



Stats at a Glance

	2015	2016	2017	
Electric	Electric Revenues—Retail	\$44,667,414	\$45,111,094	\$42,842,090
	Electric Revenues—Wholesale	\$21,563,746	\$22,367,450	\$24,198,686
	Number of Electric Customers	17,925	17,952	17,956
	Megawatt-hours Sold—Retail	529,126	535,882	524,707
	Megawatt-hours Sold—Wholesale	117,759	134,683	170,309
	Peak Electric System Megawatt Demand	105	109	102
	Miles of Distribution Line	234	233	235
	Net Electric Utility Plant	\$95,044,013	\$93,555,562	\$90,105,614
Water	Water Revenues—Retail	\$4,644,818	\$4,695,333	\$4,734,972
	Water Revenues—Wholesale	\$2,041,982	\$2,126,122	\$2,027,752
	Number of Water Customers	13,668	13,715	13,739
	Gallons of Water Sold (x 1,000) - Retail	1,654,711	1,673,717	1,663,902
	Gallons of Water Sold (x 1,000) - Wholesale	2,426,900	2,335,212	2,331,313
	Miles of Water Main	185	187	187
	Number of Hydrants	1,364	1,378	1,381
	Net Water Utility Plant	\$48,453,205	\$47,742,595	\$46,874,035

Glossary

Administrative

Salaries and benefits paid to employees in administrative roles, along with administrative expenses such as supplies and insurance.

Annual Return on Investment

Operating earnings divided by Average Net Investment.

Customer Account

Cost of meter reading, billing, collection, and uncollectible accounts.

Depreciation

The decline in value of plant and equipment due to wear and tear of normal use and obsolescence, measured year by year through the charging of a portion of the asset's original cost against income.

Electric Distribution

Cost of distributing electricity to customers including routine and emergency maintenance of poles, wires, underground facilities, street lighting, substations, and metering.

Net Operating Income

These are the dollars available after all expenses are paid. This amount is used to finance system improvements and expansion projects.

Power Generation

Cost of energy generated at MPU power plants. Includes the cost of fuel, maintenance, and operation of the facility.

Pumping Expense

Cost of energy to operate pumps to deliver water to the distribution system and maintenance of pumping equipment.

Purchased Power

Energy purchased from other utilities.

Taxes

MPU is exempt from state and federal income tax, but other taxes are incurred. The majority of tax paid is referred to as "Payment in Lieu of Taxes" to city government, which is based on property value. MPU is the largest tax payer to city government.

Water Distribution

Cost of delivering water to consumers including routine and emergency maintenance of water mains and hydrants, storage tanks, and metering.

Water Supply

Cost of maintaining water intakes and wells.

Water Treatment

Cost of treating water delivered to the water distribution systems including operation as cost of the water treatment plant, such as energy, maintenance, chemicals, and laboratory expenses.

Year End Net Utility Plant

The depreciated value of the utility system plus construction work in progress, at year end.

Key Accomplishments for 2017

- No lost time accidents in 2017.
- Earned the American Public Power Association's 'Diamond' designation, the highest designation offered for the Reliable Public Power Provider (RP3) program, recognizing System Improvement, Reliability, Safety, and Workforce Development.
- Provided mutual aid assistance to Kissimmee, FL following hurricane Irma.
- Completed a utility-wide, written disaster preparedness action plan to improve readiness for natural and manmade disasters.
- Replaced 3,600 feet of cast iron water mains on S 10th and N 6th Streets.
- Partnered with the City of Manitowoc and the Manitowoc County Tennis Association to improve the grounds over and around the New York Water Reservoir in the Citizen Park Sports Complex.
- Participated in the Manitowoc County Youth Apprenticeship program by hiring three students to work in various areas of the utility including the power plant, water plant and main office.
- Completed an overhaul of Turbine #5, including replacement of several rows of rotating and stationary turbine blades, and stator wedges.
- Celebrated 10-years of serving water to the Central Brown County Water Authority (CBCWA) with an open house and tour in October.

