

ANNUAL REPORT 2019



Great Lakes
Utilities

GreatLakesUtilities.org

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Great Lakes Utilities is a municipal electric company formed under Wisconsin Statute 66.0825. As such, it is a public body and a subdivision of the State of Wisconsin with a legal nature and authority separate from its municipal members. GLU was formed in 2000 as a power supply alternative for members in order to increase their ability to obtain reliable electric capacity and energy at reasonable costs. GLU currently has 12 members: the Wisconsin communities of Bangor, Clintonville, Cornell, Kiel, Manitowoc, Marshfield, Medford, Shawano, Stratford, Trempealeau, Wisconsin Rapids; and Escanaba, MI. These member communities provide electric service to over 70,000 customers in Wisconsin and upper Michigan.

Highlights from 2019

In 2019, GLU purchased an equity interest in Hometown Connections LLC for \$265,000. Hometown Connections is a national service organization originally created to provide value-added services to public power utilities throughout the country. GLU is the sixth member-owner.

In 2019, the Village of Stratford entered into a 25 year power supply contract with GLU for all of its capacity and energy needs.

In September of 2019, the power supply rates for the GLU-East members were reduced by approximately 4.5%. Rates for the GLU-West power supply members were reduced by 7% as of January 1, 2019. In December 2019 GLU-West power supply member rates were reduced an additional 3.5%.

Through its operating services agreement with Manitowoc Public Utilities (MPU), GLU performs market participant functions in the Midcontinent Independent System Operator (MISO) on behalf of its GLU-East and GLU-West power supply members. MPU also provides MISO market function to Marshfield Utilities for their combustion turbine generator.

Also in 2019, the GLU long term power supply plan was updated to focus on maintaining a balanced portfolio of short, medium, and long-term capacity supply agreements. The goal of this focus is to continue to maintain low power supply rates for members and minimize the risk of cost fluctuations.

Commitment to Renewable Energy

The Lakeswind Project is a 50 MW nominal wind energy facility, composed of 32 x 1.5 MW wind turbines, developed by Project Resources Corporation (PRC) on behalf of Lakeswind Power Partners, LLC near the community of Rollag, Minnesota, located approximately 30 miles east of Moorhead, Minnesota. The Project interconnects with and delivers power into the electrical system of the Midcontinent Independent Transmission System Operator, Inc. (MISO) at the nearby 115 kV Tamarac Substation, owned by Great River Energy (GRE).

GLU manages the market operations for the Lakeswind project on behalf of the GLU-East and GLU-West power supply pools as well as additional non-member project participants including 6 municipal utilities in western Wisconsin, Northwestern Wisconsin Electric Company and North Central Power Co. Inc.

For the GLU-West members, the Project is projected to supply all of their renewable needs as long as the current Wisconsin RPS requirements for the future do not change. For the GLU-East members, whose requirements are currently met through a combination of wholesale contracts and MPU generation, the Project supplies the 45,000 MWh of renewable energy needed to meet their requirements as long as the current Wisconsin RPS requirements for the future do not change.

Letter from Leadership

Charles Darwin wrote “In the long history of human kind those who learned to collaborate and improvise most effectively have prevailed.” This is true for a municipal joint action agency such as Great Lakes Utilities.

As we look forward to 2020, GLU members will be celebrating the 20th anniversary. In 2000, the vision of ten utility and city leaders was accomplished with the registration of GLU as a municipal electric company under Wisconsin law. The vision was to create a project-based joint action agency in order to provide public power communities an option to choose the services they desired, rather than the “one size fits all model.”

The vision proved to be a success. From a cash balance of less than \$100,000 in January 2001 to a total budget of almost \$100 million in 2019, GLU has enjoyed tremendous growth and success over the years. Although some of the founding members are no longer with GLU, others have joined and today GLU is a strong organization with 12 members, all of whom are committed to the original vision. A brief description of each member community is included in this report, along with a discussion of the unique value that GLU provides to each member.

As we look to the future, GLU remains committed to its original vision as a project-based joint action agency, offering a variety of services to its members, including long-term, reliable and highly competitive partial or full requirements power supply arrangements.

*Nilaksh Kothari, P.E.,
Managing Director*

*Jem L. Brown,
Chair*

2020 Planned Activities

In 2019, GLU completed a Strategic Plan for 2020 – 2022 and updated the Mission and Vision of the organization as follows:

Vision: To strengthen our members' local status by enhanced service offering, cost effective power supply solutions, and increased member participation.

