

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

The scheduled meeting of the Manitowoc Public Utilities Commission was called to order by Commissioner Diedrich at 4:00 p.m. on Monday, November 25, 2019. In attendance were Commissioners Hornung, Luckow, Nickels, Seidl, and Sitkiewitz. Also present were 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 November 25, 2019 meeting pursuant to Section 19.85(1) (c) and Section 19.85(1) (e) to discuss approval of the minutes of the November 11, 2019 Closed Session Meetings (Regarding Recruitment Update for Replacement of General Manager and Purchase of Property on Hecker Road) and Update of Discussion with General Manager on Continuation of Employment.

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

The meeting was reconvened to open session at 4:12 p.m.

**LED FEASIBILITY STUDY PRESENTATION:** MPU's consultant Leidos, Inc. completed a feasibility study of the cost benefit of converting MPU street lighting fixtures from High Pressure Sodium (HPS) to Light Emitting Diode (LED) technology. The MPU street lighting system is comprised of 4,858 High Pressure Sodium (HPS) lighting fixtures of varying wattages and styles. Annual street lighting revenue in 2018 was \$754,000. The study was limited to evaluating in-kind replacements of HPS fixtures with LED models having equivalent form, fit, and output. The estimated capital cost for replacing the existing HPS street lights is \$2 million over two years if outside contractors are used or \$1.8 million over five years if done by MPU personnel. The annual O&M savings and energy savings are projected at \$214,000, resulting in a payback of 9.3 years. If the undepreciated value of the existing HPS system is excluded the estimated annual invoice would be \$656,000 to the city of Manitowoc; a 13% decrease compared to the existing \$756,000 (when all the street lights are converted to LED). If undepreciated value is included over a five-year period, the estimated annual invoice would be \$792,000; a 5% increase and then a decrease to \$656,000 after the undepreciated value is recovered. The street lights tariff will be submitted for approval of the PSCW. Discussion ensued.

**MOTION:** A Motion was made by Commissioner Nickels and seconded by Commissioner Seidl to approve replacing the HPS lights with LED utilizing MPU personnel over a five-year period and include approximately \$350,000 in capital budget for each of next five years; submit tariff to PSCW for approval; forego the recovery of undepreciated street lights in new rates; draft a resolution for City approval to replace HPS lights with LED lights; and initiate the replacement in downtown first. Motion carried unanimously.

**2020-2022 FOCUS ON ENERGY PROGRAM PARTNERSHIP:** MPU collaborates with Focus to provide energy conservation programs to assist our customers in reducing their energy consumption and energy charges. An email notification was received from Focus requesting a

determination if MPU would be continuing its partnership with Focus for the three-year period from January 1, 2020 through December 31, 2022 with the partnership being automatically renewed unless MPU notified Focus by December 15, 2019. MPU has received great benefits through our partnership with Focus. In total, Focus programs provide about 94% of the energy savings (kWhs) compared to the MPU conservation programs (6%). MPU customers, as a whole, have received more funds back from Focus, in the form of incentives/rebates, than the amount MPU customers have paid into Focus (net \$1.5 million from 2014 through 2018). A brief discussion ensued.

**MOTION:** A Motion was made by Commissioner Hornung and seconded by Commissioner Luckow to approve partnering with Focus on energy for the next three years and authorize the General Manager to continue partnership in the future until the MPU paid to Focus is higher than the Focus incentives to MPU rate payers. Motion carried unanimously.

**DRAT REQUEST FOR PROPOSAL FOR AN EXECUTIVE SEARCH FIRM:** As requested at the last Commission meeting the Request for Proposal that was issued in April 2019 was revised and distributed for review. Discussion ensued. The general consensus was to hold off on issuing the RFP until a decision is made on the current search firm.

**CAPACITY AND ENERGY COUNTERPARTY RATING POLICY:** A draft credit policy was distributed for review and comments. MPU currently does not have a credit policy when a transaction is made with a power supplier provider. A key purpose is to protect MPU and its rate payers from power supplier providers with poor bond ratings and will be utilized as a risk management tool on power supply contracts with third parties. GLU has been exempted from this policy requirement so long as GLU can meet the requirements of the policy. Discussion ensued. The consensus was to revise the document that addresses the concern of Commissioner Hornung and submit at the next Commission meeting.

**2020-2024 DRAFT CAPITAL BUDGET:** The proposed 2020-2024 Capital Budget was distributed and discussed. The 2020 budget is estimated at \$6.68 million. The 2020 budget will not require any borrowing. The key projects include completion of AMI electric meter replacement; preliminary work on Generation Reliability; completion of Waldo Boulevard project; and routine annual capital projects. Discussion ensued. Commissioner Hornung inquired on budget for upgrading Dewey substation.

**MOTION:** A Motion was made by Commissioner Sitkiewitz and seconded by Commissioner Nickels to approve the 2020 capital budget as presented. Motion carried unanimously.

