

**MINUTES OF THE
MANITOWOC PUBLIC UTILITIES COMMISSION MEETING
MONDAY, MAY 7, 2018**

The scheduled meeting of the Manitowoc Public Utilities Commission was called to order by President Hornung at 4:00 p.m. on Monday, May 7, 2018. In attendance were Commissioners Allie, Diedrich, Luckow, Nickels, Seidl, and Sitkiewitz. Also present were Brandon Hall and Craig Elders – The Chlupp & Hall Group; Mike Jaeger – WWTF; Rhienna Gabriel – City Council; Cindy Carter; Nilaksh Kothari – CEO & General Manager; and Attorney Andrew Steimle – Steimle Birschbach, LLC.

INVESTMENT REPORT PRESENTATION – THE CHLUPP & HALL GROUP/BAIRD: MPU's investment advisors, Chlupp & Hall Group/Baird, made a presentation on the 2017 performance of the short-term and intermediate investments. Baird has assumed all aspects of the investment portfolio following a transition from Reinhardt. Rising interest rates has caused some volatility in the bond market. There has been significant mark to market adjustments (or paper losses) in the portfolio over the last year. It is fully anticipated that MPU will receive par value back at maturity and for this reason, our investment advisors feel the income generated by the portfolio is more valuable over the long term than year to year investment performance. A brief discussion ensued.

Brandon Hall, Craig Elders, and Cindy Carter left the meeting at 4:32 p.m.

Rhienna Gabriel left the meeting at 4:33 p.m.

CONVENE MEETING TO CLOSED SESSION: Notice had previously been given that the Manitowoc Public Utilities Commission will adjourn to a closed session during the May 7, 2018 meeting pursuant to Section 19.85(1) (e) to discuss approval of the minutes of the March 12, 2018 Closed Session Meetings (CBCWA Water Purchase and Sales Agreement) and Discussion on a potential contract operations of a Wastewater Facility.

MOTION: A Motion to convene in closed session was made by Commissioner Sitkiewitz and seconded by Commissioner Seidl. Motion carried unanimously. Accordingly the Commission convened in closed session at 4:34 p.m.

The meeting was reconvened to open session at 5:08 p.m.

Rhienna Gabriel returned to the meeting at 5:08 p.m.

2017 PSCW ANNUAL REPORT: MPU filed the 2017 PSCW annual report on March 29, 2018. This report is due annually on April 1 and is required for all retail electric and water utilities in the State, including investor owned utilities. These reports are public and published to the PSCW website. Following are the highlights of the 2017 report: Return on Rate Base for Electric Utility is 4.12% compared to authorized 5.00% and Water Utility is 5.34%; the 2017 system peak demand of 101,592kW occurred on July 31, 2017; electric distribution line losses were 2.3373% down slightly from 2016; the maximum water gallons pumped on a single day

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occurred on October 3, 2017 at 16,815,000 gallons pumped and water losses decreased to 11% from 14% in 2016. A brief discussion ensued.

FUEL PROCUREMENT: A Request for Quotations was issued on March 14, 2018 for a vessel delivery of bituminous coal to the North Dock and for direct truck delivery on an as needed basis to the Power Plant. The proposals are indicative prices and may vary slightly. The request for quotations included numerous quality specifications, items needed to satisfy the Title V air permit limits and operational limitations with Beryllium, Mercury, Chlorine and Sulfur. With the data currently known via the quotes, and with consideration for the “all-in” costs, it is recommended that we proceed with purchase of NAPP coal via vessel delivery to the North Dock. The 18,000 net tons could last approximately two years or longer and provide certainty on the power production cost. Discussion ensued.

MOTION: A Motion was made by Commissioner Nickels and seconded by Commissioner Sitkiewitz to authorize the CEO & General Manager to negotiate and finalize the purchase and delivery for approximately 18,000 tons of NAPP coal. Motion carried unanimously.

PHYSICAL SAFEGUARD POLICIES FOR IT: The Physical Safeguards draft policy document was presented for review and comments. The initial biggest impact to End Users from the implementation of this policy will be from the implementation of the retention policies on the email system and automatic purging of End Users emails that are older than the retention periods. Commissioner Hornung recommended including the server room security in this policy.

LAKESIDE FOODS – AGREEMENT ON NORTH DOCK LAND USE: Lakeside Foods requested to allow parking of up to 12 empty semi-trailers within our North Dock area. They have limited parking space available at their facility during their busy season. Lakeside has historically parked semi-trailers north of their property on the Manitowoc Company site along the river. They are unclear of the future availability of this site and are looking for an alternative. MPU is awaiting confirmation from Lakeside. The Agreement was drafted by attorney Andy Steimle. A brief discussion ensued.

2017 PSCW RENEWABLE ENERGY PORTFOLIO: The Renewable Portfolio Standard (RPS) energy report filed with the PSCW was distributed for review. Wisconsin law currently requires MPU to generate 9.19% of our annual retail sales from renewable sources. MPU has met the requirements and has reserve credits available through at least the next decade based on the power plant operation in 2017.

GENERAL MANAGER'S REPORT: N. Kothari updated the Commission on the following: Grow It Forward is unable to the use of the available land by the Northwest water tower for the community gardens due to the \$470 Conditional Use Permit fee required by the County; Attorney Art Harrington attempted to reach the WDNR attorney to inquire about their decision on MPU not being responsible for the lead lateral replacement; and Hometown Connections has proposed to draft the high level strategic plan document for an additional \$4,000 which is under review; a meeting with CBCWA on the Water Purchase Agreement is scheduled on June 29, 2018.

MINUTES: The Minutes from the Regular Session Meetings on April 9, 2018 were presented for approval.

MOTION: A Motion was made by Commissioner Nickels and seconded by Commissioner Luckow to approve the Regular Session Minutes from April 9, 2018. Motion carried unanimously.

APPROVAL OF CLAIMS: Claims List dated April 24, 2018; and Wire Transfers dated through May 2, 2018 were presented for approval.

FINANCIAL REPORTS FOR MARCH 2018: The Financial Reports for March 2018 were previously distributed to the Commission for review and discussion.

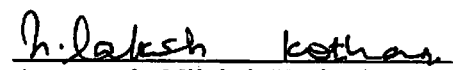
MOTION: A Motion was made by Commissioner Nickels and seconded by Commissioner Luckow to approve the Claims List dated April 24, 2018 check nos. 83942 through 84094 totaling \$535,583.61; Wire Transfers dated through March 7, 2018 totaling \$4,336,943.34 and to place the Financial Reports from March 2018 on file.

QUOTATIONS/BIDS: 2018 Hydrant Painting – \$90.00 per hydrant – Davies Services/Ferguson; Metering Services Cargo Van - \$20,855.00 – Ewald State Contract.

MOTION: A Motion was made by Commissioner Luckow and seconded by Commissioner Seidl to approve the presented quotations/bids. Motion carried unanimously.

NEXT MEETING: May 29, 2018 at 4:00 p.m.

ADJOURN: A Motion was made to adjourn the meeting by Commissioner Luckow and seconded by Commissioner Allie. Meeting adjourned at 5:20 p.m.


Approved: Nilaksh Kothari, CEO & General Manager


Approved: David Diedrich, Secretary