SPECIAL MEETING OF THE MISHAWAKA COMMON COUNCIL

May 30, 2024

Be it remembered that the Common Council of the City of Mishawaka, Indiana met in the Council Chambers of the New Mishawaka City Hall and via telephone on Monday, May 30, 2024, at 6:00PM. The meeting was called to order by Council President Gregg Hixenbaugh. All were asked to stand for the Pledge of Allegiance.

Members attending virtually do so by WebEx. Public that attends can participate by WebEx or observe meetings by YouTube or Facebook live. The Council meetings are also streamed live on Michiana Access on Comcast/AT&T U-verse Channel 99.

Clerk Block called the roll.

Present: Mrs. Hazen (P), Mrs. Voelker (P), Mr. Carroll (E), Mr. Banicki (P), Mr. Emmons (P), Ms. Hahn (P), Mr. Mammolenti (P), Mr. Violi (P), Mr. Hixenbaugh (P)
P: Present E: Electronically Participating A: Absent

Also Present: Mike Trippel, Council Attorney

Mr. Carroll attended the Special Council Meeting virtually but was unable to participate per state law.

PROOF OF CERTIFICATION OF SERVICE

Mr. Hixenbaugh stated the record would reflect that the City Clerk did serve the email and personally delivered notice of the special meeting to all members of the council as required by law.

Clerk Block read the following proposed ordinance by title and opened the public hearing.

<u>PROPOSED ORDINANCE NO. 2024-13</u>

AN ORDINANCE ESTABLISHING A SCHEDULE OF RATES AND CHARGES FOR THE ELECTRIC ENERGY AND SERVICES RENDERED BY THE MISHAWAKA UTILITIES ELECTRIC DEPARTMENT

Mr. Violi reported the Committee of Budget & Finance recommended this proposed ordinance should be adopted. Upon a second by Mr. Banicki, the motion carried.

Mayor Dave Wood spoke in support of **PROPOSED ORDINANCE NO. 2024-13**. Mayor Wood stated nobody liked to raise rates and he sat in their seats and knew how difficult it could be as he had to raise rates as a councilmember several times, but he would not propose increasing rates on behalf of the Electric Department without first coming before them and letting them know that he supported it, which he did. Mayor Wood stated this was not unique and the factors out in the market that impacted them and their residents impacted them well at the city and their costs went up and their material got more difficult to acquire when you had supply chain issues and things of that nature and the Council would hear about that that evening but they did not take this lightly and in fact, they had not had a rate increase in this department since 2014. Mayor Wood stated he would defy them to find anything that had not gone up since 2014. Mayor Wood stated they did that rate increase way back in the Tim Erickson days and the Jim Schrader days and in fact, their last rate adjustment was a rate decrease, because when they had things go favorably, they did not want to just sit on the money and they wanted to share that with their citizens, so he thought they were very fair with their rates. Mayor Wood stated in this case, the market changed an awful lot since 2014 and specifically since COVID, the market had changed. Mayor Wood stated they now saw a lot of increased demand, more scarce supply of electric and they had a great partner, Wolverine, who they had a 10-year contract with, and they knew when they would renegotiate this that the start of the next contract was going to be much higher. Mayor Wood stated unlike water, they did not regenerate at their utility, and they had to purchase wholesale and so they knew the market was speaking and prices were going up, so they could either ease into that or we could walk into a wall. Mayor Wood stated in the past, they always tried to ease into things and be responsible and most importantly, be sensitive to their ratepayers which they were absolutely doing with this. Mayor Wood stated they could ignore it, but it was going to hurt worse, so he encouraged the Council to support this, and he thought it was responsible and it was the most responsible thing they could do for their ratepayers. Mayor Wood stated they did not want to put their electric utility in jeopardy and right now, they were 40% less than their surrounding areas and still would be less than their surrounding areas. Mayor Wood stated they had the most reliable utility anywhere you cared to look in northern Indiana, because they invested back into their utility to make sure they were maintaining and dealing with things proactively. Mayor Wood stated he was proud of their utility, proud of their people and unfortunately, they had to raise rates at this time, and he just wanted the Council to know that he supported this as well. Mayor Wood thanked the Council.

