

**Minutes of  
Shawano Municipal Utilities  
Regular Commission Meeting  
November 7, 2022**

Present: Celmer, Hoeffs, Reuter, Keuschel, Malueg Pescinski and Milavitz (late)

Also Present: General Manager Knapp, Electrical Engineer Koepp, Financial Director Miller, Network Administrator Bisterfeldt and City Administrator Sheppard (late)

Meeting called to order at 5:35 p.m.

Minutes of the October 3, 10 & 18, 2022 meetings were read and placed on file.

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**COMMENTS**

New Syrma sent a letter thanking us for our mutual aid assistance after the hurricane.

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**FINANCIAL**

Motion by Malueg, seconded by Reuter to approve the vouchers in the amount of \$2,276,400.54. Roll Call (Malueg, Reuter, Celmer, Hoeffs, Keuschel and Pescinski) = All Yes.

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**ELECTRICAL**

**Shawano Plaza**

- The last customers were converted to the new underground on Nov. 2<sup>nd</sup>. Crews have started to remove the overhead lines along S Washington Street.
- Frontier is the only telecommunication company with overhead facilities spanning across the plaza. We are actively trying to get them to remove them or give us permission to remove them.
- The new streetlights and fixtures in the city parking area in the 200 block of S Sawyer will be the last outstanding work on this project.

**BPMA EV Chargers**

The 4 EV chargers that BPMA is installing by the Shawano Plaza are scheduled to be installed on November 4<sup>th</sup>.

**2021 Budget**

35 kV switch for East Shawano backup was received. We set an outage for November 6<sup>th</sup> with Arrowcast. In looking at this job more closely, we found a pole that needs to be replaced. We have canceled the outage and are rethinking the current facilities and their arrangements. As of right now we are looking at our options and what makes the most sense moving forward. Do we just replace the pole? This would be the cheapest and quickest approach. There are a lot of overhead facilities in this area. It would be nice to remove some of the overhead and bury it. Do we add in a switchgear instead of installing a riser on the bad pole? We could eliminate a pole by going this route. It would clean up the area a little bit. Do we add a switchgear and bury the overhead line from the metering cabinet to Arrowcast? Right now the line starts at the East Shawano Substation overhead. Then goes underground to the metering cabinet and goes back overhead. The line crosses the railroad tracks turns and goes overhead to Arrowcast before

going back underground and into the building. Going with the last plan is the most expensive, but it would clean up the circuit going to Arrowcast. We do have enough cable in stock to bury this line. It would require coordination with Arrowcast due to a long outage requirement to replace or tie into their switchgear.

This has also caused us to look at the overhead pole line running between the Industrial Substation to the East Shawano Substation and then to Arrowcast. The current pole line has 1 – 35 kV circuit and 2 - 12 kV circuits. Most of the poles were installed in 1989. We asked Karcz Utility Services to test these poles for us this fall. When the poles need to get replaced it would be easier if they only had 1 – 35 and 1 – 12 kV circuit. To reroute/remove 1 of the 12 kV circuits an option would be to bury the I121 circuit from the Industrial Substation to Arrowcast. The biggest issue with this plan would be the availability of getting the cable.

### **2022 Budget**

- The Wescott Substation work has been completed.
- The OH-URD project was started on August. L&N Hardwoods was converted to the underground feed from Anderson Avenue on September 30<sup>th</sup>. There is still one single phase service to convert and change the feed. After that the line overhead line behind L&N and North States Wood Gates can be removed. This work will be completed in 2023 under a new WO #.
- The URD replacement project was started in October. We decided to replace the old single phase primary cables inside the fairgrounds. All of the cables have been installed. We are planning to start on the conversions in the middle of November.

### **CoVantage Credit Union – OH to URD**

This project is completed. The SMU portion was completed by October 14<sup>th</sup>. We had to wait on Charter and NSight to bury their facilities in order to pull the pole.

