

**MINUTES OF THE
MANITOWOC PUBLIC UTILITIES COMMISSION MEETING
MONDAY, FEBRUARY 11, 2019**

The scheduled meeting of the Manitowoc Public Utilities Commission was called to order by Commissioner Seidl at 4:00 p.m. on Monday, February 11, 2019. In attendance were Commissioners Allie, Diedrich, Hornung, Luckow, and Sitkiewitz. Also present were Nilaksh Kothari – CEO & General Manager; and Attorney Andrew Steimle – Steimle Birschbach, LLC. Commissioner Nickels was absent.

GLU TO MPU 10 MW ON-PEAK ENERGY SALE FOR 2019 AND 2020: The Master Transaction – Power Purchase Confirmation is for MPU to purchase 10 MW on-peak energy (5x16) for July and August of 2019 and 2020 at 100% load factor from GLU. MPU is a partial requirements member of the Power Supply Committee and is responsible for meeting its capacity and energy requirements above 77 MWs. The volume of energy for this transaction is 7,040 MWhs for 2019 and 2020. The delivery point for this transaction is at WPS.GLU and MPU would be responsible for the congestion and losses component between the WPS.GLU and WPS.MPU nodes.

MOTION: A Motion by Commissioner Diedrich and seconded by Commissioner Allie to approve the energy purchase. Motion carried unanimously.

GLU UPDATE TO CITY COUNCIL: The letter to the Mayor and City Council on the 2018 activities of Great Lakes Utilities was presented for review and discussion. This annual correspondence is required as part of the authorization from the City to be a member of GLU and in delegating the authority to MPU. The consensus was to submit the update to City Council.

BROADBAND INFRASTRUCTURE REPLACEMENT FUND RESOLUTION: The broadband utility was established in 2004 with the installation of a 33 mile fiber optic ring around the City of Manitowoc. This fiber optic ring will need to be replaced by MPU at the end of its life to continue to provide service to our Broadband customers. As such, an infrastructure replacement fund is proposed to set aside funds for future capital replacements. The draft resolution details the specifics of this fund and has been reviewed by attorney Andy Steimle. The recommendation is to make an initial transfer of \$1,000,000 into the fund in 2019 and \$50,000 annually over the next 20 years to supply the fund. A brief discussion ensued.

MOTION: A Motion by Commissioner Diedrich and seconded by Commissioner Allie to approve the Broadband Infrastructure Replacement Fund Resolution. Motion carried unanimously.

PROGRESS LAKESHORE ANNUAL CONTRIBUTION: Progress Lakeshore formally EDC has requested that all EDC board members make an annual financial contribution/pledge to the EDC for its annual support and fund raising efforts. A request was made for consideration of a continuance of that pledge of \$1,000 through 2024. Discussion ensued with Commissioner Allie recommending \$5,000 annual contribution.

MOTION: A Motion by Commissioner Allie and seconded by Commissioner Sitkiewitz to pledge \$5,000 to Progress Lakeshore from MPU for 2019 and 2020 and reconsider the contribution in 2021 based on the performance. Motion carried unanimously.

APPA NATIONAL CONFERENCE: A request was made for approval of any Commissioners to attend the 2019 APPA National Conference in Austin, TX from June 9-12, 2019. The approximate cost per person is \$2,625.

MOTION: A Motion by Commissioner Diedrich and seconded by Commissioner Sitkiewitz to approve Commissioner(s) attendance at the 2019 APPA National Conference. Motion carried unanimously.

AWWA ANNUAL CONFERENCE: A request was made for the Commissioners to consider attending the 2019 AWWA Annual Conference in Denver, CO from June 9-12, 2019. The approximate cost per person is \$2,400.

MOTION: A Motion by Commissioner Luckow and seconded by Commissioner Diedrich to approve Commissioner(s) attendance at the 2019 AWWA Annual Conference. Motion carried unanimously.

GENERAL MANAGER'S REPORT: N. Kothari updated the Commission on the following: Custer CT was out of service subsequent to the unit tripping after about 45 minutes of run time during subzero temperatures which is believed to be caused from pressure oscillations in the WPS natural gas supply causing swings in output. The unit was opened to inspect the compressor inlet blading and exhaust outlet blading and nothing abnormal was found and the unit was successfully started without abnormal vibration and returned to service after a few days. Also, extreme cold temperatures caused several minor and one major "coal slides" on the power plant incline belt. A brief discussion ensued.