Mission: Providing value to our members through offering reliable and cost effective solutions centered on power supply to enhance the quality of life in each of the communities.

GLU VALUES:

Commitment: Everyone is accountable for success.

Member Focus: Provide value to our members and the communities we serve.

Operational Excellence: Meet and exceed Utilities best practice for cost, reliability and service expectations.

Stewardship: Efficiently manage our financial, environmental and regulatory responsibilities.

Innovation: Develop creative solutions that enhance service offerings.

The three focus areas are:

- Planning and implementing generating asset ownership. To continue to ensure low cost and reliable power supply for members, the GLU Board will start the process of investigating generation ownership and/or capacity additions.
- Succession planning and leadership transition. In 2019, Nilaksh Kothari, Managing Director for GLU and CEO & General Manager of Manitowoc Public Utilities, announced his intention to retire. To ensure a smooth leadership transition, the GLU Board will be developing a transition plan to ensure continued service level expectations of members are met and to stay the course for the strategic plan.
- Member retention and strategic growth. To build upon the benefits we see as a wholesale power and services provider, GLU will work to identify and start the process of recruiting new members to Agency.

Stronger Together - Mutual Aid

On Saturday, July 20, 2019, a severe storm hit the community of Wisconsin Rapids with sustained horizontal wind speeds of 91 mph reported. Due to the saturated soil conditions trees were uprooted throughout the entire service territory. After the storm, approximately 95% of their customers were without power. Several GLU member communities, along with many other Wisconsin public power providers, responded to this event providing line crews and equipment to help get residents in Wisconsin Rapids back in power. Crews worked long hours to clear trees from power lines, replace approximately 160 damaged/downed poles and rebuild the distribution system. Within 3 days, crews had restored power to over 80% of residents as they continued to work through the end of the week to restore power to the remaining customers. At GLU, our members are part of a family and when the call to duty comes in, we're there for each other!

“Reliable and cost effective solutions centered on power supply enhance the quality of life”



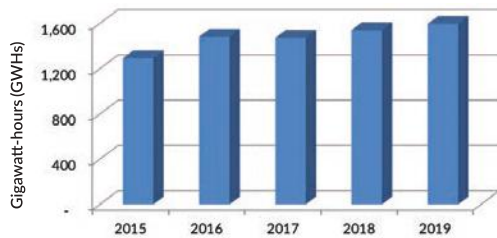
Keeping Costs Low for Our Members

GLU's mission is to provide value to our members through offering reliable and cost effective solutions centered on power supply to enhance the quality of life in each of the communities we serve. GLU takes this mission seriously and have worked hard to keep power supply costs low for our members, knowing for most utilities, power supply cost is their largest expense. Through strategic market purchases and member power agreements, GLU has been able to lower power supply costs significantly over the past several years. The following tables demonstrate the history of power supply costs over the last 5 years.

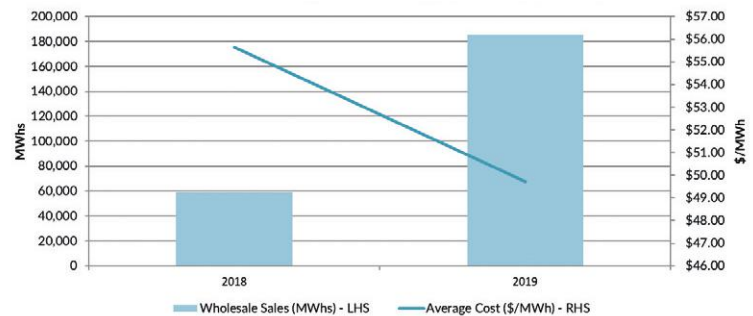
GLU-East Average Power Supply Costs (\$/MWh)



Total Energy Requirements

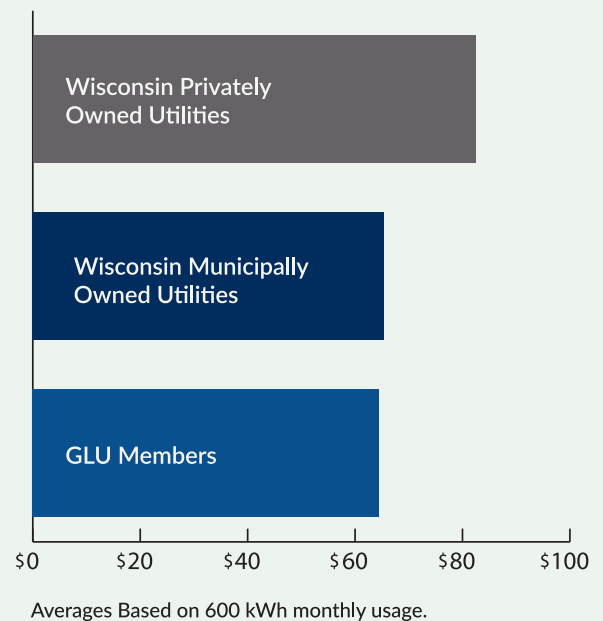


GLU-West Average Power Supply Costs (\$/MWh)



