

**MINUTES OF THE
MANITOWOC PUBLIC UTILITIES COMMISSION MEETING
MONDAY, AUGUST 12, 2019**

The scheduled meeting of the Manitowoc Public Utilities Commission was called to order by Commissioner Seidl at 4:00 p.m. on Monday, August 12, 2019. In attendance were Commissioners Allie, Diedrich, Hornung, Luckow, Nickels, and Sitkiewitz. Also present were Attorney John Mayer – Nash Law; Cindy Carter – MPU; Nilaksh Kothari – CEO & General Manager; and Attorney Andrew Steimle – Steimle Birschbach, LLC. Commissioner Allie was absent.

CONVENE MEETING TO CLOSED SESSION: Notice had previously been given that the Manitowoc Public Utilities Commission will adjourn to a closed session during the August 12, 2019 meeting pursuant to Section 19.85(1) (c), Section 19.85(1) (e), and Section 19.85(1)(g) to discuss approval of the minutes of the May 13, 2019 Closed Session Meetings (CBCWA Negotiations), Claims Dispute – Hazelwood Drive Sewer Backups, and Personnel Committee Report and Recommendations.

MOTION: A Motion to convene in closed session was made by Commissioner Hornung and seconded by Commissioner Diedrich. Motion carried unanimously. Accordingly, the Commission convened in closed session at 4:01 p.m.

Attorney John Mayer and Cindy Carter left the meeting at 4:25 p.m.

The meeting was reconvened to open session at 4:45 p.m.

APPROVAL OF ITEMS FROM CLOSED SESSION:

MOTION: A Motion was made by Commissioner Nickels and seconded by Commissioner Luckow to accept the retirement letter of N. Kothari; approve Attorney John Mayer to send letter denying the claims of the residents on Hazelwood Drive; and accept an observer of Great Lakes Utilities on the search committee for the General Manager. Motion carried unanimously.

PERSONNEL COMMITTEE REPORT AND RECOMMENDATIONS: Commissioner Luckow, Personnel Committee Chair, presented highlights of the meeting for approval as follows: a two-pronged approach to employee performance reviews, which will focus on job results on the x-axis and leadership on the y-axis resulting in a 9-box system beginning January 1, 2020 and retaining QTI as a wage study consultant for a cost not to exceed \$34,600.

MOTION: A Motion was made by Commissioner Diedrich and seconded by Commissioner Nickels to approve the revised employee performance management system and approve the services of QTI for the wage study at a cost not to exceed \$34,600. Motion carried unanimously.

Steve Bacalzo and Don Duenkel joined the meeting at 4:50 p.m.

GENERATION RESILIENCY STUDY RECOMMENDATIONS: N. Kothari reviewed the memo dated August 9 submitted to Commissioners. The highlights are as follows: at the July 22, 2019 meeting, Black & Veatch presented the findings which included the goals of the study; vulnerabilities of MPU's Power Plant; and in particular, impacts on boilers; potential natural and

man-made disasters; capital cost of several options including alternative sites for generation; net present analysis of the various options with the Gray Wartsila 11.8 MW reciprocating engines available at a discounted price and recommendations. Subsequent to the Commission meeting, Commissioner Dan Hornung posed several excellent but more detailed questions. Those questions included the rationale in capital cost difference between the 2018 and 2019 study; exact location of the new generation if installed at the Columbus Street site; whether the Plant 4kV circuits be back-fed from the 13.2 kV circuits; can the Power Plant be operated with only one of the three transmission interconnects available; what portion of the city will have power if the 69 kV transmission line owned by ATC and looped around the city of Manitowoc is not available; the maximum output of energy from the Power Plant at Columbus Street when 69 kV transmission is not available; how long will it take to bring the Power Plant back in service when Power Plant has tripped; what is the definition of the word "tripped"; and proposed plans for back-up generation when the resiliency generation is out of service for maintenance. The August 9 memo addressed all of the above questions. A lengthy discussion ensued. The consensus and understanding of the Commission is as follows: installation of the new generation will avoid purchasing 10 MW of market purchase and capacity; allow pumping of water for both MPU and CBCWA; total capital cost of project will be approximately \$17-20 million; the project will be designed to allow a substantial portion of the MPU distribution system to operate without use of the ATC transmission loop; the time for Columbus Street Power Plant to re-start, assuming the transmission outage occurred when either boiler is operating, will be approximately two hours; the total capacity from the Columbus Street Power Plant on 13.2 kV circuits will be 62 MW with Columbus Street generation modified to supply Power Plant buses; with both Custer Street and Columbus Street generation available, a total of 18 of the 27 total distribution circuits will have power without 69 kV transmission line; the most cost effective location for the new generation will be the southeast corner of Columbus Street generation, i.e. where the existing retired diesel units are located; a majority of the city area north of Waldo Boulevard and a minor area south of the Manitowoc River cannot be provided power without use of the ATC 69 kV transmission loop around the city unless a 13.2 kV express distribution line is installed between the Power Plant and Revere Substation; continue to have discussions with American Transmission Company (ATC) on firming up the expectations on when MPU can operate in an islanded mode with the use of the ATC 69 KV transmission loop and discuss with GLU on their interest in owning generation assets.