Sam Hoag, Wolverine Power Cooperative 10125 West Watergate Road Cadillac, Michigan 49601, spoke in favor of **PROPOSED ORDINANCE NO. 2024-13**. Mr. Hoag began his presentation by going into some history on Wolverine and why they served Mishawaka. Mr. Hoag stated in 2018, Mishawaka was seeking a new supplier, and their incumbent supplier was AEP, and they had an option to exit that contract, executed it and they joined the group that was looking to help them with their new supplier. Mr. Hoag stated they were a nonprofit generation and transmission cooperative out of Cadillac, Michigan and they existed to serve nonprofit utilities like Mishawaka. Mr. Hoag stated they were formed because nonprofit utilities were getting a raw deal from entities that were investor-owned utilities. Mr. Hoag stated they currently were owned by five other nonprofit utilities, and they served almost a dozen other nonprofit utilities similar to Mishawaka. Mr. Hoag stated they won their business in 2018 and it was a five-year contract at the time from 2020 to 2025 and they were elated to be delivering those savings to this community that they all enjoyed, their rate decreases. Mr. Hoag stated within a year, they extended that contract from 2025 to 2030 because they were able to and it was not sought out in their original request for proposals, but after a year of relationship, it became clear that they could serve them for longer than the original proposal. Mr. Hoag stated their relationship here was based on mutual risk avoidance. Mr. Hoag stated their cooperative utility owned power plants and transmission lines, and they liked knowing that at the end of those lines, there were communities like Mishawaka that wanted to purchase it. Mr. Hoag stated his job there that evening was not to sell them more power or to extend them through a longer period of time, it was simply to provide them options and to let them know where the market was. Mr. Hoag stated as Mayor Wood alluded to, the market in 2030 for power was almost double what it was in 2018 when they signed their original deal, and they were happy to be their service provider then. Mr. Hoag stated they could be serviced by someone else going forward but they had worked out with the utility a path that they could graduate up to that increase without necessarily taking the brunt of it all in 2030 and they were very happy to provide that. Mr. Hoag stated they were in a strong position in this market, and they owned generation in Indiana and very few other entities that would be vying for their business did and they owned long-term generation in Indiana which was why they were able to serve them beyond 2030. Mr. Hoag stated that had been becoming in very short supply and they were there to help support them in what their planning was for 2030 and beyond. Mr. Hoag stated the market had fundamentally changed not in ways that were just up and down like the stock market but the way that entities like his company and everyone else generated power had substantially changed in the last 5 to 10 years. Mr. Hoag stated a power grid powered by coal and natural gas base load generation was becoming more renewable and natural gas peaking generation and it was happening because of regulation. Mr. Hoag stated there was no way around it and they did not make the rules, they just followed them and that was what was driving increases in prices in all of the markets in the future. Mr. Hoag stated the options for Mishawaka was they could absolutely do nothing, and they were happy to provide them the savings currently from then until 2030 and the end of their contract which would be a calculated gamble as the market in 2030 would be roughly double what they were paying currently. Mr. Hoag stated they could also wait for the markets to go up and down and try to time it but there was some risk in that. Mr. Hoag stated one of the risks was that they would have to find another counterparty like Wolverine that would want their business and commence a contract from 2030 on and those suppliers were becoming fewer and further between. Mr. Hoag stated the other thing they lost by waiting was you lost time to smooth, so if your price really would double in 2030, you could take your good news that day and start factoring in steps, which was what they were suggesting doing that evening even though it was absolutely their decision. Mr. Hoag showed a graph that encapsulated much of what the power supply equation was and what the future would look like. Mr. Hoag stated what was being proposed on their side was taking some of the savings that they enjoyed and using them to pay down the future and to stabilize rates for their community for another decade. Mr. Hoag stated they were happy to provide that smoothing for them and they would be elated to continue to be their supplier through 2030 and into the future. Mr. Hoag stated they had a wonderful relationship with Mishawaka, and he was happy to take any questions about Wolverine, the wholesale power markets, what utilities like theirs did in similar situations and he was at their disposal that evening.