Residential Electric Rate Comparison

FOR THE MONTH OF DECEMBER 2019	Total Bill*
Trempealeau Municipal Electric Utility	\$83.90
WI Privately Owned Utilities (Average)	\$82.41
Escanaba Electric	\$72.73
Bangor Municipal Utility	\$72.42
Clintonville Electric Utility	\$69.14
Shawano Municipal Utilities	\$67.23
WI Municipally Owned Utilities (Average)	\$65.35
GLU Members (Average)	\$64.46
Cornell Municipal Electric Utility	\$63.18
Manitowoc Public Utilities	\$62.74
Wisconsin Rapids Water Works and Lighting Commission	\$61.28
City of Kiel Utilities	\$59.00
Stratford Municipal Electric Utility	\$56.58
Marshfield Utilities	\$55.98
Medford Electric Utility	\$53.60



Data taken from the Public Service Commission of Wisconsin website-Electric Residential Monthly Bill Comparison where available.

Member Community Focus

Bangor

Bangor Municipal Utilities (BMU) serves approximately 1800 electric customers, 1200 of which are located outside of BMU limits. BMU has approximately 220 square miles of territory located in eastern Lacrosse county and western Monroe county. BMU has been a GLU member since 2013. BMU's affiliation with GLU has helped BMU meet the rising demands of our electric customers, while maintaining affordable rates and outstanding reliability.

Clintonville

Clintonville Utilities (CU) provides electric as well as water and wastewater service to approximately 2,800 customers in the community. Founded 115 years ago, CU's mission is to provide reliable and safe electric, water and wastewater services through courteous and friendly employees. CU is a founding member of GLU since 2000. Membership in GLU has enabled us to keep our power supply costs down, saving our customers money, and it has provided us with valuable source of shared knowledge and expertise on power supply issues.

Cornell

Cornell Municipal Electric & Water Utilities provides electric and water service to over 800 customers in and around our community. PSC rate cases, MISO services, securing power at competitive rates are some of the services that GLU has assisted our utility with. GLU has also been very beneficial in helping us plan our future power supply needs in addition to exploring owned generation. Being a joint action agency we're able to pick and choose the projects that we think our customers will benefit from.

Escanaba, MI

The City of Escanaba Electric Department has been serving customers with electric service to the City of Escanaba as well as part of Ford River Township since 1894. The utility serves 7200 customers with a peak load of 25MW. The City recently expanded their 1.29MW solar facility this year. GLU being a project agency is a huge benefit to Escanaba as we can obtain selected services to fit our needs which are extremely valuable to our overall mission of providing reliable service at competitive rates.

Kiel

The City of Kiel Electric Utility (KEU) was established in 1905 and has grown to serve approximately 2,700 customers. KEU's affiliation with GLU has yielded great dividends by keeping us economically competitive in the region with low electric rates. Further, the collaborative partnerships among GLU's members coupled with GLU's ability to handle regulatory and power purchase agreements has kept our electric utility efficient and our community growing and prospering.



Manitowoc

Manitowoc Public Utilities (MPU) provides electric and water services to approximately 18,000 electric customers and 13,800 water customers. MPU provides dark fiber to businesses, steam and hot water heating service to downtown businesses and IT services to the City. The utility also provides water to the six community members of the Central Brown County Water Authority. MPU has been a member of GLU since 2000 and provides the administrative and operations services for the organization. MPU's alliance with GLU helps MPU meet future power supply requirements at competitive rates and allows flexibility, helping MPU to maintain autonomy in making power supply decisions.

Marshfield

Marshfield Utilities (MU) originated in 1904 and today provides electric, water, and dark fiber service to approximately 13,500 customers in the City of Marshfield and the surrounding townships. In addition, MU owns and operates a combustion turbine plant with the support of GLU. The value in GLU for MU is the ability to collaborate with other public power communities to meet the needs of our customer base while maintaining competitive rates and the reliance on the members to set the direction and focus of GLU.