MINUTES: The Minutes from the Regular Session Meeting on January 14, 2019; Minutes from the Special Session Meeting on January 22, 2019; and Minutes from the Special Session Meeting on February 5, 2019 were presented for approval.

MOTION: A Motion by Commissioner Sitkiewitz and seconded by Commissioner Allie to approve the Regular Session Minutes from January 14, 2019; the Special Session Minutes from January 22, 2019; and the Special Session Minutes from February 5, 2019. Motion carried unanimously.

APPROVAL OF CLAIMS: Claims List dated January 29, 2019; Claims List dated February 12, 2019; and Wire Transfers dated through February 6, 2019 were presented for approval.

APPROVAL OF WWTF CLAIMS: Claims List dated February 1, 2019; and Claims List dated February 15, 2019 were presented for approval.

MOTION: A Motion by Commissioner Sitkiewitz and seconded by Commissioner Allie to approve the Claims List dated January 29, 2019 check nos. 86579 through 86705 totaling

\$1,550,291.78; Claims List dated February 12, 2019 check nos. 86706 through 86809 totaling \$555,748.53; Wire Transfers dated through February 6, 2019 totaling \$4,110,927.82; Claims List for WWTF batch 00712.01.2019 totaling \$9,217.16; and Claims List for WWTF batch 00713.02.2019 totaling \$24,338.40.

NEXT MEETING: March 25, 2019 at 4:00 p.m.

ADJOURN: A Motion to adjourn the meeting by Commissioner Sitkiewitz and seconded by Commissioner Luckow. Meeting adjourned at 4:24 p.m.



Approved: Nilaksh Kothari, CEO & General Manager



Approved: Alex Allie, Secretary

**MINUTES OF THE
MANITOWOC PUBLIC UTILITIES COMMISSION MEETING
MONDAY, MARCH 25, 2019**

The scheduled meeting of the Manitowoc Public Utilities Commission was called to order by Commissioner Seidl at 4:00 p.m. on Monday, March 25, 2019. In attendance were Commissioners Allie, Diedrich, Hornung, Luckow, Nickels, and Sitkiewitz. Also present were Mark Leonhard – Citizen; Nilaksh Kothari – CEO & General Manager; and Attorney Andrew Steimle – Steimle Birschbach, LLC.

2014 ELECTRIC BOND DEFEASANCE: MPU electric utility has two remaining debts, the 2009 Refunding Bonds and the 2014 Refunding Bonds. Final payment on the 2009 bonds will be made on October 1, 2019 and the 2014 bonds mature in 2029 and cannot be called. There is currently \$4,525,000 of principal remaining on the 2014 bond issue. With the available cash in the electric utility fund, Baird was contacted to prepare an analysis to defease the 2014 bonds, leaving the utility debt free as of October 2019. The analysis details that if MPU were to defease the 2014 bonds as of April 15, 2019, the utility would save approximately \$665,000 net of transaction fees. Discussion ensued.

MOTION: A Motion by Commissioner Diedrich and seconded by Commissioner Sitkiewitz to request City Council approval of the defeasance of the 2014 Electric Revenue Refunding Bonds, and, upon approval, authorize R.W. Baird to complete the defeasance for a fixed fee of \$5,000. Motion carried unanimously.

BANK FIRST NEW ACCOUNT OFFERING: Bank First is offering a money market account which pays interest at a rate of 10bps above the Local Government Investment Pool (LGIP) Fund. The rates are adjusted monthly. For the collateral, Bank First will use an Insured Cash Sweep (ICS). There would be two accounts at Bank First; one would have a target balance of \$250,000, and the rest of the money would sweep into the ICS account. No fees are associated with these accounts. Currently MPU's short term investments are held with Baird and invested in one year treasury securities. This account is subject to fees of 15bps. A comparison of MPU's actual investment performance in the short term account to the LGIP average annual rates was presented for review. A brief discussion ensued.

MOTION: A Motion by Commissioner Sitkiewitz and seconded by Commissioner Diedrich to request City Council approval of the new account at Bank First, and, upon approval, authorize City Finance Director and MPU to transfer MPU's short term investment at Baird to the new Bank First account. Motion carried unanimously.

