

**MINUTES OF THE
MANITOWOC PUBLIC UTILITIES COMMISSION MEETING
MONDAY, OCTOBER 12, 2015**

The scheduled meeting of the Manitowoc Public Utilities Commission was called to order by President Seidl at 4:00 p.m. on Monday, October 12, 2015. In attendance were Commissioners Diedrich, Hennessey, Hornung, Luckow, Nickels and Seidl. Also present were Nilaksh Kothari – General Manager, Cindy Carter, Dan Salm, Cara Zipperer, Kevin Crawford, Tim Brick – Leede Research, and Attorney Andrew Steimle – Steimle Birschbach, LLC.

ELECTION OF OFFICERS: A Motion was made by Commissioner Justin Nickels and seconded by Commissioner Jill Hennessey to nominate Commissioner Dave Diedrich for President, Commissioner David Luckow for Vice President, and Commissioner Dan Hornung for Secretary of the MPU Commission for 2015-2016 and to close the nominations. Motion carried unanimously.

Adam Becker arrived at 4:15 p.m.

RESIDENTIAL CUSTOMER SURVEY PRESENTATION: Tim Brick, Leede Research, gave an overview of the residential survey that was done on behalf of MPU in September 2015. The surveys were done via telephone and online but were more heavily online for the first time which shifted the demographics. The results were compared to the 2011 and 2013 studies. The survey results indicated that satisfaction among MPU customers is favorable however they were lower than the previous studies. The key areas for MPU to improve are: provide better information through website; increase awareness of renewable energy and efficiency; extended hours for customer service; and better ways to communicate with customers rather than through the printed Connection newsletter. Discussion ensued. The report was accepted by consensus.

Tim Brick, Cindy Carter, Dan Salm; Adam Becker and Cara Zipperer left the meeting at 4:37 p.m.

RESOLUTION – AUTHORIZING RESTRUCTURING OF ATC, LLC: At the September 14, 2015 Commission meeting, several documents were presented and discussed for proposed restructuring of the American Transmission Company (ATC, LLC). A brief discussion ensued.

MOTION: A Motion was made by Commissioner Nickels and seconded by Commissioner Seidl to approve the Resolution. Motion carried unanimously.

LAND CONTRACT – 3835 SOUTH 10TH STREET: The draft land contract for the property at 3835 South 10th Street, Manitowoc was presented for review. Following are the highlights: monthly payment of \$8,000 for 60 months on the first day of the month upon execution of agreement; interest rate: 0.0%; no pre-payment penalty or premium; current owner option to stay on the property and responsible for all taxes, utilities and maintenance of property as long as they occupy the property with no liability to MPU during the occupancy period. A brief discussion ensued.

MOTION: A Motion was made by Commissioner Nickels and seconded by Commissioner Luckow to approve the land contract pending final review and agreement by attorneys. Motion carried unanimously.

MATS COMPLIANCE – BOILER 9: The Mercury and Air Toxics Standards (MATS) compliance requirement for Boiler 9 is April 16, 2016. The MATS requirements include Filterable PM, Mercury, Hydrogen Chloride (HCl) and Work Practice Standards (boiler tune-up). UCC will be retained for CFD (computational fluid dynamics) flow modeling for Unit 9 ducting downstream of their air heater, and for shop fabrication of nozzles and flow splitter based on the proposals received for this work. The design work is expected to take 4 to 6 weeks to complete, followed by 4-6 weeks to shop fabricate the nozzles and splitters. Field installation is expected to take an additional 2 weeks. The installation of nozzles, splitter and temporary piping is expected to be completed by mid to late January 2016. Boiler 9 startup and HCl testing would then occur in early to mid-February. During the February –April HCl testing, different trials will be conducted with various sorbents including but not limited to bed ash hydration; hydrated lime, and others on removal efficiencies. Discussion ensued on alternatives for HCl compliance; the pros and cons of the proposed system including the probability of success with bed ash; experience of other generating units and the costs of the options considered.

MOTION: A Motion was made by Commissioner Hornung and seconded by Commissioner Seidl to approve the expenditures of approximately \$500,000 for compliance with HCl removal for Boiler 9. Motion carried unanimously.

WAIVER OF PILOT ON CITY REIMBURSED IT INFRASTRUCTURE ASSETS TO MPU: The Payment in Lieu of Taxes (PILOT) formula requires that all capital expenditures, whether invested through MPU rate payers or contributed by a third party, be included in the calculation for monies owed to City. In 2014/2015 during the major IT upgrades City contributed \$375,000, which will require MPU invoicing and subsequently paying approximately \$6,500. After discussion with City Finance Director, a request was drafted to be sent to Mayor and City Council for waiving PILOT on any IT related contributions to capital cost.

MOTION: A Motion was made by Commissioner Seidl and seconded by Commissioner Luckow to approve the request to Mayor and City Council as presented. Motion carried unanimously.

DRAFT STRATEGIC PLAN PROPOSAL: The draft strategic plan was presented for review. The tasks, activities, budgets and schedule for each objective are being developed and presented at the next Commission meeting. A request for proposal was issued to four consultants as requested by Commission to assist with three objectives: opportunities for growth of MPU; succession planning and developing criteria for enhancing partner relationships. Discussion ensued on whether Commission should create a sub-committee to select the consultant. A proposal from QTI, Madison was requested to conduct a wage and benefit study to ensure competitiveness with the Investor Owned Utilities as our current consultant MRA don't have this data base. Discussion ensued on Commission involvement in the wage study.

