



AUSTIN UTILITIES

2017 Annual Report

BUILDING CONNECTIONS

CONSERVE & SAVE

AUSTIN UTILITIES



A message from ...

Mark Nibaur

General Manager

It is hard to believe we have been in our new building for almost two years. One of my favorite areas of the facility is our large meeting room in the front of the building. We call it the Austin/Mapleview room. It is an open and warm environment where our employees or customers can come together to learn, communicate and plan for Austin Utilities' future. It is a room with large windows, modern technology and flexibility to meet our needs, and it's easily accessible from our front entrance.

We continue to offer tours and opportunities to learn how Austin Utilities operates this community facility. I have mentioned to many customers and community leaders that the opportunity to explain what we do at Austin Utilities through building tours has been a positive experience for all of us.

I want to thank our community for their support as we continue to serve our customers. I have been in the utility industry for over 30 years and being part of the planning and construction of this new facility is a top-five highlight of my career. If you haven't had a chance to tour our new facility and if you are interested, please contact me, I would enjoy talking to you and sharing Austin Utilities' story.

▶ *“I often hear how impressed customers are that our facility was built practically and efficiently to meet the complex needs of operating a local municipal utility now and into the future.”*

Mark Nibaur



A Place for Us

Having everyone together in the same building for the first time has brought a new sense of solidarity to Austin Utilities staff. Sharing common space has given us the opportunity to spend more time together. The result is an increased awareness of opportunities for efficiencies.

“Scheduled mandatory employee training events are much more successful now that we are all in a central facility.” –Kim Duncomb, Support Services Director.

Board of Commissioners >

(from left to right)



Thomas C. Baudler, Geoff Baker, Jeanne Sheehan
Tom Sherman, Tyler Hulsebus

Leadership Team >

(from left to right)



Todd Jorgenson – Gas & Water Operations Director
Alex Bumgardner – Energy Resources & Utility Operations Director
Kim Duncomb – Support Services Director
Mark Nibaur – General Manager
Tom Tylutki – Electric Distribution Director

The Austin Utilities Team >



One-year anniversary in new building. Photo taken 7/17/2017

A Place to Share

Local clubs and organizations were offered a chance to hold a meeting in our building followed by a tour. We had over thirty groups take advantage of the opportunity. Our Austin/Mapleview meeting room provides space for up to 284 people. Room dividers offer the ability split the room into two separate areas making a great space for meetings of any size.



Todd Jorgenson explains monitoring performed in our dispatch center during a tour while Jonas Morehouse looks on.

“AU customers and other businesses and utilities who toured our building commented on how effectively we are using the space we have to improve service and communication with customers and between departments.”

KEVEN MAXA,
Engineering Supervisor



The Y's Women took advantage of a chance to tour our facility



Jess Dunlap points out items of interest during a tour with E3 students from IJ Holton School.



Mark Nibaur, general manager, addresses a group during the SMMPA annual informational meeting held at AU. Attendees toured the building before the event.



Kurt Regenscheid demonstrates electric safety as Pat Donovan looks on during our Electric Wise Kids summer class



Customers attend a Community Solar workshop in the Austin/Mapleview Room



Water Wise Kids participants watch as Larry Sunderman demonstrates water testing procedures.

A Place to Learn

Many of our past educational opportunities were provided off-site in rental space. Being able to use space at our new location has allowed us to combine classroom activities with more hands-on educational experiences. We were able to hold our first summer community education classes for kids which were a big hit.

“ Being able to have kids involved in hands on activities gives them the chance to experience what it might be like to work for a utility as a career. ”

Bill Bumgarner,
Electric Distribution Supervisor

A Place to Grow

One of the many benefits of a municipal utility is having a local utility that wants to be a community partner. A utility that listens and responds to local needs. Our new property has allowed us to really grow our partnership with the community. There are so many new initiatives at Austin Utilities and most of them can be attributed to the opportunities provided by our new space.

“This building has been inspirational for our staff. We are finding so many new ways to connect with our community now that we have the space to do so.”

Kelly Lady
Marketing and Energy Services Manager



A team of Austin Utilities staff installed a registered Monarch Waystation on the property



Commissioner Jeanne Sheehan kicks off the new SolarChoice program at an on-site event.



AU staff exceed their fundraising goal for the 2017 United Way campaign.



Austin Utilities held its first Share the Heat 5K Run/Walk in October and raised \$505 for the Salvation Army HeatShare Program



Dar Duholm and Melissa Swenson are ready to greet customers who attended our first Winter Readiness Open House to learn how to prepare for the winter heating season.



A great place to host!



