

**MINUTES OF THE  
MANITOWOC PUBLIC UTILITIES COMMISSION MEETING  
MONDAY, NOVEMBER 8, 2021**

The scheduled meeting of the Manitowoc Public Utilities Commission was called to order by Commissioner Seidl at 4:00 p.m. on Monday, November 8, 2021 in Commissioner Luckow's absence. In attendance were Commissioners Allie, Diedrich, Hornung, Nickels, and Sitkiewitz. Also present were Mike Gerbitz – Donohue & Associates; Mark Leonhard – Citizen; Mike Jaeger – WWTF; Scott Karbon, Andy Onesti, Cindy Carter, Don Duenkel, and Carissa Grimm – MPU; Troy Adams – General Manager; and Attorney Andrew Steimle – Steimle Birschbach, LLC. Commissioner Luckow was excused.

**WWTF INTERGOVERNMENTAL AGREEMENT AND PRESENTATION – DONOHUE & ASSOCIATES:** Mike Gerbitz of Donohue & Associates presented an overview of the WWTF and the potential for MPU ownership. Highlights of the presentation include: WWTF has adequate flow and treatment capacity; the facility is older, but well maintained; and routine maintenance needed, but no large infrastructure at this time. BOD will be a large-scale project in the near future and the Rock filter will need replacement. Overall, Mr. Gerbitz found the facility to be very efficient with a few comments on possible issues to address in the upcoming year. A brief discussion was held on PFOS.

**MOTION:** A Motion was made by Commissioner Diedrich and seconded by Commissioner Nickels to recommend to City Council a one-year extension of the current WWTF Intergovernmental Agreement to allow time to complete the thorough analysis of the transition implications including employees, rates, and infrastructure. Motion carried unanimously.

Mike Gerbitz and Mike Jaeger left the meeting at 4:35 p.m.

**GENERATION RESILIENCY UPDATE PRESENTATION:** The project has been renamed Electric System Resiliency. Conclusions and next steps based on the update are to submit a Certificate of Authority Application; a detailed design for DG installation and issue of bid; detail engineering for Express Line construction and issue of bid; and plan modification packages and issue of bid.

**MPU ELECTRIC GENERATION CAPACITY RATE UPDATE:** The GLU Steam Generation Agreement requires an evaluation this year of the Demand Charge rates beginning January 1, 2022 through December 31, 2026. Gary Price of Price Consulting updated the electric generation capacity rate study that was completed in 2018 when the amended agreement between MPU and GLU was signed. The results determined the new capacity rate at \$14.21/kw-month versus the current rate of \$17.35/kw-month. The lower capacity rate is the result of a significant reduction in the amount of depreciation expense being collected on the power plant assets as a result of the latest MPU electric rate case. A brief discussion was held on the rate stabilization fund's ability to maintain rates.

**SHARED SAVINGS / ECONOMIC DEVELOPMENT LOAN PROGRAM SUSPENSION:** The Shared Savings Loan Program was discussed at great length at the last meeting. The program was initially setup to provide low interest rate loans to new and existing commercial and industrial customers of MPU for the installation of new energy efficient equipment and facilities. Since the program was created, there have been no loans executed with any MPU customers and feedback

has been received from customers that the program is too cumbersome and takes too much time and effort. Subsequently, additional concerns arose from that meeting on the regulatory approval of the program and the program's alignment with MPU's Investment Policy. Two loan applications are pending and the recommendation is to move forward with both loans with the request of a Personal Guaranty for the Jagemann loan and waiver of the financial review for the Lakeshore Aviation load due to the small size.

**MOTION:** A Motion was made by Commissioner Nickels and seconded by Commissioner Diedrich approve the only two customer requests. Motion carried unanimously.

**PERSONNEL COMMITTEE REPORT AND RECOMMENDATIONS:** Commissioner Seidl provided an update of the November 2 meeting. A Compensation Policy was developed as recommended by Lockton to establish the MPU pay plan through an annual Cost of Living Adjustment, a third-party comprehensive compensation and benefits benchmarking to occur at least every other year, and a "market competitive edge" of 3% above market median. The Pay for Performance Plan was also revised as recommended by Lockton to provide increased pay for performance for the MPU Leadership team. Employee Policy Manual changes were proposed to create a more "family friendly" work environment. A lengthy discussion was held on MPU being an employer of choice and the need for the "market competitive edge".

**MOTION:** Motion was made by Commissioner Seidl and seconded by Commissioner Diedrich to approve the recommendations of the Personnel Committee to: approve the MPU Compensation Policy effective January 1, 2022 which results in an increase adjustment to the MPU Pay Plan at 6.7% (3.7% Cost of Living Adjustment plus a 3% Market Competitive Edge Adjustment) having an estimated budget impact of \$560,000; approve the revised Pay for Performance Policy effective starting the 2022 measurement period which results in a potential maximum 12% incentive for managers and supervisors and having an estimated 2023 budget impact of \$60,000 to \$180,000 depending on individual's performance; and, approve the changes as presented in the Employee Policy Manual effective January 1, 2022 with the resulting budget "cash" impact being negligible.