LED STREET LIGHTING TARIFFS: On January 25, 2019, MPU submitted an application with the Public Service Commission of Wisconsin (PSCW) to revise the Ms-1 Street Light tariff to include 14 new LED street light offerings. There were different monthly rates requested based on no upfront customer payment contribution level, a 50% Outside Cost Contribution, and a 100% Outside Cost Contribution. For the development of the updated street light tariff, PSCW developed a set of proposed rates for each new lamp, which was based on the current cost of the lamps/poles that were reported in the filing along with cost allocations from the prior MPU rate

case. The new LED rates are higher than similar High Pressure Sodium (HPS) rates partially due to the fact that the LED fixtures are still a higher cost technology and are also combined with higher cost ornamental poles. The new rates will become effective on March 25, 2019. A brief discussion followed.

MOTION: A Motion by Commissioner Hornung and seconded by Commissioner Diedrich to approve the updated Tariff as presented. Motion carried unanimously.

LEAD SERVICE LINE REPLACEMENT FINAL ORDER: At the March 19, 2019 meeting, PSCW approved the implementation of the customer side lead service line (LSL) replacement program application with the following key conditions: 1) prior to implementing the financial assistance program, Manitowoc shall revise municipal code chapters 12.110 and 17.090 to comply with state statute 196.372(2)(a) resulting in aligning the PSCW water rules of MPU with municipal codes; 2) prior to implementing the financial assistance program, Manitowoc shall revise its SOP to include a customer notification plan on LSL replacement and update SOP under which circumstances financial assistance will be provided for galvanized iron service lines; 3) Manitowoc shall file with the Commission a copy of the loan agreement executed with the electric utility that outlines the terms of the repayment of the funds borrowed for this program; 4) submit an application for a conventional water rate case no later than two years from the effective date of the final decision (March 19, 2021); and 5) several requirements on documentation and filing requirements of program expenses, number of lead services replaced, etc. In anticipation of the conditional approval a meeting was held with City Attorney to discuss the revisions to municipal code chapters 12.110 and 17.090. In addition, two new changes are requested: (a) mandatory connections to watermains in municipal code 17.090; and (b) a paragraph in chapter 16 (Building, Heating, and Ventilation code) on abandonment of lead or galvanized water service. Discussion ensued on PSCW requirement.

MOTION: A Motion by Commissioner Diedrich and seconded by Commissioner Hornung to authorize the CEO & General Manager to work with City Attorney to make necessary changes to municipal codes chapters 12 and 17.090 to meet PSCW requirements, and ultimately, request City Council approval of all recommended chapter 12 and 17.090 changes and consider approving additional paragraphs to chapters 16 and 17.090. Motion carried unanimously.

CONSTRUCTION AUTHORIZATION APPLICATION FOR CMF PLANT: The draft Construction Authorization (CA) application to be filed at PSCW was presented to replace the existing 11.0 MGD CMF membranes with a 5.0 MGD membrane equipment. A decision to replace with 5.0 MGD is more cost-effective based on the current water demands. The 5.0 MGD MF equipment will provide increased reliability and redundancy to meet the system requirements and allow lower flux rates. The estimated construction cost is between \$4.0 and \$4.5 million. The rate impact to retail customers is expected to be 7.0%. The last conventional rate case was filed in 2012. PSCW approval will require between 90 and 120 days assuming no intervention. A brief discussion ensued.

MOTION: A Motion by Commissioner Diedrich and seconded by Commissioner Sitkiewitz to approve filing the application at PSCW. Motion carried unanimously.

BENEFICIAL REUSE OF ASH SUPPLY AGREEMENT – OMNI MATERIALS: The highlights of the agreement are: 1) MPU fee will be \$3.00 per ton during the term of the agreement; 2) OMNI will be responsible for all trucking and associated costs to Baraboo, WI; 3) DNR has approved use of “flyash from Manitowoc Power facility” until October 31, 2023, or upon notice by the Baraboo Waste Treatment Facility that they discontinue the use of flyash prior to that date; and 4) OMNI will indemnify MPU. The DNR letter stated that MPU is to provide necessary testing results of the ash to Baraboo Wastewater Treatment Facility on a timely basis. OMNI has agreed to determine the periodicity and requirements of the testing, and pay for the analysis. An addendum will be issued to this agreement upon finalizing the testing schedule with WDNR. A brief discussion ensued.

MOTION: A Motion by Commissioner Nickels and seconded by Commissioner Sitkiewitz to approve the agreement with Omni Materials. Motion carried unanimously.

MEUW ANNUAL CONFERENCE APPROVAL: The 2019 MEUW Annual Conference is being held in Delavan, WI from May 15-17, 2019. The approximate cost is \$590 per person.