MOTION: A Motion was made by Commissioner Nickels and seconded by Commissioner Diedrich to negotiate a non-binding purchase and sale agreement for the discounted 11.8 Wartsilla engines for Commission consideration and approval; develop preliminary layout of the generation at a cost not to exceed \$20,000; and initiate application to MISO for generation interconnect. Motion carried unanimously.

Commissioner Diedrich left the meeting at 5:15 p.m.

LED STREET LIGHTING FEASIBILITY STUDY: The MPU street lighting system is comprised of 4,900 High Pressure Sodium (HPS) lighting fixtures of varying wattages and styles, mounted on wooden, fiberglass, steel, aluminum, and concrete poles. In July 2019, a Request for Proposal (RFP) was issued to eight Architect/Engineering (A/E) firms to evaluate the feasibility of converting the entire MPU street lighting system from HPS to LED. The firms included; Leidos Engineering, LLC; Utility Design Services (UDS); Short Elliott Hendrickson, LLC (SEH); Graeme Lister Consulting, LLC (Partnered with Rick Kauffmann Consulting, LLC); REDD Inc.; Delta-K Consultants; Ayres Associates; and JT Engineering. The objectives of the study include

defining existing and future street lighting design objectives for illuminating various classifications of Manitowoc roadways; identifying LED fixture options which maximize the reuse of existing poles and wiring while satisfying design objectives; provide capital cost estimates and estimate O&M expenses for conversion to LED; develop a payback analysis, including potential rate impacts; and list pros and cons for LED street lighting conversion. The Leidos proposal presented relevant experience with similar scope of work. Leidos has an existing consulting services agreement with MPU and will meet the desired project timeline for an estimated cost of \$28,000.

MOTION: A Motion was made by Commissioner Hornung and seconded by Commissioner Sitkiewitz to retain Leidos Engineering to perform the LED street lighting feasibility study at a cost not to exceed \$28,000 plus MPU labor and expenses. Motion carried unanimously.

Steve Bacalzo and Don Duenkel left the meeting at 5:18 p.m.

ASSET MANAGEMENT FOR WWTF: Kayuga Solutions submitted a proposal for asset management of the Wastewater Treatment Facility (WWTF). Kayuga was retained in 2016 to begin an asset management of all of MPU's water and electric utilities' horizontal and vertical assets. Highlights of the proposal are: develop asset registry; risk assessment; life cycle cost analyses with IRIS; and asset management plan. The work will be completed in 12 months. The proposal and scope of services has been discussed and approved by Mike Jaeger, WWTF Superintendent. The work was identified in the City-MPU Agreement as a performance measure.

MOTION: A Motion was made by Commissioner Hornung and seconded by Commissioner Luckow to retain Kayuga Solutions to conduct the asset management for WWTF at a cost not to exceed \$98,950. Motion carried unanimously.