### **Primary Extension Projects 2021 and 2022**

- Swiderski Development – This project is completed. All meters have not been installed, but all electrical facilities have been installed and terminated.
- Balsam Court – This project is completed.
- N6857 Norton Road – This project is completed.
- Old Hospital Site on N Bartlett Street – The primary has been installed for the 7 houses planned to the South of W 4<sup>th</sup> Street. This portion of the project is completed and four of the houses already have their services installed and connected. Elexco will be installing the primary for the 5 houses to the North of W 4<sup>th</sup> Street in November.

### **Pole Replacements Due to Vehicle Hits**

- The streetlight that got hit on the corner of S Lincoln & Center Street was replaced in October.
- The wood pole by 325 E 5<sup>th</sup> Street was replaced at the end of October.

Both these replacements are billable. Both these replacements need sidewalk replaced in November. We are working with DPW to have the sidewalk installed along with the sidewalk at the plaza in the early November.

## Outages

<u>Location</u>	<u>Cause</u>	<u>Date</u>	<u>Est. # of Cust.</u>
None			

## Inspections

Crews have been out doing some inspecting so far in 2022. As of 7/6/22, 2,635 points have been inspected in 2022 or 27.46%. In 2021 2,414 inspections of 9,597 total point were completed or 25.15%. Our goal is to inspect 20% of the system a year. In prior years we have inspected 20.70%, 9.05%, 22.43%, 13.86%, 13.50% in 2016, 2017, 2018, 2019, and 2020 respectively.

## 2020 Budget

35 kV recloser has arrived. This switch is planned to be installed at the Industrial Substation.

## 2022 Budget

- The new jib has been installed on truck #237.
- Bids for the tracked backyard derrick/bucket were approved and the unit is on order. Estimated delivery is summer of 2023.
- SMU crews replaced 35 – 250 W HPS fixtures with 120 W LED fixtures. These were done on W Green Bay Street, CTH B, and Engel Drive.
- Pole relocations for the DPW street work has been completed.

## 2023 Budget

- Meters were placed on order for 2023 at the beginning of August. In late July, we were notified from the factory representative that the lead times had increased to 52 weeks for all electric meters.
- Bids were received for the 60' bucket truck and it was ordered in August.

## Primary Extension Projects 2021 and 2022

- 1229-1239 Ridlington Avenue – This project is completed.
- 1523 Industrial Drive – This project is completed.
- 103 Alpine Court – The new service has been energized and 102 Northridge Drive has been converted to the new underground. We are still waiting on 104 Northridge Drive to convert their service to the new underground. Once that happens we can abandon the old primary that serviced 102 and 104 Northridge. We also need to convert 185 Northridge to the new underground and remove the railroad crossing.