Austin Utilities staff and Spruce Up Austin pose by a Fat Albert Spruce tree gifted and planted on our property by SUA



Melissa Swenson accepts donations for our Stuff the Bus school supply fundraiser with Power 96

2017 Financial Highlights

The following graph depicts the percent of revenue spent for each major category of expense. Sixty-five percent of revenues are spent on purchased power costs and natural gas purchases. Operating expenses are the next highest expense at 24%. Depreciation and Contributions in Lieu of Taxes make up 8% and our Operating Margin makes up the remaining 3%.

Our margin remained steady last year as the increase in sales was sufficient to cover our increased cost of purchases and depreciation. As you can see, our financial position has remained strong. Total assets declined slightly, the result of utility plant retirements. As we look ahead to 2018, we will continue to diligently manage our costs in order to mitigate rate impacts to our customers.

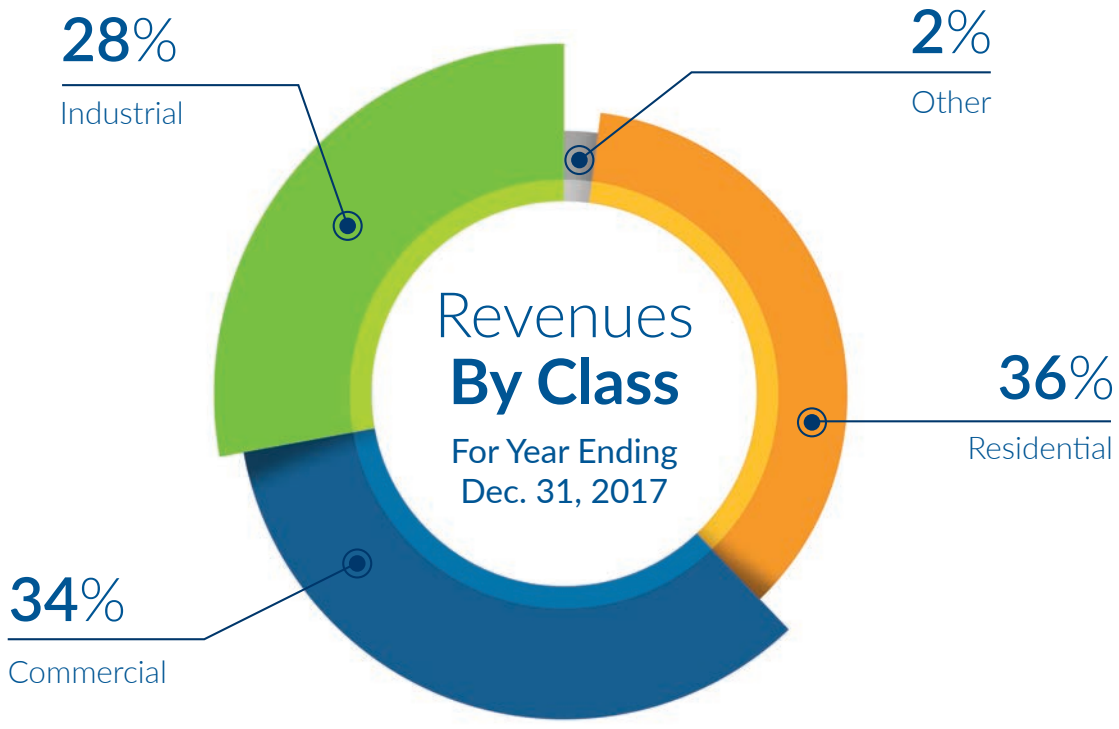


- **65%** Purchased Power & Natural Gas Purchases
- **24%** Operating Expenses
- **3%** Contributions in Lieu of Taxes
- **5%** Depreciation
- **3%** Operating Margin

	2016	2017
Total Assets	\$101.5 Million	\$100.4 Million
Equity	\$59.6 Million	\$60.1 Million
Revenue	\$56.5 Million	\$58.0 Million
Operating & Fixed Expenses	\$54.8 Million	\$56.3 Million
Other Income Expenses	\$0.2 Million	\$1.2 Million
Margins	\$1.5 Million	\$0.5 Million

Audited financial statements are available on our website at www.austinutilities.com.

2017 Revenues by Class and Source



Our Employees...

Working to enhance the quality of life in our community

Administration – **Mark Nibaur** (General Manager)

Sarah Douty

Accounting/Finance – **Ann Christianson** (Manager)

Joan Maxfield, Dana Steichen

Support Services – **Kim Duncomb** (Director)

Customer Service – **Melissa Swenson** (Supervisor)

Brad Bednar, Dar Duholm, Kerry Hall, Dale Helgeson, Beth Johannsen, John LaVelle, Mike Leidal, Jenny Loucks, Michelle Sifuentes, Dave Thompson, Wendy Whalen, Kara Wollschlager

Marketing and Energy Services – **Kelly Lady** (Manager)

Storeroom (Purchasing) – **Randy Judd** (Supervisor)

Jerry Stowell

Electric Distribution – **Tom Tylutki** (Director) and **Bill Bumgarner** (Supervisor)

Pat Andera, Doug Barth, Pat Donovan, Gilbert Ferguson, Jr., Mark Gerstner, Logan Kortan, Jeff Martinson, Kurt Regenscheid, Colin Roberts, Doug Rysavy, Dillon Sprague, Steve Tiegs, Tyler Underdahl.