Mr. Mammolenti asked, with the market increasing as he suggested, how he was able to maintain and keep the price cost of power at a much lower rate. Mr. Hoag stated energy was a very liquid market, so nobody sold it for less than what it was worth, even Wolverine. Mr. Hoag stated what they did was they owned generation assets in the area, and they could take positions against those generation assets that they knew would ultimately pay for their existence, whereas if someone was speculating, they risked the chance that the market took a downturn on them or went up. Mr. Hoag stated they owned assets they could use to hedge those things and that was what provided the certainty in the long run, so when their community was looking for a supplier in 2018, they were actually being solicited by financial brokers that were willing to take a position in the market and bet that it might be in the money when it came time to serve them and his company did not do that. Mr. Hoag stated they had S&P A-rated credit because they paid their bills and did what they said they would do, and they were very risk averse. Mr. Hoag stated they liked knowing that the assets that they owned had a customer at the end of the day and not ride the crazy market swings.

Mrs. Voelker asked if the contract was extended through 2035. Mr. Hoag stated it was currently through 2030. Mrs. Voelker stated that was right, but wanted to clarify that what he was suggesting was an extension through 2035 and asked if that was correct. Mr. Hoag said yes. Mrs. Voelker stated on the graph he displayed, there was smoothing and then in 2035 it was flat and asked if that was what Wolverine thought the power was going to do and just go flat in 2035 or were there going to be increases and they be right back at this again. Mr. Hoag said no and stated what Wolverine and the rest of the betting market believed was that power would be between that gray area from 2030 to 2035 and the fact that Mishawaka was well below that gray area accounted for the fact that they were taking on proactive increases between now and 2030 and they were applying those to them to keep their power rates down in the future. Mr. Hoag stated that the gray area was where the market believed power would be. Mr. Hoag stated if the market held true, they would be roughly $15 to $20 below market because they were taking some of the savings they enjoyed and taking proactive steps to prevent that in the future. Mrs. Voelker followed up on that by asking what the market was going to be like in 2040 and what was going to happen to them between 2035 and 2040. Mr. Hoag stated if he was doing his job correctly, between now and 2035, they looked for another period of time just like this where the market would be in a relative lull and the markets a year and a half ago when Russia invaded Ukraine and there was a big natural gas scare and much of their power generation was still tied to natural gas, they were almost double what they were today and that gray area was off the chart 100+ dollars. Mr. Hoag stated his job as their power supplier was to look for market lulls where it made sense for their two entities to provide extensions to each other and it was a mutually beneficial thing. Mr. Hoag stated to answer her question, between then and 2035, he hoped he came to them with a similar opportunity as that evening if he was doing his job correctly. Mr. Hoag stated he had no idea what the power markets would look like in 2040 and he wished he did. Mrs. Voelker stated she was curious about solar and where they lived, she would think that most of the time they had a Perma cloud that enveloped them in late October, and it lifted around the end of March. Mrs. Voelker asked if this was really an area that could support solar power. Mr. Hoag stated she was talking to someone from Michigan, and they had a permanent cloud maker to the west in Lake Michigan and believe or not, his full-time day job was developing solar for Wolverine, and they did not do much in the way of sales as they were a pretty small company. Mr. Hoag stated he only came to know Mishawaka he happened to be building a solar project 10 miles north of here when he heard they were looking for power but to answer her question, solar was a wonderful resource for power companies when the sun was shining and it did not work all that well during nights and weekends but the one thing that solar did really well was it married up to cooling loads. Mr. Hoag stated solar tended to produce when the electric power markets were at their highest. Mr. Hoag stated solar was a part of a long-term piece of their overall portfolio but not the entire piece of it. Mr. Hoag stated part of how they served Mishawaka was through some solar generation too.