## Outages

**SAIDI** - System Average Interruption Duration Index  
Sum of all Customer Interruption Duration/Total # of Customers

**SAIFI** - System Average Interruption Frequency Index  
Total # of Customers Interrupted/Total # of Customers

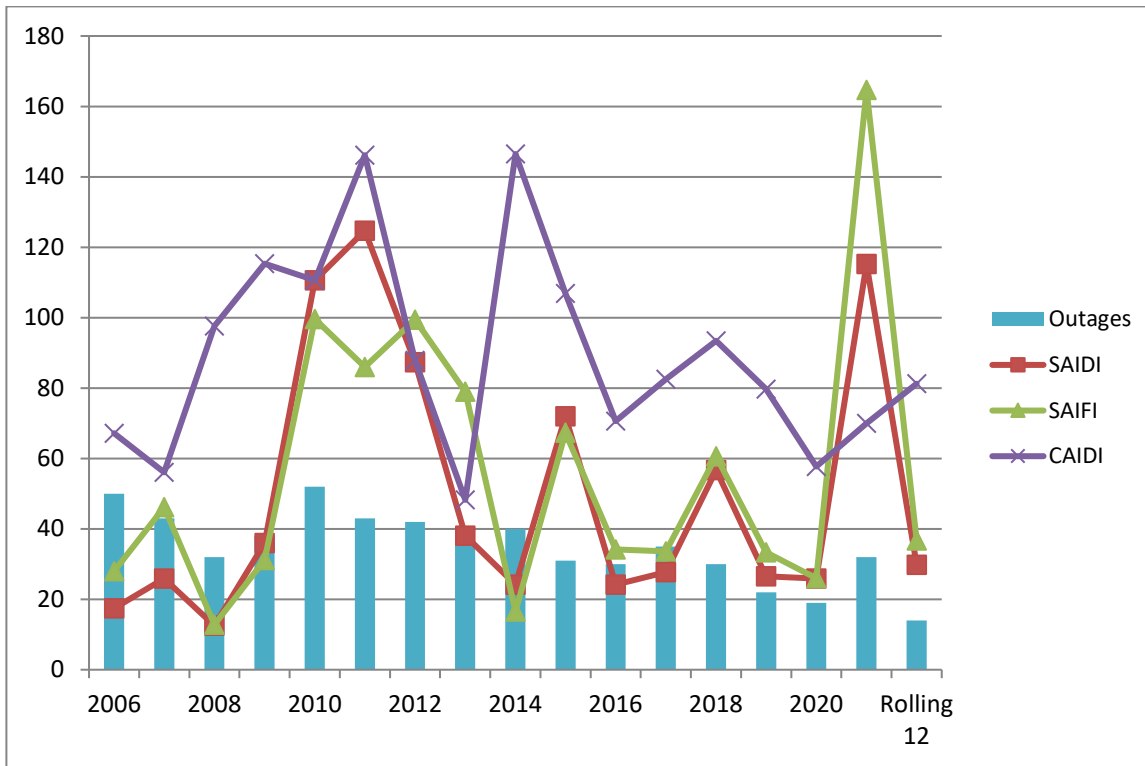
**CAIDI** - Customer Average Interruption Duration Index  
Sum of all Customer Interruption Duration/Total # of Customer Interruptions

Avg. monthly # of customer minutes/month – 246,240,000 minutes

Avg. yearly # of customer minutes/year – 2,995,920,000 minutes

Month	# of Outages	# of Customers Interrupted	Interruption Duration (Minutes)	SAIDI	SAIFI	CAIDI
Oct. 2022	0	0	0	0	0	0
Sep. 2022	2	2	165	0.028	0	82.5
Aug. 2022	0	0	0	0	0	0
Jul. 2022	3	29	1,230	0.212	0.004	53.478
Jun. 2022	3	79	8,835	1.523	0.014	111.835
May 2022	3	19	2,005	0.346	0.003	105.526
Apr. 2022	1	1	150	0.026	0	150
Mar. 2022	0	0	0	0	0	0
Feb. 2022	0	0	0	0	0	0
Jan. 2022	0	0	0	0	0	0
Dec. 2021	1	2,000	160,000	28.070	0.351	80
Nov. 2021	1	5	600	0.105	0.001	120
Oct. 2021	1	5	375	0.066	0	75
Sep. 2021	4	937	21,210	3.721	0.164	22.636
<b>Rolling 12</b>	14	2,129	172,985	29.825	0.367	81.252

Year	# of Outages	SAIDI	SAIFI	CAIDI
Rolling 12 Mo	14	29.825	0.367	81.252
2021	32	115.211	1.647	69.944
2020	19	25.885	0.260	57.748
2019	22	26.559	0.333	79.718
2018	30	56.662	0.606	93.426
2017	35	27.710	0.336	82.521
2016	30	24.163	0.342	70.582
2015	31	71.932	0.673	106.884
2014	40	24.197	0.165	146.471
2013	36	38.101	0.790	48.243
2012	42	87.349	0.994	87.860
2011	43	124.719	0.860	146.148
2010	52	110.643	0.996	110.643
2009	38	36.012	0.312	115.352
2008	32	12.517	0.128	97.584
2007	43	25.906	0.462	56.064
2006	50	17.448	0.280	67.167