MOTION: A Motion was made by Commissioner Nickels and seconded by Commissioner Allie to approve attendance by Commissioners. Motion carried unanimously.

GENERAL MANAGER’S REPORT: N. Kothari updated the Commission on the following: Total Service Development’s contractor connected a 1.5” water service to the 1” stub, and was advised that this connection is not permitted and must be updated; Winter Moratorium ends April 15 requiring customers to be paid up on accounts to avoid disconnection; all AMI meters for 30-day SAT are installed; Petrotech returned to complete the commissioning of the Custer CT control upgrade project; the failed 1000 KVA pad-mount transformer was returned to WEG for warranty repair; received all of the necessary documents from Robinson Metals that MPU requested related to the non-compliant water service from Manitowoc Cranes; Kip Gulseth has been awarded the contract for Orion water service; and Commissioner Hornung inquired the need on spare substitute transformers for reliability. A site visit was made to Kaufman Manufacturing following a request to provide available fault current on electric services.

GREAT LAKES UTILITIES UPDATE: Completed a review with Leidos of the input data for the GLU long term power supply plan. Leidos provided a data request for the outputs of the power supply plan for review.

WASTEWATER TREATMENT FACILITY UPDATE: There was a slough off of biological matter in the last cold snap and increased solids in the secondary treatment process. TSS, Phos, and BOD numbers trended up. The monthly BOD 30 mg/l limit will be exceeded in February. In contact with Harbormaster, City Engineering, and Foth on wave action on the South Pier from repair to the Carferry parking lot and waves are washing up further onto the WWTF grounds and leaving debris. Also, it is this vicinity where the 60” Influent wastewater piping enters the WWTF where a drop in the asphalt is a concern that the 60” line might be getting compromised.

MINUTES: The Minutes from the Regular Session Meeting on February 11, 2019; and Minutes from the Special Session Meeting on March 15, 2019 were presented for approval.

MOTION: A Motion by Commissioner Nickels and seconded by Commissioner Sitkiewitz to approve the Regular Session Minutes from February 11, 2019; and the Special Session Minutes from March 15, 2019. Motion carried unanimously.

APPROVAL OF CLAIMS: Claims List dated February 26, 2019; Claims List dated March 12, 2019; Claims List dated March 26, 2019; and Wire Transfers dated through March 20, 2019 were presented for approval.

APPROVAL OF WWTF CLAIMS: Claims List dated March 1, 2019; Claims List dated March 15, 2019; and Claims List dated March 29, 2019 were presented for approval.

FINANCIAL REPORTS FOR DECEMBER 2018, JANUARY 2019, AND FEBRUARY 2019: The Financial Reports for December 2018, January 2019, and February 2019 were previously distributed to the Commission for review and discussion.

MOTION: A Motion by Commissioner Nickels and seconded by Commissioner Sitkiewitz to approve the Claims List dated February 26, 2019 check nos. 86810 through 86946 totaling \$889,447.59; Claims List dated March 12, 2019 check nos. 86947 through 87077 totaling \$950,224.58; Claims List dated March 26, 2019 check nos. 87078 through 87200 totaling \$685,611.28; Wire Transfers dated through March 20, 2019 totaling \$7,826,313.91; Claims List for WWTF batch 00711.03.2019 totaling \$88,164.28; Claims List for WWTF batch 00713.03.2019 totaling \$87,301.00; Claims List for WWTF batch 00714.03.2019 totaling \$32,666.83; and to place the Financial Reports for December 2018, January 2019, and February 2019 on file.

INVESTMENT PORTFOLIO REPORT: The Investment Portfolio Report from Baird, our investment advisor, for the period ending December 31, 2018 was previously distributed to the Commission for review and discussion.


MOTION: A Motion was made by Commissioner Nickels and seconded by Commissioner Sitkiewitz to accept the Investment Portfolio Report from Baird.

QUOTATIONS/BIDS: Power Plant East Roof Replacement – \$51,099.00 – Schaus Roofing & Mechanical Contractors, Inc.

MOTION: A Motion was made by Commissioner Diedrich and seconded by Commissioner Allie to approve the Power Plant East Roof Replacement. Motion carried unanimously.

NEXT MEETING: April 22, 2019 at 4:00 p.m.

ADJOURN: A Motion to adjourn the meeting by Commissioner Nickels and seconded by Commissioner Diedrich. Meeting adjourned at 4:43 p.m.


Approved: Nilaksh Kothari, CEO & General Manager


Approved: Alex Allie, Secretary