Retired 2017: Daryl Prihoda

Gas & Water Operations – **Todd Jorgenson** (Director)

Gas & Water Construction – **Jeff Majerus** (Supervisor)

Matt Ball, Rob Cabeen, Jason Cummings, Willie Granholm, Brian Gunderson, Wayne Guyette, Adam Heimer, Brandon Henry, Matias Martin, Wade Nelson, Justin Peterson, Brandon Schaefer, Larry Sunderman, Craig Weis
Retired 2017: Mike Mentel, Lee Morem

Gas & Water Services – **Rob Gleason** (Supervisor)

Joe Bartholomew, Ryan Bell, Jessie Dumais, Gary Gabrielson, Marty Johnson, Dave Maloney, Tony Merten, John Troupe, Scott Wangen. Retired 2017: Bob DeVriendt

Energy Resources & Utility Operations – **Alex Bumgardner** (Director)

Engineering Services – **Keven Maxa** (Supervisor)

Samantha Bekaert, Derek Berndt, Mike Jensen, Troy Tucker

Information Systems – **Butch Goergen** (Manager)

Jonas Morehouse

Utility Operations – **Jess Dunlap** (Supervisor)

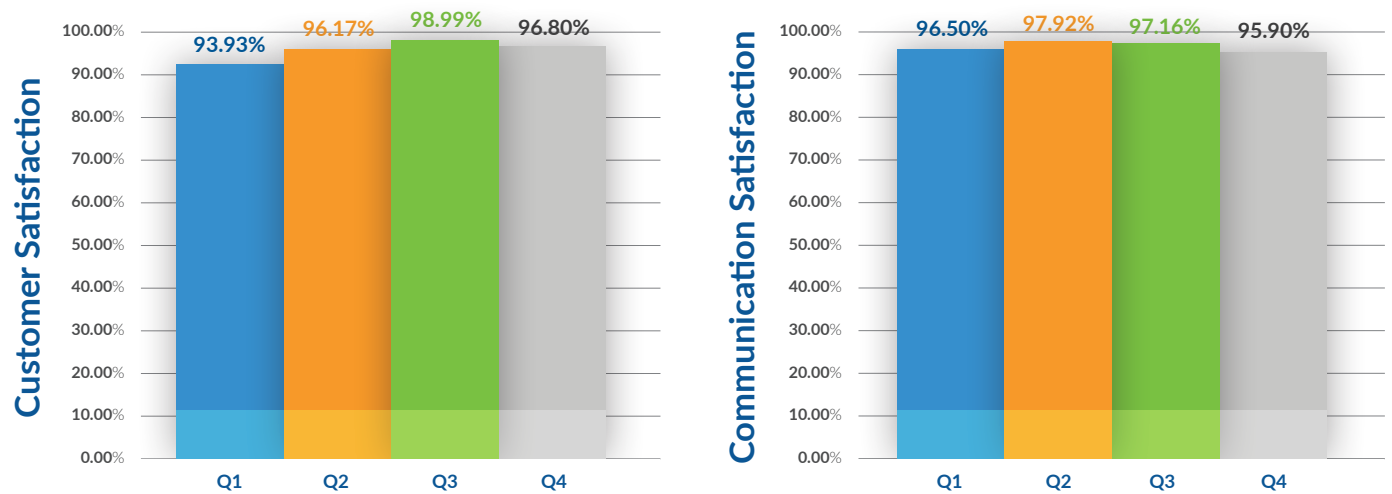
Steve Bissett, Jay Halleck, Mike Johnson, Brian Klapperick, Jay Kohnke, Duane McGonigle, Brad Sisteck, Dave White. Retired 2017: Bob Hyland, Steve Millam

And the Survey Says...

Austin Utilities began surveying customers in 2017 to learn about their overall levels of satisfaction with the communication, service and programs we provide. We are happy to report that overall our customer satisfaction and communication satisfaction consistently ranked very high, but we are always looking for ways to improve.

The survey allowed customers to rate their satisfaction with the utility on a four-point scale on five factors; Reliability of services received, Ease of doing business, Quality of service to customers, Value for the money, and AU's effort to be involved in the community. It also provided an opportunity for open-ended comments. The information our customers have provided will be useful as we look to meet our customers' needs and expectations now and in the future.