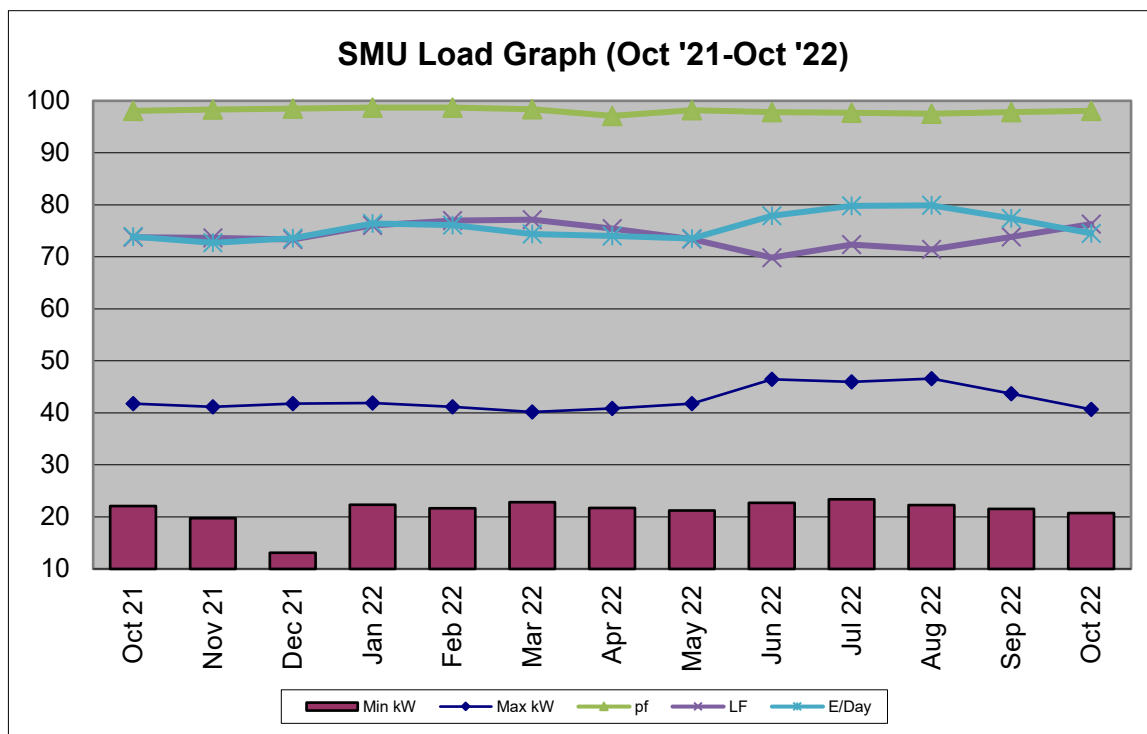


**Reliability Comparison - US Energy Information Administration's Website**

	SAIDI (Outage Minutes/Customer)	SAIFI (Customer Outages/Year)
WI Mun Avg (2016)	22.184	0.349
(2017)	12.964	0.223
(2018)	21.429	0.315
WI Avg (2016)	79.2	0.686
(2017)	78.8	0.625
(2018)	79.6	0.702
(2019)	93	0.755
(2020)	86.4	0.703
US Avg (2016)	113.1	1.062
(2017)	116.9	1.007
(2018)	117.2	1.028
(2019)	118.6	1.017
(2020)	119	1.037
SMU (2016)	24.163	0.342
(2017)	27.710	0.336
(2018)	56.662	0.606
(2019)	26.559	0.333
(2020)	25.885	0.260