An amended Motion was made by Commissioner Nickels and seconded by Commissioner Sitkiewitz to approve the MPU Pay Plan adjustment at 3.7% effective January 1, 2022 removing the 3% "market competitive edge". Vote was 4-2 against; motion failed.

Original Motion carried with Commissioners Nickels and Sitkiewitz opposing the 3% "market competitive edge".

**2022-2026 DRAFT CAPITAL BUDGET:** The proposed 2022-2026 Capital Budget was distributed and discussed. The 2022 budget is estimated at \$4,664,711 which is \$6,632,862 less than the 2021 Capital Budget. The 2022 Capital Budget will not require any borrowing. The key projects include electric pole replacements and LED Street Lighting conversion, watermain replacement projects, and the Electrical System Resiliency Project design and permit approvals. Based on the total 2022 Capital Budget not including contingency items, the PILOT payment will increase by approximately \$175,000. A brief discussion was held on the Business Services 2023 \$5 million budget.

**MOTION:** A Motion was made by Commissioner Diedrich and seconded by Commissioner Hornung to approve the 2022 capital budget as presented. Motion carried unanimously.

**2022-2024 DRAFT O&M BUDGET:** T. Adams started with an appreciation of the process by the leadership team in completing the budget. The proposed 2022 and preliminary 2023 and 2024 O&M budgets were distributed to the Commission for review. The 2022 total operating revenues are estimated at \$64.8 million, a decrease of \$3.1 million from annualized 2021. The 2022 total operating expenses are estimated at \$64.2 million, a decrease of \$2.2 million from annualized 2021 mostly due to a decrease in power supply costs, increase in administration and general, decrease in Power Plant, Electric Distribution, and Steam expenses, and additional operating costs in the Water Department. A discussion was held on the number of employees budgeted for 2022 and the rate stabilization fund at GLU.

**MOTION:** A Motion was made by Commissioner Hornung and seconded by Commissioner Diedrich to approve the 2022 O&M Budget as presented. Motion carried unanimously.

Scott Karbon and Mark Leonhard left the meeting at 5:30 p.m.

**CONVENE MEETING TO CLOSED SESSION:** Notice had been previously given that Manitowoc Public Utilities Commission will adjourn into a closed session during the November 8, 2021 meeting pursuant to Section 19.85(1)(g) and Section 19.85(1)(c) to discuss approval of the minutes of the October 11, 2021 Closed Session Meeting (Regarding Potential Litigation Against KS Energies) and 2022 General Manager Goal Setting.

**MOTION:** A Motion to convene in closed session was made by Commissioner Nickels and seconded by Commissioner Sitkiewitz. Motion carried unanimously. Accordingly, the Commission convened in closed session at 5:32 p.m.

The meeting was reconvened to open session at 5:45 p.m.

**APPROVAL OF ITEMS FROM CLOSED SESSION:** None.

**GENERAL MANAGER'S REPORT:** T. Adams updated Commission on the following: Boiler day ahead status more often due to LMP's being up. October was a record setting output month for B9. A brief discussion was held on limestone.

**MINUTES:** The Minutes from the Regular Session Meeting on October 25, 2021 were presented for approval.

**MOTION:** A Motion was made by Commissioner Nickels and seconded by Commissioner Allie to approve the Regular Session Minutes from October 25, 2021. Motion carried unanimously.

**APPROVAL OF CLAIMS:** Claims List dated November 9, 2021; and Wire Transfers dated through November 3, 2021 were presented for approval.

**APPROVAL OF WWTF CLAIMS:** Claims List dated October 29, 2021; and Claims List dated November 5, 2021 were presented for approval.

**MOTION:** A Motion was made by Commissioner Allie and seconded by Commissioner Sitkiewitz to approve the Claims List dated November 9, 2021 check nos. 96101 through 96227

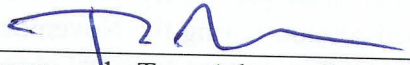
totaling \$1,663,820.69; Wire Transfers dated through November 3, 2021 totaling \$492,677.83; Claims List for WWTF batch 715.10.2021 dated October 29, 2021 totaling \$22,873.03; and Claims List for WWTF batch 711.11.2021 dated November 5, 2021 totaling \$32,140.37. Motion carried unanimously.

**INVESTMENT PORTFOLIO REPORTS:** The Investment Portfolio Report from Baird, our investment advisor, for the period ending September 30, 2021 was previously distributed to the Commission for review and discussion.

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

**NEXT MEETING:** Monday, December 13, 2021 at 4:00 p.m.

**ADJOURN:** A Motion was made to adjourn the meeting by Commissioner Diedrich. Meeting adjourned at 5:51 p.m.

  
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Approved: Troy Adams, General Manager

  
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Approved: Dan Hornung, Secretary