Mr. Hixenbaugh thanked Mr. Hoag for the information he provided and had a couple of follow-up questions. Mr. Hixenbaugh asked if his understanding was correct that in terms of Wolverine's power generation facilities, there was a renewable energy component of that so that the power they purchased had some renewable energy baked into it. Mr. Hoag stated yes and because they were risk averse, they were never an all of their eggs in one basket company and their power generation consists of some baseload coal and natural gas as well as lots of peaking natural gas. Mr. Hoag stated you would never find that their company got away from their diversity strategy, and they were very conservative. Mr. Hixenbaugh stated although the Wolverine contract was not in front of the council for approval that evening, the rates that were being proposed were intertwined with the contract so since it was his contract he would ask him first about it. Mr. Hixenbaugh stated his understanding was that the contract between Wolverine and the City of Mishawaka allowed their municipal utilities to continue to explore their own renewable energy generation sources, to the extent that they were affordable and scientifically feasible and asked if that were correct. Mr. Hoag stated yes, and they actually made it in their contract that Wolverine's agnostic if they pursued some renewable energy on their own. Mr. Hoag stated while they had to purchase all of their power from Wolverine, if they were to build solar, the performance of that solar against that market would be to your benefit or detriment. Mr. Hixenbaugh asked if that same flexibility in terms of that contractual relationship applied to individual users within the city of Mishawaka, both residential and industrial users. Mr. Hoag stated yes and if the city of Mishawaka wanted to extend solar tariff or a net metering tariff to its citizens, Wolverine was neutral on that. Mr. Hoag suggested not compensating for any energy beyond what their wholesale rate roughly was because then you would have ratepayers subsidizing other ratepayers who may have the means in solar, but there was nothing in their contract prohibiting them from pursuing those things and they designed it that way. Mr. Hoag stated they did not want the wholesale utility to be the reason some homeowners could not put solar in their house. Mr. Hixenbaugh stated he appreciated that, and he appreciated the relationship between Mishawaka and Wolverine. Mr. Hixenbaugh stated it had clearly paid dividends to that point and he appreciated his creativity in bringing it to them and he could understand the logic and rationale for doing this. Mr. Hixenbaugh once again thanked Mr. Hoag and Wolverine for the work that they did on their behalf. Mr. Hoag stated the feeling was mutual and they were a very meaningful part of their business, specifically roughly 15% of their business so they were a very important customer of theirs and they would always have their attention when they needed it and if he was doing his job correctly, they would be seeing him a few more times between then and 2035 even if it was a somewhat unpopular topic.

Mr. Violi stated hypothetically, if the rates just dropped and the prices dropped was it also something he'd be doing his job to come back and say if they were going to lower the rates. Mr. Hoag stated absolutely, and he would come back and say he remembered in 2024 when they were all absolutely wrong and there was, hypothetically a global recession and power prices were in the dumps then he would say let's take their bad news from 2030 and 2035 and factored into some good news in 2040. Mr. Violi asked for clarification if they had that flexibility. Mr. Hoag stated absolutely, and their commitment to them was always to have a mutually agreeable contract and it was in both of their companies' best interest to change that contract, they work with them. Mr. Hoag stated they really appreciated them in Mishawaka, and they would always have their attention.

Mr. Mammolenti asked over the last 10 years if they had ever filed forced majeure or anything similar to that. Mr. Hoag stated no, and they were rated stable by both S&P and Fitch. Mr. Hoag stated power companies that did not do what they said they were going to do typically did not get to have that luxury and their company was founded by rural farmers and they just did what they said they were going to do.

Jeff Rowe, Baker Tilly, spoke in favor of **PROPOSED ORDINANCE NO. 2024-13**. Mr. Rowe stated he just wanted to give a brief recap of the rate plan that was being proposed and was before them that evening. Mr. Rowe stated the overarching goal of the rate plan was to provide for modest, predictable increases over the next 6 years for 2025 through 2030. Mr. Rowe stated in an effort to generate revenue that was sufficient to meet day-to-day operation and maintenance costs which included the wholesale purchase power contract that they talked about that evening in depth as well as debt service requirements and obligations and future capital replacement costs and what was driving the increase were about four to five things. Mr. Rowe stated the main primary driver was the wholesale purchase power increases and that represented roughly 70% of the overall cost of utility. Mr. Rowe stated that roughly 30% of annual costs represented operational maintenance as well as debt service and capital improvement needs. Mr. Rowe stated they had been in a higher inflationary environment since 2020 and that was certainly a factor and there would be some of the hyper inflation factors that were being applied to substations and other pieces of equipment shared with them later. Mr. Rowe stated there was also the rate reduction back in 2020 that was intended to provide rate relief going through COVID and also sort of offsetting some of the other utility increases at the time so this in part also in effects were rolling back some of those rate relief efforts. Mr. Rowe stated in addition, there were capital needs and there were roughly $51 million of capital asset replacement needs over the next six years that had been identified and roughly $11 million of those dollars represented the continued conversion from 4kV to 12kV so that continued to be a high priority and in addition to that, there was roughly $40 million of capital asset replacement needs that were also a high priority and were being built into the proposed rate structure as well. Mr. Rowe stated in terms of rates, over the next six years per year what was being proposed was a rate increase of 3.75% per year and that came out on average to be $4.50 with what they called an average bill, assuming 1,000 kilowatt hours. Mr. Rowe stated that was probably a little bit high and the actual average for the city was probably closer to 500 or 600 kilowatt hours. Mr. Rowe displayed a graph that was used as an illustration of tracking where the customer bill had been, assuming 1,000 kilowatt hours dating back to 2020 and this was prior to the rate reduction and at that time, the monthly bill was right around $123 per month and they would see that reduction being phased in over two years during 2021 and 2022 which was at the current rate that the city was at. Mr. Rowe stated the rate structure that was being proposed again was that roughly $4.50 increase starting in 2025 and the graph displayed the slow, steady, modest increase over the six-year period. Mr. Rowe pointed out that the city did not actually get back to the pre-rate reduction rates until 2028 so even with the steady increases, they were still below what customers were paying back in 2020 and the city would not actually exceed that until 2028. Mr. Rowe displayed another graph and stated it was just the rate comparison of across the state of Indiana selected communities and municipalities and utilities to give the public and the council a sense of where the city rated in term of overall electric utility rates. Mr. Rowe stated the $108 projected in 2025 was towards the lower end in terms of rate comparisons and the state average in 2023 was about $130. Mr. Rowe stated that he was happy to answer any questions.