## SMU System Load

Month	Load Max.	Load Min.	Power Factor	Load Factor	Energy/Day
Oct. 2022	40.67	20.76	98.1	74.48	744
Sep. 2022	43.68	21.51	97.8	73.81	774
Aug. 2022	46.59	22.27	97.5	71.45	799
Jul. 2022	45.95	23.40	97.7	72.37	798
Jun. 2022	46.46	22.72	97.8	69.86	779
May 2022	41.75	21.24	98.2	73.39	735
Apr. 2022	40.87	21.74	97.1	75.46	740
Mar. 2022	40.17	22.86	98.4	77.15	744
Feb. 2022	41.19	21.66	98.7	76.99	761
Jan. 2022	41.88	22.33	98.7	76.03	764
Dec. 2021	41.81	13.08	98.5	73.32	736
Nov. 2021	41.14	19.76	98.3	73.66	727
Oct. 2021	41.75	22.10	98.1	73.79	739



## ADMINISTRATION

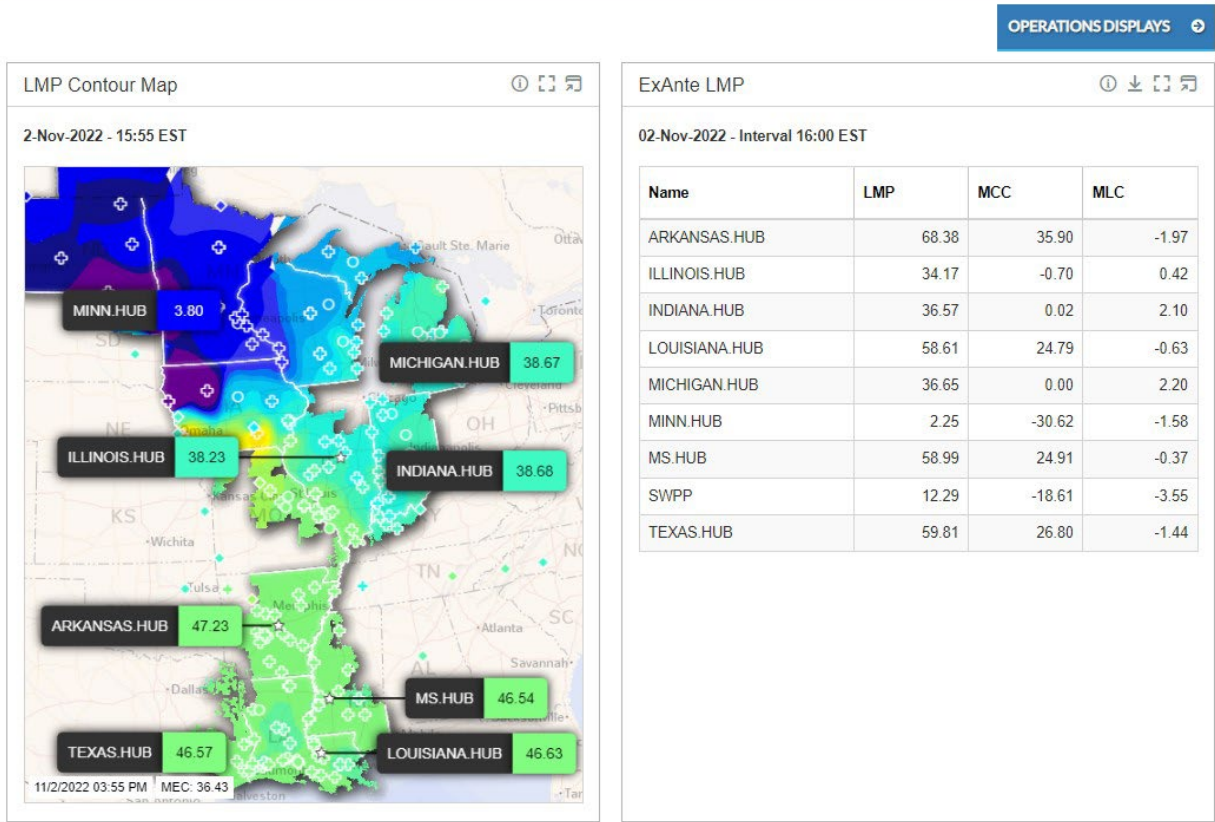
### Energy Markets

Natural gas prices continued to fall in October to the \$6.00 range from approximately \$7.00 this time last month. GLU is still receiving, digesting and passing along high energy rates from mid-summer but we should start seeing some relief in the last months of the year as LMPs (local marginal pricing is effectively the “spot” market at a particular delivery point) have fallen in our area and fuel adjustments on GLU long-term energy contracts start reflecting the lower cost of gas.

Year to date thru September GLU has passed on to Badger Power \$1.4 million in PCAC adjustments resulting in nearly half a cent (\$0.005) per kWh purchased for an 8.3% increase over GLU’s base rates. Context: for a customer like our largest Cp-3 class member with 24,000,000 kWh purchases a year, that amounts to \$120,000 in PCAC adjustments to their annual power bills of \$4,500,000, a 2.7% increase over the base rates that we based our 2022 budget and rate case on.

Below is a screen clip of the MISO Market display for real-time LMP pricing: what a producer will be paid for putting un-dispatched energy onto the grid and what a load serving entity will pay to take non-contract power off the grid. These numbers change every 5 minutes and can swing wildly. 20 minutes after this screen clip the Arkansas.HUB was priced at \$109.88/MWh and the SWPP.HUB was priced at negative -\$26.86, (meaning that a wind producer in OK or Kansas was paying to put energy onto the grid for that 5-minute period), 5 minutes later the SWPP.HUB was back to a positive \$23.07. Earlier this year and during the summer cooling season these LMP numbers were often well above \$100 and occasionally several hundred dollars.