Medford

Medford Electric Utility (MEU) is a municipally owned utility providing electric service to the City of Medford and portions of five surrounding townships. The utility was formed in 1944 when the City of Medford purchased the distribution system from Lake Superior District Power Company (now Xcel Energy) after a lengthy debate and legal battle that began in 1935. The utility serves over 3,316 customers and operates approximately 50 miles of distribution line, and 2 miles of transmission line. MEU is a founding member of GLU. GLU helps maintain our electric rates as one of the lowest in Wisconsin.

Financial Highlights

Summary Statement Of Net Position

December 31,	2019	2018
Assets		
Current Assets	\$33,150,744	\$31,370,980
Noncurrent Assets	10,348,311	8,573,655
Other Assets	2,820,255	2,557,774
Total Assets	46,319,310	42,502,409
Liabilities		
Current Liabilities	7,357,677	7,651,693
Long-Term Obligations	12,248,311	10,473,654
Total Liabilities	19,605,988	18,125,347
Net Position	\$26,713,322	\$24,377,062

Summary Statement Of Revenues, Expenses and Changes in Net Position

For the Years Ended	2019	2018
December 31,		
Operating Revenues	\$95,195,394	\$101,416,558
Operating Expenses	93,777,021	96,516,913
Operating Income	1,418,373	4,899,645
Nonoperating Income	917,887	240,000
Change in Net Position	2,336,260	5,139,645
Net Position, Start of Year	24,377,062	19,237,417
Net Position, End of Year	\$26,713,322	\$24,377,062

Shawano

Established in 1900 between Shawano Lake and the historic Wolf River, Shawano Municipal Utilities (SMU) serves 5,700 electric customers. SMU is also the managing partner of Badger Power Marketing Authority (Badger), a joint action agency of the Cities of Shawano and Clintonville, who together are members of Great Lakes Utilities. Our combined membership provides Badger access to low cost power through the joint action expertise and purchasing clout of GLU members. Badger further leverages joint ownership of a sub-transmission interconnection to reduce its power delivery costs and increase reliability. SMU values the flexibility and freedom that GLU membership affords, allowing us more time to spend on day to day management of our utilities and customers as we work together to make smart power supply decisions.

Stratford

Stratford Water and Electric originated in 1925 and currently serves 900 water and electric customers. Stratford's partnership with GLU allows for Stratford to supply power to our customers at competitive rates and to work together with other communities to make power decisions for the future of Stratford.

Trempealeau

Trempealeau Municipal Utilities (TMU) serves 1,386 customers & has been providing electric to the Village and nearby Townships since 1957. TMU also provides residents water and sewer services. TMU prides itself in providing high quality, reliable services to all our customers, our staff providing excellent, courteous customer service with professionalism and a smile. TMU has been a member of GLU since 2011 and GLU has been a great benefit for TMU providing lower cost power supply and helping keep our rates lower for our customers. GLU has also provided us with administrative services and support from many knowledgeable peers in the utility industry.

Wisconsin Rapids

Water Works and Lighting Commission (WW&LC) officially began on January 2, 1915. WW&LC proudly serves approximately 14,753 customers by providing water and electric service to the residents of the City of Wisconsin Rapids and electric service to portions of the surrounding communities of Grand Rapids, Grant, Biron, Seneca, Sigel, Rudolph, and Plover. We maintain approximately 162 miles of water main and approximately 301 miles of distribution lines and 383 miles

of secondary service. GLU is an asset to WW&LC and our customers by helping us to continue providing competitively low rates to all that we serve.

2019 BOARD MEMBERS

BANGOR — Ryan Pelowski

CLINTONVILLE — Brian Ellickson

CORNELL — Dave DeJongh, *Treasurer*

ESCANABA, MI — Mike Furmanski

KIEL — Kris August

MANITOWOC — Nilaksh Kothari, *Managing Director*

MARSHFIELD — Nicolas Kumm

MEDFORD — John Fales, *Secretary*

SHAWANO — Brian Knapp, *Vice-Chair*

STRATFORD — Scott Dennee

TREMPEALEAU — Kurt Wood

WISCONSIN RAPIDS — Jem Brown, *Chair*

This report is designed to provide our members and other interested parties with a general overview of GLU's Mission, Vision, financial operations and condition. If you have questions regarding the information provided in this report, contact the Managing Director, Great Lakes Utilities, and P.O. Box 965, Manitowoc, WI 54221-0965.



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