STEAM UTILITY RATES: The steam study was last conducted in 2016 upon the installation of the natural gas boilers for Briess Corporation. Price Consulting was retained to conduct a review of the current steam rates to ensure that the steam Utility is financially performing to attain a rate of return of at least 6.0%. The study concluded that Steam Utility is performing adequately and recommends no changes are required. Briess has been considering a new process addition that would eliminate most of the steam condensate normally returned to the steam utility. Therefore, in anticipation of the new process being implemented, Price Consulting is recommending including an additional rate component to compensate the utility for any such loss of condensate. The proposed new rate component will have no impact on Briess if the new process is not implemented. Following are the highlights: no changes to the fixed monthly customer charges with Briess continuing to pay the \$42,000/mo. rate which incorporates the repayment of the boilers at 2.5% interest - a levelized payment of \$37,269/mo - repayment of the boilers will be completed on the April 2021 billing; one new billing component will be established for Briess - the condensate loss (Condensate Return) charge will compensate MPU for the amount condensate not returned to the utility by Briess and this rate will be set at \$1.023/klb of lost condensate and will only be implemented with the new process; the 1% allocation of electric plant and wholesale revenues and expenses to the steam utility will remain to capture the benefits of capacity backup and potential hedge of extreme natural gas prices; and the earned return will continue to be at least 6.0%. The revised steam schedule will be effective September 1, 2019. A brief discussion ensued on rates.

MOTION: A Motion was made by Commissioner Sitkiewitz and seconded by Commissioner Hornung to approve the revised steam schedule. Motion carried with Commissioner Luckow abstaining.

MPU COMMISSION POLICIES: Attorney Andy Steimle reviewed, updated and revised the MPU Commission policies as requested. The draft policies were distributed for review and discussion. This item will be discussed at the next meeting and approved at the October meeting.

GENERAL MANAGER'S REPORT: N. Kothari updated the Commission on the following: a meter reader was approached by a resident with a very large dog questioning authority to "trespass" on property to read meters - after a long and strange discussion, the technician left and a letter was sent citing the code language which allows MPU employees to access meters; APPA announced they have partnered with Nissan to provide \$2,500 and \$3,500 rebates for municipal utility customers and employees who purchase an electric vehicle (LEAF) between now and September 30, 2019; Sierra Club has intervened in our electric rate case filing; inquiry to PSCW Regarding Water Main Extensions outside city limits has been accepted; a response was sent to PSCW on questions for replacing membrane modules in the CMF plant.

Commissioner Sitkiewitz left the meeting at 5:25 p.m.

MINUTES: The Minutes from the Regular Session Meeting on July 22, 2019 were presented for approval.

MOTION: A Motion by Commissioner Nickels and seconded by Commissioner Hornung to approve the Regular Session Minutes from July 22, 2019. Motion carried unanimously.

APPROVAL OF CLAIMS: Claims List dated August 13, 2019; and Wire Transfers dated through August 7, 2019 were presented for approval.

APPROVAL OF WWTF CLAIMS: Claims List dated August 16, 2019 was presented for approval.

MOTION: A Motion by Commissioner Nickels and seconded by Commissioner Hornung to approve the Claims List dated August 13, 2019 check nos. 88371 through 88527 totaling \$904,384.88; Wire Transfers dated through August 7, 2019 totaling \$3,939,839.16; and Claims List for WWTF batch 00713.08.2019 dated August 16, 2019 totaling \$144,106.80.

INVESTMENT REPORT: The Investment Portfolio Report from Baird, our investment advisor, for the period ending June 30, 2019 was previously distributed to the Commission for review and discussion.

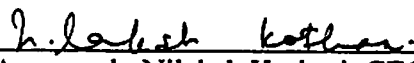
MOTION: A Motion was made by Commissioner Nickels and seconded by Commissioner Hornung to accept the Investment Reports from Baird.

QUOTATIONS/BIDS: Single-phase, pole-mount transformers, 25 KVA- \$1,010.00 - WESCO.

MOTION: A Motion was made by Commissioner Nickels and seconded by Commissioner Hornung to approve the Single-phase, pole-mount transformers, 25 KVA. Motion carried unanimously.

NEXT MEETING: Monday, September 9, 2019 at 4:00 p.m.

ADJOURN: A Motion to adjourn the meeting by Commissioner Hornung and seconded by Commissioner Nickels. Meeting adjourned at 5:35 p.m.



Approved: Nilaksh Kothari, CEO & General Manager



Approved: Alex Allie, Secretary