Mrs. Voelker asked if they had residential bills for some communities that were closer to Mishawaka to provide information about to the council. Mr. Rowe stated they did and looked at South Bend and they were at roughly $147 per month and Elkhart was at $147 as well, quite a bit higher than Mishawaka.

Kevin Wasmer, Mishawaka Utilities Electric Division Manager, spoke in favor of **PROPOSED ORDINANCE NO. 2024-13**. Mr. Wasmer stated he was going to talk about the 4kV to 12kV and wanted to show them what they were talking about when they talked about the 4kV conversion. Mr. Wasmer stated they would start with the past and they just did a $10 million bond in 2021 and that bond kickstarted the 4kV to 12kV conversion. Mr. Wasmer stated they started off with one substation and they upgraded it to 12kV and that would be taking place out of two substations once it was completely converted over. Mr. Wasmer stated the transformer was up and running and the substations had been installed and they were still in the middle of converting everything downtown at that point in time. Mr. Wasmer stated they had also upgraded 427 transformers from their 4kV to the dual voltage transformer and that was necessary for them to go through, make all of their changes on the at the 4kV level on the dual transformers and then, once they were ready to click everybody over, they had internal switches. Mr. Wasmer stated they would take outages at night, they would communicate with customers, and they would start switching them over to the new updated voltage. Mr. Wasmer stated in the fourth quarter of 2022, the cost for transformers skyrocketed from 40% to 400% and it was not every single transformer, but the majority of the larger transformers which were utilized downtown with a lot of factories were the ones that went up pretty high. Mr. Wasmer stated inventory costs had gone up as well because of long delivery times and they were having to order a larger amount of transformers, so they were able to order maybe a dozen a year and planned on putting them out in the field, well now they had to kind of plan a year and a half to two years out because the delivery times had gone out so far. Mr. Wasmer began discussing three phase transformers and stated they went from 112 to 2500 size transformers with the 112s to the 7560s being used for everyday restaurants, for reference. Mr. Wasmer stated 750s and above would be for factories or newer buildings down in the ironworks. Mr. Wasmer separated the transformers into three groups with their estimated delivery date and costs that followed. Mr. Wasmer stated 2022 was the last year they actually ordered transformers due to the delivery time. Mr. Wasmer stated they had a lot on order that had not shipped just yet so that was why the dates went back to 2021 and the very end of 2022 as they had not ordered any since that time. Mr. Wasmer next pointed out the pricing in all of the groups and stated the largest transformers used to cost what the smallest transformers were costing them now and with the conversion project and how many transformers they would have to change out, that was why they were there asking the rates to be changed in order to help supplement all of the costs. Mr. Wasmer stated single phase transformers were not as high, but they did go from 40% to 74% which may not seem like a lot, but they were talking about large numbers of transformers, 200 to 300 ordered at a time and when you doubled the cost it added up quickly. Mr. Wasmer displayed a map of the electric grid overview by voltage for Mishawaka. Mr. Wasmer showed the 12kV primary wire was displayed as blue, stretching for 208 miles and the 4kV primary wire was displayed as green, stretching for 166 miles. Mr. Wasmer stated 12kV was the updated latest voltage that everybody tended to use for most cities and 4kV was outdated. Mr. Wasmer stated their intention was to replace the 166 miles of 4kV with 12kV. Mr. Wasmer showed a display mapping out the types of transformers (4kV, 12kV and dual voltage transformers) in Mishawaka. Mr. Wasmer stated they had 1,587 transformers running on the 12kV system, 1,228 transformers running on the 4kV system and 935 dual voltage 4kV/12kV transformers. Mr. Wasmer stated there were 427 transformers he talked about earlier that were part of the $10 million bond, and this was what they had changed out currently. Mr. Wasmer stated they had 1,228 transformers that had yet to be upgraded to 12kV and they came together to figure out what would be the best way to get everything built in a timely manner and not to spend $20 million in one day because he could not order that much equipment. Mr. Wasmer stated if you were to divide it into 300 transformers a year and if they could keep on track, which was their goal, and it would be in a fifteen-year window. Mr. Wasmer stated he would like it to be shorter if they could but with current delivery times and everything else, that was what they were looking at. Mr. Wasmer stated the traditional 4kV to 12kV was what they wanted to do but moving forward with the strategic rate increase approach, they thought this was the best way to go without putting the biggest burden on the ratepayers, stretching it out over a long-term period instead of one big increase at one time. Mr. Wasmer provided the council with a 204 Mishawaka Electric Division usage breakdown and stated the average was usually 1000 kilowatt hours with what was used for pricing but in Mishawaka, they currently had 25,000 residential customers, 11% or 2,700 of the customers, were 1000 kilowatts or more a month. Mr. Wasmer stated 20%, 7,032 customers, used between an average of 500 to 1000. Mr. Wasmer stated that the majority of their residential customers was going to be 61%, 15,385 customers, used less than the 500 kilowatts per month. Mr. Wasmer stated that was what they had figured out since the prior week after talking and they wanted to get some better numbers on where that range was at. Mr. Wasmer next wanted to touch on solar and recover some of the talk about the stuff that they had in place currently. Mr. Wasmer stated Sam from