2018 Planned Activities

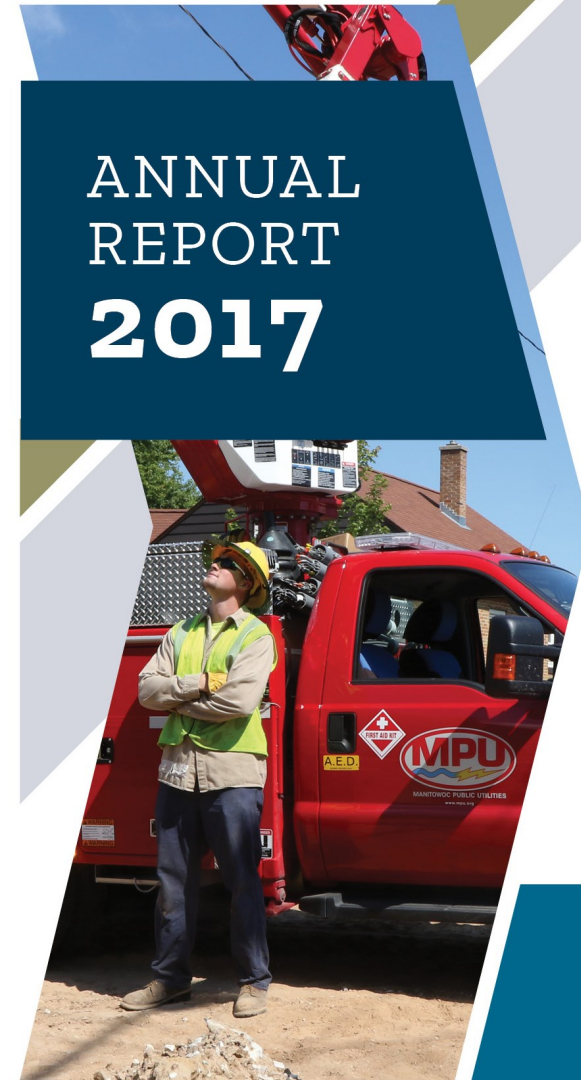
- Replace approximately 6,000 feet of water main coinciding with City street replacement projects on Dewey and Quay Streets.
- Initiate a project to replace all electric meters in the City of Manitowoc with automated metering infrastructure meters allowing for transmittal of read data over wireless channels. This project is anticipated to take 18 months to complete.
- Replace approximately 116 power poles, 3,000 feet of underground electric cabling, and 700 feet of overhead line to improve system reliability.
- Begin phase 1 of a multi-year project to replace the Continuous Microfiltration Facilities (CMF) at the Water Treatment Plant. Phase 1 will include design, regulatory approvals, and initial purchases of selected membrane equipment. Total project cost is anticipated to be \$4.5M with an estimated completion date in late 2019.
- Complete the utility-wide asset management program initiated in 2016 to assess existing infrastructure and provide ongoing recommendations to optimize the life cycle cost and develop a long term replacement plan of water and power production equipment and distribution facilities.



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Forward Focused

ANNUAL REPORT 2017



Manitowoc Public Utilities

Purpose of this Report

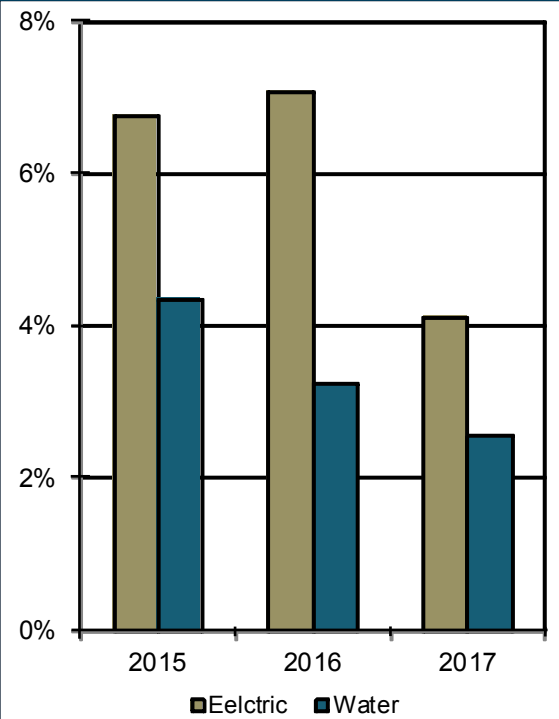
The purpose of this report is to help you understand where and how your utility payments are used. This annual report details MPU's revenue and expenses, as well as our key accomplishments from 2017, and our plans for 2018.

If you have any questions concerning this report or operation of your electric and water utility, please call our customer service office at 683-4600.

Mission Statement

MPU is dedicated to providing customer focused utility services.

