

Stats at a Glance

	2017	2018	2019	
Electric	Electric Revenues - Retail	\$42,842,090	\$43,399,364	\$41,008,980
	Electric Revenues - Wholesale	\$24,198,686	\$22,570,316	\$21,850,894
	Number of Electric Customers	17,956	18,009	18,092
	Megawatt-hours Sold - Retail	524,707	537,314	518,927
	Megawatt-hours Sold - Wholesale	170,309	148,097	133,206
	Peak Electric System Demand	102	105	100
	Miles of Distribution Line	235	235	234
	Average Net Investment	\$90,105,614	\$87,575,036	\$88,410,823
	Water	Water Revenues - Retail	\$4,734,972	\$4,671,993
Water Revenues - Wholesale		\$2,027,752	\$2,031,317	\$1,999,274
Number of Water Customers		13,739	13,773	13,776
Gallons of Water Sold (X 1000) - Retail		1,663,902	1,626,298	1,617,325
Gallons of Water Sold (X 1000) - Wholesale		2,331,313	2,473,087	2,436,517
Miles of Water Main		187	186	186
Number of Hydrants		1,381	1,378	1,394
Average Net Investment		\$46,874,035	\$45,988,481	\$45,911,126

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

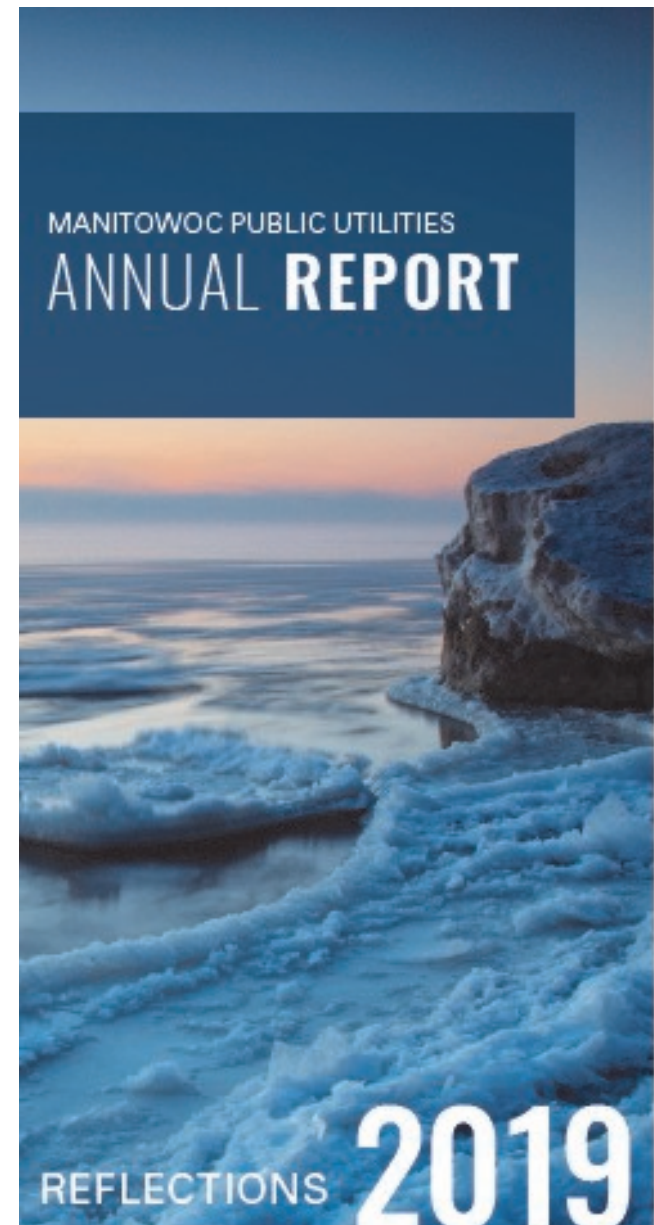
The depreciated value of the utility system plus construction work in progress, at year end.

Key Accomplishments for 2019

- MPU became debt free in April 2019.
- Filed for a 5% electric rate decrease (to become effective on April 1, 2020).
- MPU participated in the Manitowoc County Youth Apprenticeship program by hiring five high school students to work in various areas of the utility.
- Completed deployment of approximately 18,000 Advanced Metering Infrastructure (AMI) electric meters and 16 gateways in the City of Manitowoc
- Extended new electric and water services to Meijer, Meijer Fuel, Redline Plastics, Briess Warehouse, Lakeside Foods expansion, a new Burger King, Pizza Garden, Strand Adventures, and Eck Foundry.
- Upgraded power transformers at Dewey and Custer Substations from 22.4 MVA each to 25 MVA each, with cooling system modifications to increase the capacity to meet growing demands.
- Completed a feasibility study for converting all City street lights to LED technology. This study was approved and conversion of all street lights to LED technology will start in 2020 and continue over a 5-year period.
- Installed 400 feet of 12" watermain on Bayshore Drive and 2400 feet of 8" and 12" watermain on Meijer Drive and Crawford Lane.
- Replaced approximately 4500 feet of 10" watermain and 100 lead service lines on Waldo Boulevard in conjunction with WisDOT reconstruction.
- Started work on the removal of obsolete power plant equipment.