Overall Satisfaction



We Listen:

A new design that gave our vehicles more visibility was the result of surveyed customers who told us they were having trouble identifying our vehicles with our new logo. Austin Utilities plans to continue surveying customers in 2018. Your opinion counts so we want to be sure your voice is heard.

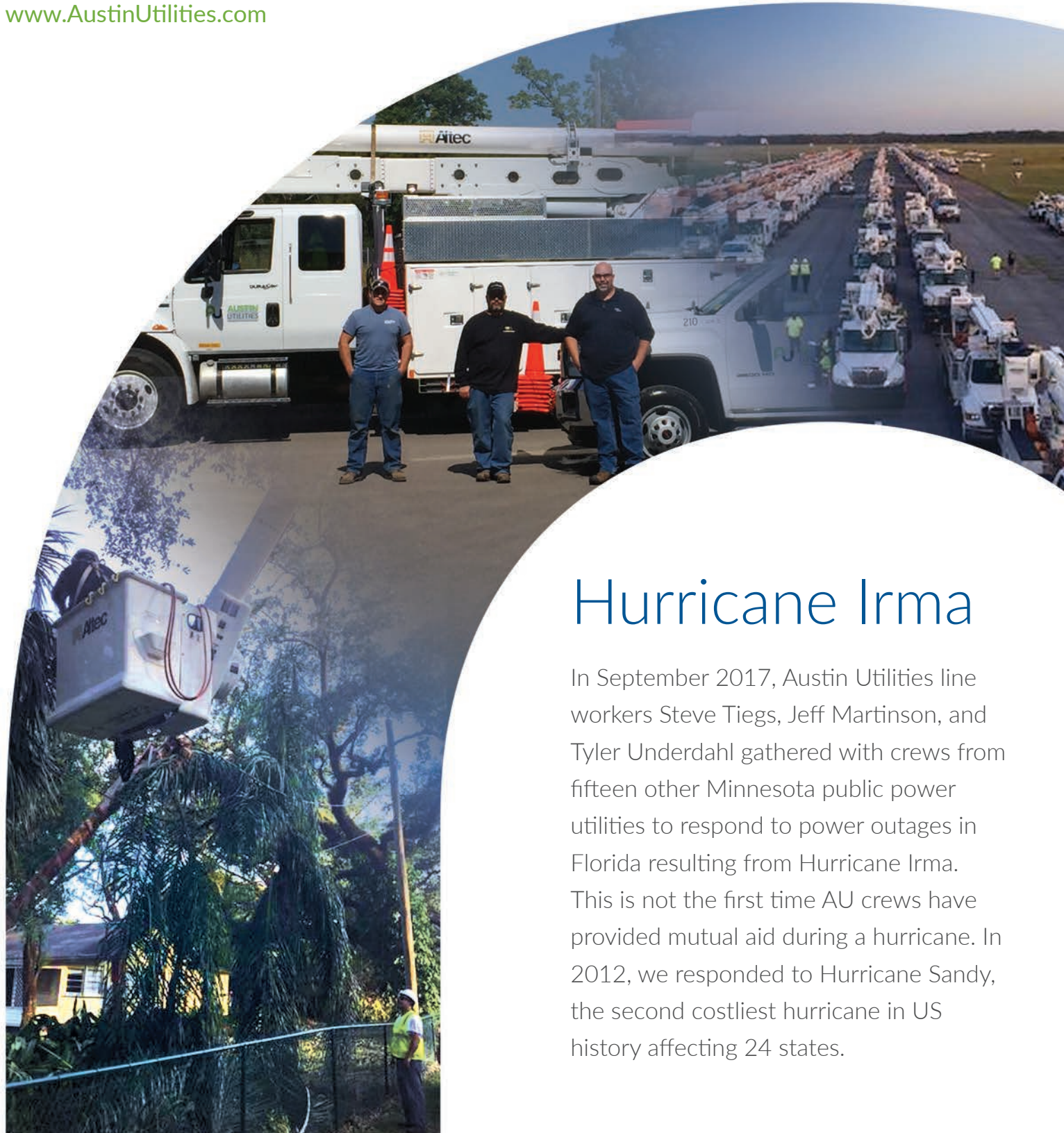


507-433-8886

talk2au@austinutilities.com

1908 14th Street NE • Austin, MN 55912

www.AustinUtilities.com



Hurricane Irma

In September 2017, Austin Utilities line workers Steve Tiegs, Jeff Martinson, and Tyler Underdahl gathered with crews from fifteen other Minnesota public power utilities to respond to power outages in Florida resulting from Hurricane Irma. This is not the first time AU crews have provided mutual aid during a hurricane. In 2012, we responded to Hurricane Sandy, the second costliest hurricane in US history affecting 24 states.