

**UTILITY BOARD OF TRUSTEES
CITY HALL COUNCIL CHAMBERS
February 15, 2023**

Present: Jan Kahler, Abby Gehl, Megan Andresen and Robert Herring

Absent: Aaron Eltrich

Chairperson Kahler called the meeting to order at 4:31 p.m.

Motion by Andresen; seconded by Herring to approve the agenda. All Ayes

Motion by Gehl; seconded by Andresen to approve the minutes. All Ayes

Audience: None

Old Business: none

New Business:

A. Discussion on Plant 2 Engines

Krogman updated the board on the plant 2 study from the engineer. Krogman along with AJ Bowman, Plant Supervisor and board members Eltrich and Herring met to discuss options. Engineers provided the following 3 options:

1. Make Plant 2 operational bringing it up to emissions standards so capacity payments can be received at the cost of approximately \$1.2 million.
2. Build a "new" Plant 2 eliminating what is there with 3 new generators at equivalent output with estimated cost approximately \$12.3 million.
3. Return current engines operational and stagger replacements of them with new or used engines. This would include the \$1.2 million in option 1 and eventually reaching approximately \$9.2 million to replace with all new or better-quality engines.

Per Krogman the only option that will ever pay for itself in our lifetime is option 1. After discussions we don't need the capacity so building a plant for \$12.2 million makes no sense at this time. Staggering in the CATS may present itself as time goes on, thus a long term look at option 1. Break down for option 1 is about \$100,000 for general maintenance; \$40,000 for breaker maintenance, emission updates about \$400,000, new controls (remote) another \$400,000, and engineering about \$235,000. The biggest concern is the ability to get parts for the engines; Generac still makes something similar. Bowman has found some parts; not easy to get. Assuming we can get common parts, the plan is to get the engines running relatively easy before spending money on

emissions and controls; no issues the last time they were run. If all checks out the plan is to get more solid numbers on option 1. Krogman checked with Shermco on one set of numbers and theirs were very similar to those provided by DGR. Capacity payments for all four units would be \$260,400 annually. With this option will see upgrade cost paid back quickly even with a little extra maintenance. Timing would be good for this along with the transmission sale; been working with ITC on this and have received some agreements. Need to complete some property searches and obtain easements where needed.

Herring questioned if we need to hire someone to look over the engines before starting them up. Bowman replied not to start them yet for the control work and such once project moves forward yes. Andresen questioned longevity could be if we move forward with this project to break even. Herring replied 7 years; Bowman agreed. Light discussion held. Herring commented discussion was to try and start the engines up in April; Bowman confirmed. Kahler commented sounds like a great idea; gives MMEU an extra opportunity for revenues with a payback in 7 years or less. Krogman wrapped up the update in saying his intention is to get the engines going with the emissions being biggest project needing to be engineered and go out for bid; thinking next year bid out and have something on the books. Herring then questioned staffing. Bowman replied if down the road had to operate both plants 1 & 2 quite a few days a year may need to look into additional staffing; staffing ok now. Krogman added the controls would be designed so the engines could be run from the main plant.

Approval of Claims:

Motion by Herring; seconded by Andresen to approve the claims as presented. All ayes.

Budget Discussions:

Krogman reported revenues of \$695,000; January sales little lower than past 2 years. Interest rate is much higher than budgeted. Expenditures \$852,000; franchise fee was paid early \$160,000. Wrote of \$127,000 in unpaid bills; not been done for 10 years and unsure why. Going forward we are going to write off 7-year-old debt annually. Kahler commented it's not that it's uncollectable it just won't be shown as a collectable asset. Leesa Budde, accounting clerk, commented we use income offset program in which we can collect from state income taxes.

Manager's reports:

A.J. Bowman, power plant superintendent, reported working on deflection readings at Plant 1; not been done in awhile due to lower staffing numbers. Kahler questioned what a deflection reading is. Bowman replied it measures in the crank shaft if there is any settlement or if a bearing had gone out; insurance company wants it done too.

Matt Buck, Distribution superintendent, reported busy tree trimming.

Leesa Budde, accounting, nothing to report.

Chris Krogman, utility manager, reported he was appointed to the Member Services Advisory Group at WPPI; typically, 3-4 meetings annually and in March he will be attending the IAMU energy conference.

Board Member reports: none

Kahler questioned a recent employee who resigned. Krogman replied the position wasn't the right fit and since 2 apprentices were just hired, we don't want to get too many untrained apprentices so looking for a groundman. Andresen questioned if would open back up and take applications or go back through past ones. Krogman answered will be going back through previous applicants whom were lacking in experience and reach out to them.

Motion by Andresen; all ayes to adjourn the meeting at 4:55 p.m.

ATTEST:

Megan Andresen, Secretary

Jan Kahler, Chairperson