end of the year to have positive cash flows. This has resulted in positive cash flows for the wind project for 2021 of approximately \$2.9 million versus a budgeted cash flow of \$111,000.

GLU's financial position continues to remain solid. Details are provided in the attached audited financial statements for 2021. Overall, GLU members maintain among the lowest retail rates in the state due in large measure to GLU's low cost wholesale power supply tariffs.