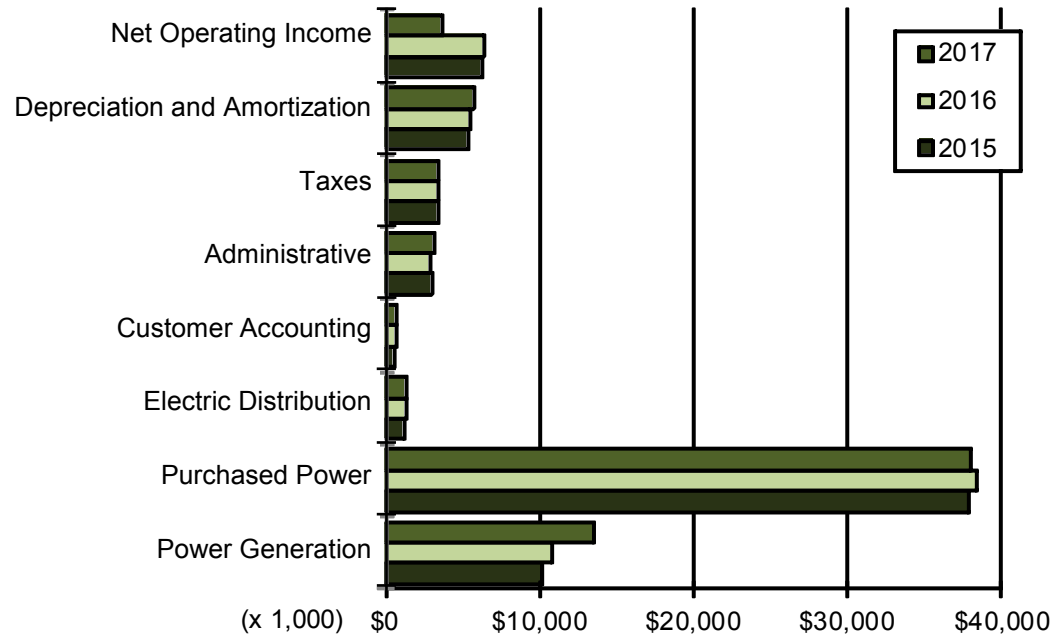
Annual Return on Rate Base



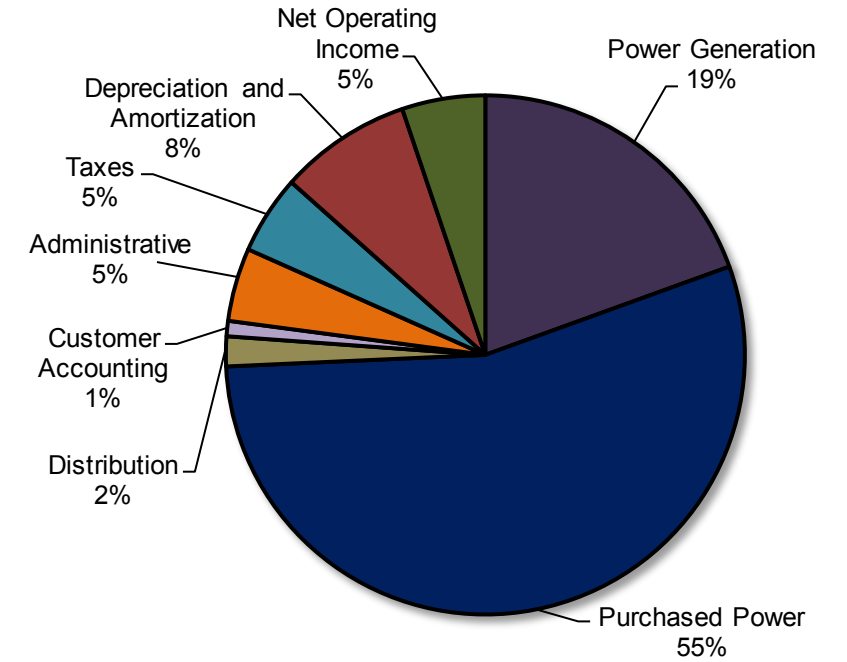
*Excludes Wholesale Revenues and Expenses from the Central Brown County Water Authority (CBCWA)



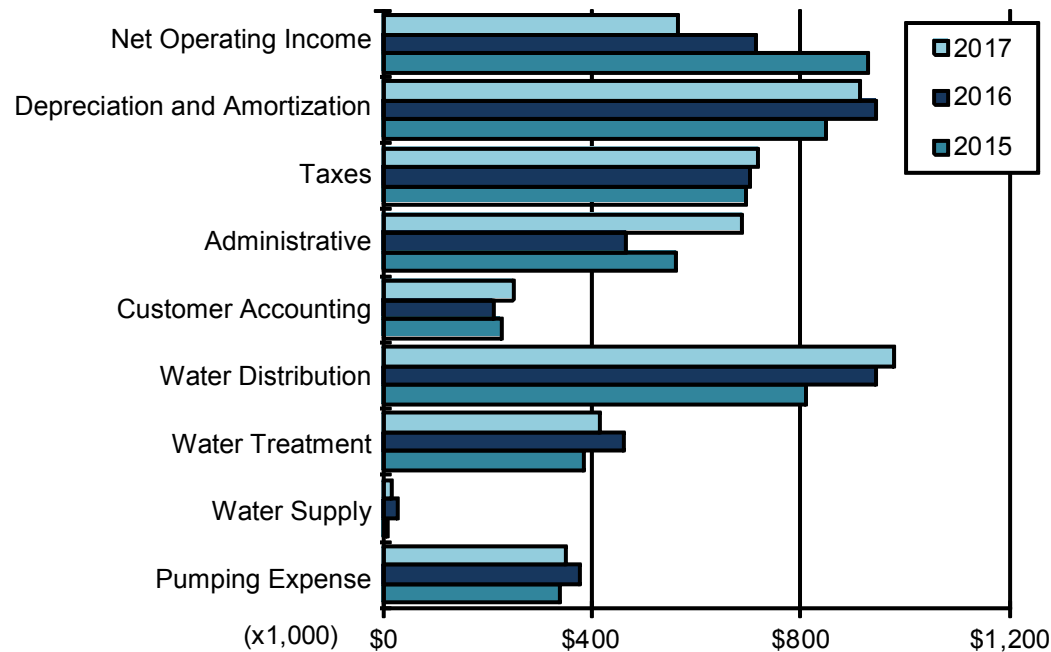
Electric Utility Expense Tracking



Electric Revenue Distribution- 2017



Water Utility Expense Tracking *



Water Revenue Distribution- 2017