Wolverine did already talk about what was in their contract so it was something that they could currently do and do in the future. Mr. Wasmer stated their existing Wolverine contract as well as the new proposed extension to 2035 did allow them the ability to explore behind the meter generation with solar, wind or battery storage. Mr. Wasmer stated while today they were looking to extend their current purchase power contract with Wolverine, they had an open mind to these types of renewable energy generators, should they become a more economical solution for the electric division in the future, so they were not forgetting about it and not saying they could not do it right now but it just was not the best solution for the utilities today. Mr. Wasmer stated today, they serviced just over 28,000 commercial and residential customers combined and they had a total of 10 customers currently that had installed either solar or wind generation on their property and had what they called net metering accounts. Mr. Wasmer stated customers looking to install solar or wind generation were required to fill out an interconnection agreement application prior to the system being installed. Mr. Wasmer stated this kind of service required a unique style meter called net metering and the meter was designed not to record backwards when the customers were using solar, or wind and it only recorded forward rotation. Mr. Wasmer stated he was happy to answer any questions they had.

Mrs. Voelker stated in her district, there was a property that generated power through solar panels and if she recalled, a number of years ago prior to them changing to Wolverine from AEP, the city was not allowed to take extra power from that property into their system by contract and asked what their policy was no with the 10 customers. Mrs. Voelker also asked if they were generating more power than they needed if they could sell the power to the city. Mr. Wasmer stated that was kind of why they had the meter on there and whether you were using it or not using it, say if you were on vacation and it was running all day, you would only be billed from the utility company if you were using their utilities, so the savings would be if you had the means to purchase the price of these and install it, he recommended 23 KW per house. Mr. Wasmer stated what you would want to do was get a system built or purchase a system that gave you the energy for your home and not necessarily three or four homes, because you did not get a credit. Mrs. Voelker stated it sounded to her from Mr. Hoag that they could buy extra power and asked if she was incorrect in that. Mrs. Voelker stated it sounded to her like they had the ability to buy solar power from other entities if they were willing to explore it so if she had extra power generating from her property, she asked why she would not be able to sell it to the city. Mr. Wasmer stated other utilities, from his experience and what he understood, did not actually purchase it but you got credit, but that would be an ordinance that would need to get figured out and figure out how much credit that would be and if it wouldn’t be just a flat rate. Mr. Wasmer stated it actually could be a flat rate, but the cost would have to be settled. Mrs. Voelker asked if that was something that they as a city should explore and asked given their contract through Wolverine, should they extend that contract then it sounded like that would be an opportunity for them and since they had citizens in Mishawaka that were interested in doing that, that would be an incentive for citizens to provide their own power. Mr. Wasmer stated they could revisit it again and there was no reason why they couldn’t look into it. Mr. Wasmer stated he could have a study done. Mrs. Voelker thanked Mr. Wasmer.