**Markets Displays**



**SMU Facilities**

Jennifer Miller completed the initial draft of our CA (Construction Authorization or Certificate of Authority) application to the PSC on October 27<sup>th</sup> and I am approximately ¼ through my review. I will complete my review for filing within the week.

**GM Succession Planning**

At the budget workshop meeting Commission President Pescinski indicated a desire for SMU mangers to conduct performance reviews of all staff prior to on-boarding the successor General Manager. I have gathered several examples of employee performance reviews and the

management team has weighed in on their preferences. I will share a draft of the proposed performance review form with the Commission for comment.

### **2022 Test Year Rate Case**

The Wisconsin Public Service Commission (PSC) Administrative Law Judge effectively rescinded the scheduling order issued in September due to scheduling conflicts amongst the parties. Aarrowcast offered a new schedule that pushes the hearing date off by nearly a month, into the December. This makes a final order impossible by December 31<sup>st</sup>. It is possible an order could be issued by the end of January for rates to go into effect by February 1<sup>st</sup> but it is just as likely to be put off till February for implementation in March.

The Aarrowcast schedule is light on details but the ALJ has issued the Hearing Notice for Friday December 2 at 10:00 AM. The notice names no physical location so all attendance will presumably be by Zoom. As of this writing, the SMU Team of myself, Tom Unke of Baker-Tilly and Attorney Justin Chasco have just completed and filed extensive rebuttal testimony primarily directed at the testimony of Aarrowcast witnesses but also those of PSC Staff and the Citizen Utilities Board. SMU's testimony is attached for your review. Many of the issues have been addressed repeatedly in the last two rate cases and my goal is to finish the job of bringing Aarrowcast's rates to cost of service with one last increase, and leave SMU with base rates that will allow future rate proceedings avoid most of the combative nature of these hotly contested rate adjustments. Surrebuttal testimony is due on Thursday November 10<sup>th</sup>. I expect it to be testy as it is Aarrowcasts' last opportunity to fire back at me before the hearing. At this time, sur-surrebuttal testimony appears to be scheduled at the hearing.