**2020-2022 DRAFT O&M BUDGET:** The proposed 2020 and preliminary 2021 and 2022 O&M budgets were distributed to the Commission for review. The 2020 total operating revenues are estimated at \$71 million, a decrease of \$3.1 million from annualized 2019. The 2020 total operating expenses are estimated at \$65.1 million, a decrease of \$2.1 million from annualized 2019 mostly due to lower recovery in depreciation costs of power plant assets requested in 2019 rate filing. Discussion ensued on proposed rate decrease in 2020, a positive outlook, and completion of the deconstruction project.

**MOTION:** A Motion was made by Commissioner Seidl and seconded by Commissioner Luckow to approve the 2020 O&M Budget as presented. Motion carried unanimously.

**GENERAL MANAGER'S REPORT:** N. Kothari updated the Commission on the following: approximately 14,500 meters installed, 3,400 meters remain with installation likely to continue into December; Vandervart requested to turn off water at 21 Albert Drive due to problems over the last several years with frozen meters and broken pipes - investigation found that the 6" service 10538 off Johnston Drive serves both the concrete plant at 21 Albert Drive and Manitowoc Disposal at 1800 Johnston Drive - this is a non-compliant service, and will be pursued for resolution between the owners; PSCW is proposing a rate decrease adjustment of 5.56% as compared to the 5.0% that MPU had requested; WDNR has issued a NOV for exceedance of Nitrate in Well No. 3, the well is taken out of service, residents have been informed, and the next steps will be discussed with Ayers Consulting, Village consulting firm; MPU met with the Fire Chiefs of Branch, Silver Creek, and Rockwood Volunteer Fire Departments on November 6 to discuss the connections to public fire hydrants; retail sales volumes are down 3.2% mostly due to Tramontina closing; email correspondence was received from Judy Robinson, Waldo Boulevard resident to Senator Devon LeMahieu regarding funding for lead water pipe replacement; ATC recently released their latest 10-year Transmission Assessment document which includes the transmission projects in Zone 4 and three planned projects that can impact MPU generation operations after five years; EPA call with Lemberger PRPs on November 14, 2019 indicated EPA's Ms. Demaree will review the Consent Decree (CD) and check with EPA attorney if modifications to the CD are required; and MEG-Water filed comments on DNR Statement of Scope SS 089-19, proposing rulemaking for PFA's in drinking water - comments were forwarded to City Attorney. Discussion ensued on the ATC transmission projects.

**GREAT LAKES UTILITIES UPDATE:** A letter was received from Assembly member Cowles on GLU's open records and GLU's response was distributed for review. The GLU strategic plan from 2020-2024 with focus on the first three years was distributed. Notification was received that Jim Sherman is no longer with WEC.

**WASTE WATER TREATMENT FACILITY UPDATE:** The concerns of South Pier were discussed with Harbormaster and Army Corp of Engineers about the wave action that continues to pound the pier and the WWTF grounds adjacent to the pier. A meeting was subsequently held with two representatives from the Army Corp of Engineers at the South pier to discuss concerns with the pier shifted toward the plant and water collecting, high lake level, and the wave action depositing debris up on the WWTF grounds. Also emphasized the wave pattern and pounding is undermining, washing out, and cracking the asphalt. Lakeside Foods is in full production with carrots. Loadings to the WWTF have increased. This along with unseasonably cold temperatures has led to treatment slipping a bit. Kayuga Solutions continues Asset Inventory of WWTF equipment. A draft agreement was received from Jagemann on the compliance of pre-treatment permit. The agreement is going through MPU's legal attorney and should be ready for Commission approval at the next meeting. A sanitary sewer collapsed and is currently being repaired on Waldo Blvd around North 20th Street. Work is progressing slowly due to the depth and ground conditions.

**MINUTES:** The Minutes from the Regular Session Meeting on November 11, 2019 were presented for approval.

**MOTION:** A Motion by Commissioner Nickels and seconded by Commissioner Hornung to approve the Regular Session Minutes from November 11, 2019. Motion carried unanimously.

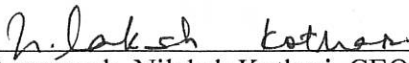
**APPROVAL OF CLAIMS:** Claims List dated November 26, 2019; and Wire Transfers dated through November 20, 2019 were presented for approval.

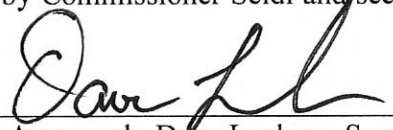
**FINANCIAL REPORTS FOR OCTOBER 2019:** The financial reports for October 2019 were previously distributed to the Commission for review and discussion.

**MOTION:** A Motion by Commissioner Nickels and seconded by Commissioner Hornung to approve the Claims List dated November 26, 2019 check nos. 89375 through 89511 totaling \$851,178.19; Wire Transfers dated through November 20, 2019 totaling \$3,287,733.08; and to place the Financial Reports for October 2019 on file. Motion carried unanimously.

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

**ADJOURN:** A Motion was made to adjourn the meeting by Commissioner Seidl and seconded by Commissioner Luckow. Meeting adjourned at 5:05 p.m.

  
Approved: Nilaksh Kothari, CEO & General Manager

  
Approved: Dave Luckow, Secretary