2020 Planned Activities

- Conduct customer focus groups to identify expectations for MPU and develop a Customer Service Business Plan.
- Seek approval for a \$20 million power supply resiliency project, consisting of new diesel generator at the power plant for "black start" capability.
- Complete removal of obsolete power plant equipment initiated in 2019 including stoker boilers 5, 6, & 7 and diesel units 1 & 2.
- Modify power plant fuel storage to permit use of up to a 40% mix of paper pellets in Boiler 9.
- Replace approximately 2450 feet of underground high voltage cable.
- Install new poles and LED lighting and replace approximately 6100 feet of 10" watermain and 45 lead service lines on Waldo Boulevard from North 14th Street to Fleetwood Drive, coinciding with the Wisconsin DOT reconstruction project.
- Replace approximately 100 deteriorated wood poles.
- Replace approximately 1000 High Pressure Sodium street lighting fixtures with LED fixtures as part of a five year project to convert all street lights to LED fixtures.
- Replace approximately 750 feet of 6" watermain on S. 29th St from Meadow Lane to Coolidge Place.
- Complete the America's Water Infrastructure Act (AWIA) Risk and Resiliency assessment for the water facilities. The law requires community drinking water systems to develop or update risk assessments and emergency response plans (ERPs).
- Conduct a feasibility study to expand dark fiber for cost effective high speed internet service to local businesses.
- Initiate the implementation of plant automation at the Waste Water Treatment Facility with a goal of creating an unmanned 3rd shift.



Community Owned...Customer Focused

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Purpose of this Report

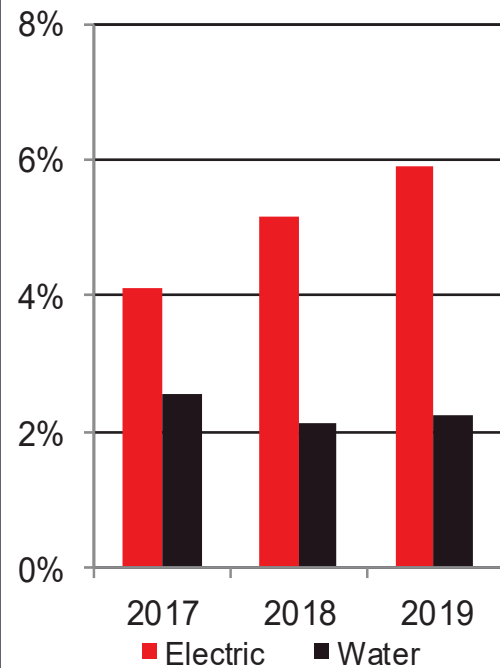
The purpose of this report is to help you understand where and how your utility payments are used. This annual report details MPU's revenue and expenses, as well as our key accomplishments from 2019, and our plans for 2020.

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

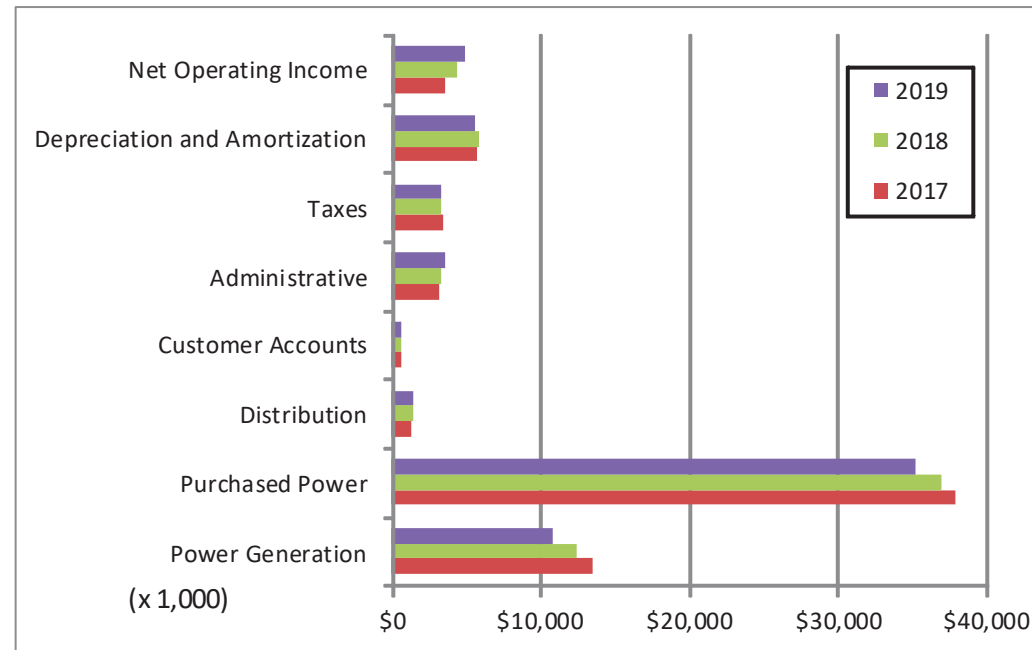
MPU is committed to be the trusted primary resource for providing customer focused utility services.