I strongly recommend that SMU continue to engage Baker Tilly for COSS studies, and enlist the guidance of a good, experienced PSC attorney such as Justin Chasco, for rate cases into the foreseeable future. Their participation should help prevent falling back into the predicament we found ourselves with the 2016 and 2017 rate cases when inexperienced PSC Staff, aggressive customer intervenors, and a changed regulatory landscape caught SMU staff unprepared to provide the analytical sanity-checks on Staff revenue requirement and rate proposals or protect ourselves legally in the process. The \$100,000 bi-annual expenditure SMU incurs is well worth the 6 years or more that it can take to correct a rate design mistake.

One point of contention in the case that I have not discussed in depth with the Commission is our request for the current benchmark rate of return of 6.0%. In May, our application was submitted requesting a 5.0% ROR based on the then current benchmark of 4.9%. Since then, interest rates and return expectations have increased dramatically and the benchmark is likely to increase to 6.5% in the next month. If approved by the PSC, the ROR change from 5.0% to 6.0% will increase revenue requirement by \$140,000 and the overall rate increase by 0.6% to 1.34% from the current 0.74% calculated by PSC staff. I am pushing for the ROR increase at this time for two reasons: 1) the timing delay in rate approvals always puts us behind the ball for earning our approved rate of return which will only be exacerbated by inflationary increases on our operating costs; and 2) we want to present as strong a financial position as possible if we do go to the market for debt financing of a new building next year.

### **2023 Budget Development**

The proposed 2023 budget has been published for the public hearing on November 16<sup>th</sup>.

City and SMU staff worked out a change to our health insurance offering that will shave the 2023 increase to 3% from the lowest previous quote of 9.3%. The actual insurance plan is a



high deductible \$3000/\$6000 plan but only a portion of the deductible increase will be the final responsibility of employees who will now be responsible for a \$750/\$1500 deductible, up from \$500/\$1000 over the past 5 years. The plan has other cost benefits however and even the deductible increase to employees may largely be offset by savings on premium, drug, and provider co-payments.

The main feature of the new package is use of an HRA (health reimbursement arrangement) whereby the City and SMU will self-fund a reserve account to reimburse employees for the high-deductible amount that exceeds an employee's \$750/\$1500 responsibility. The expectation is that premium savings will more than offset the out-of-pocket reimbursements we make to employees who exceed their out-of-pocket deductible limits. The first year we will fund the reserve account at 80% of our maximum deductible exposure and reassess funding levels for each future year as we develop actual experience with the plan.

### **BPMA/GLU**

GLU's MPU managers have proposed 2023 wholesale rates which increase power supply costs by 9.0% over 2022 base rates. I have not performed my parallel analysis yet but I expect to find that most if not all of that increase is already reflected in the monthly billing PCAC adjustments that I wrote about above. If the 9% increase being proposed is, as I expect, just a formal "baking in" of cost increases we are already paying in the PCAC, the worst power cost increases may be behind us. The GLU power supply budget meeting is on November 15<sup>th</sup> and Badger Power will receive a draft budget at their November 16<sup>th</sup> meeting.

### **AGENDA BILLS**

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Motion by Milavitz, seconded by Malueg to approve the new employee evaluation form. Motion carried.

Motion by Milavitz, seconded by Malueg to approve the fiber relocation to be completed by April 1, 2023 at a cost not to exceed \$39,887. Roll Call (Milavitz, Malueg, Celmer, Hoeffs, Reuter, Pescinski and Keuschel) = All Yes.

Motion by Malueg, seconded by Keuschel to go into closed session at 6:10 p.m. pursuant to Wisconsin State Statute 19.85 (1)(c) considering employment, promotion, compensation or performance evaluation data of any public employee over which the governmental body has jurisdiction or exercises responsibility to discuss any General Manager search committee updates. Motion carried.

Motion by Keuschel, seconded by Hoeffs to return to open session at 6:23 p.m.

No action was taken.

Meeting was adjourned by President Pescinski at 6:23 p.m.

Respectfully submitted by,

Robert Koepp  
Secretary