MOTION: A Motion was made by Commissioner Dan Hornung and seconded by Commissioner Seidl to establish a sub-committee consisting of Commissioners Hornung; Seidl and Diedrich to review and recommend a consultant for the facilitation project. Motion carried with Commissioner Luckow opposing.

MOTION: A Motion was made by Commissioner Nickels and seconded by Commissioner Hennessy to approve retaining QTI Group for a cost not to exceed \$22,000. Motion carried unanimously.

APPA LEGISLATIVE RALLY: The APPA Legislative Rally is scheduled for March 7-9, 2015 in Washington D.C. The Legislative Rally offers members of the public power community an opportunity to work together on federal legislative and regulatory issues that affect the industry. APPA staff and expert speakers will provide briefings on key messages and on how to influence decision-makers effectively. During the rally, individual meetings with the Wisconsin Congressional delegation will also be conducted. The approximate costs per person are \$2,250.

MOTION: A Motion was made by Commissioner Seidl and seconded by Commissioner Hornung to approve Commissioner attendance at the APPA Legislative Rally. Motion carried unanimously.

EPA REGION 5 – 114 REQUEST: Following are the updates on the above-referenced: EPA has extended the deadline to submit a response until October 19, 2015; MPU is awaiting EPA's report on findings of the air quality monitoring from the unscheduled site visit; the preliminary findings of the MPU consultant on the air quality monitoring during the second day of EPA's site visit for PM₁₀ averaged from 17 µg/m³ to 45µg/m³ as compared to the standard of 150 µg/m³ averaged over a 24 hour period, not to be exceeded once in a calendar year. A recipient of a Section 114 Request will be filing a petition with OMB on EPA's failure to comply with the Paperwork Reduction Act and inquired if MPU will join the petition. MPU has declined to participate in the petition.

GENERAL MANAGER'S REPORT: N. Kothari updated the Commission on the following: Turbine 6 tripped off line on September 25, 2015 at 5:22 p.m. The unit was rolled back up, and returned to line about 1 ½ hours later. The Michigan Avenue water main replacement will be started by Kip Gulseth Construction Co the week of October 5. A meeting was held with PSCW Monday to clarify the intent in administering the new Cp-5 Coincident Demand tariff. We had intended to use a monthly aggregation of maximum metered demand values, and billing the 12-month maximum. The PSC's intent was to use a 12-month aggregation. Small claims paperwork was filed with the City Attorney for an unpaid commercial account final bill. The water and sewer portion will go on the tax roll for the new owners – balance to be processed through the court. A back bill was calculated for a slow/stopped water meter remote at Crafts Roofing, 3403 Menasha Avenue. Greg Eirshle of RTP Environmental Associates began to assist with transitioning of environmental compliance duties due to the retirement of Tom Reed and not receiving resumes from qualified candidates. Discussion ensued on replacement options.

MINUTES: The Minutes from the Regular Session Meeting on September 14, 2015 were presented for approval.

APPROVAL OF CLAIMS: Claims List dated September 29, 2015, Claims List dated October 13, 2015 and Wire Transfers dated through October 7, 2015 were presented for approval.

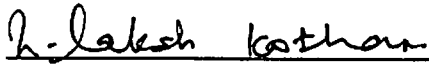
FINANCIAL REPORTS FOR AUGUST 2015: The Financial Reports for August 2015 were previously distributed to the Commission for review and discussion. A discussion followed on the change in the format of the financial reports, presentation of the reporting capabilities of the financial software, a general overview of the financial condition for the new commissioner and the rate stabilization fund at Great Lakes Utilities and on managing future rate adjustments. N. Kothari to review the feasibility on presenting the requested information at the next Commission meeting.


QUOTATIONS/BIDS: The following quotations/bids were presented for approval: Electric Distribution Bucket Truck - \$98,989.00 – Altec; Viebahn Street Watermain Installation - \$311,624.43 – Vinton Construction; and Packaged Firetube Boiler Installation - \$757,327.00 – MTI.

MOTION: A Motion was made by Commissioner Hennessey and seconded by Commissioner Seidl to approve the Regular Session Minutes from September 14, 2015; the Claims List dated September 29, 2015 check nos.76253 through 76358 totaling \$881,630.83; Claims List dated October 13, 2015 check nos.76359 through 76461 totaling \$534,838.39; Wire Transfers dated through October 7, 2015 totaling \$4,382,519.62; to place the Financial Reports for August 2015 on file; to have approximately \$5,000,000 in the rate stabilization fund of Great Lakes Utilities during the next twelve months from below the line income to manage future electric rate adjustments; and to approve the presented quotations/bids. Motion carried unanimously.

NEXT MEETING: Future meeting will be held on November 23, 2015 at 4:00 p.m.

ADJOURN: A Motion was made to adjourn the meeting by Commissioner Nickels and seconded by Commissioner Hennessey. Meeting adjourned at 5:40 p.m.


Approved: Nilaksh Kothari, General Manager


Approved: Dan Hornung, Secretary