Annual Return on Rate Base

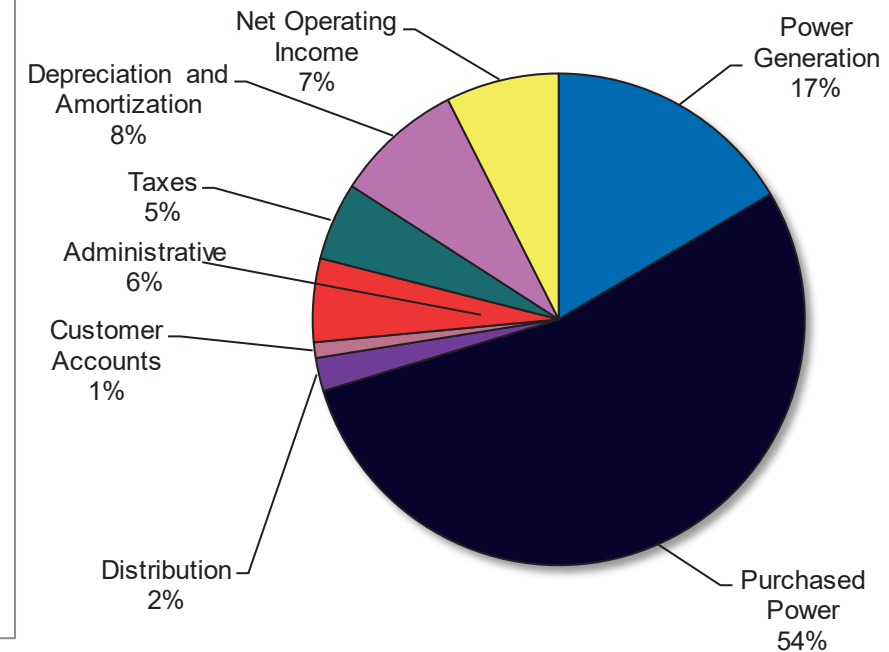


*Excludes Wholesale Revenues and Expenses from the Central Brown County Water Authority (CBCWA)

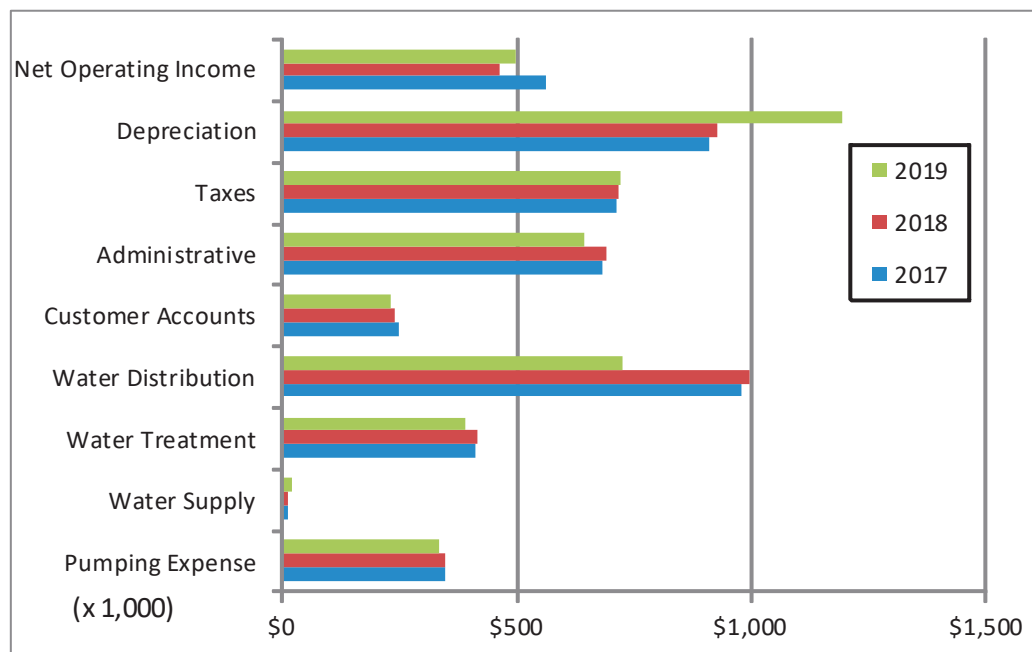
Electric Utility Expense Tracking



Electric Revenue Distribution- 2019



Water Utility Expense Tracking *



Water Revenue Distribution- 2019