Mr. Violi stated he believed Mr. Wasmer said that given the rate adjustment, it would take 15 years to implement everything 12kV. Mr. Wasmer stated for the conversion. Mr. Violi asked what if they did not do tat and how many years would he project that would take if they did not do it. Mr. Wasmer stated two to three times.

Mr. Mammolenti stated he had given them the residential comparison to some of the neighboring cities in the area along with the state and asked if he had, with this proposed increase, how they would be compared on the commercial side of things and the commercial rate. Mr. Wasmer stated he did not have anything in writing regarding the commercial rate. Mr. Mammolenti stated he was just curious to see how that would stack up and if it would be a deterrent or be business friendly. Mr. Wasmer stated from his own investigating, because he was using all of the utilities their size since they were the second largest in the state of Indiana and kind of compared to the top five and he could tell him that the commercial rates were definitely a lot higher.

Mrs. Hazen asked if he had any clue what their average kilowatt usage was for the average business customer. Mr. Wasmer stated no he did not, and he believed that was why everyone used residential, because residential was flatter and since they were majority residential, it was an easier target number because it was a low number.

Mr. Violi stated to be clear, because he spoke for himself and believed he spoke for his fellow councilmembers, the middle of the city was traditional and older residential areas and those were all 4kV still and he said there were two substations they had already taken care of and five substations that they still had to take care of. Mr. Wasmer stated yes, there were still five substations left. Mr. Violi continued that they were going to be sure that if they did this rate increase that the plan would go far and they would not divert any funds to stay away from the goal to get everybody in Mishawaka because it was important to him that they said they could use this as infrastructure development for their older residential neighborhoods. Mr. Wasmer stated yes, and it was a benefit to the utility company as well and upgrading the downtown area, with the cutoff being from the south of the river to Dragoon, a majority of it would be in the center with it being your 4kV area. Mr. Wasmer stated they had substations in the area that would utilized and help down there if need be since they were on the 12kV surrounding them and north of the river, they could not utilize that so once they got them all on one 12kV system, you could go a lot further with it and they could use other substations to help out that they could not use now to help out if there was a situation. Mr. Violi stated one thing that concerned him and all of the council was that they were proud of their electric department and they were great and he did not want to turn into a city where they had days when they did not have service and he just wanted to make sure that was the plan to upgrade all of the services and they would stick to that plan. Mr. Violi stated to him, the infrastructure was an important factor. Mr. Wasmer stated he thought everything else with the city and the rest of their existing developments they had plans and still used those plans and this was a new plan to take care of the rest of what was in the middle. Mr. Violi thanked Mr. Wasmer.

Mr. Banicki asked as the city grew and other businesses came to the area, were they prepared to supply the new partners, whether it was the Penn farm people and as the city grew with the 12kV, were they going to be okay. Mr. Wasmer stated the current growth in the area obviously was not right there downtown so yes, to a certain extent meaning they were kind of limited there as an electric division and a law was passed in 2015 where when city properties were annexed, they were not automatically included in the annexation and had to request that and to this day, they had been denied so there was growth and availability there. Mr. Wasmer stated as they got further along and found an area, they would work with Wolverine and let them know they would be increasing power as well as the AEP letting them know they would be looking to increase the substations.

Mr. Emmons stated that Mr. Wasmer mentioned earlier in his presentation about expanding the 12kV to Logan and asked if that was where they were at and if they planned to go further. Mr. Wasmer stated that was the next substation on their list and the first one was right downtown with the new development there and since it was commercial, it was a little heavier of a load to take care of and they wanted to get that going first. Mr. Wasmer stated Logan would be the next one, so it was a Logan substation, but it was basically all of the west side of town. Mr. Emmons asked if that would enable them to expand to the southwest of the city. Mr. Wasmer stated that was correct.

Mr. Hixenbaugh thanked Mr. Wasmer for the information and wanted to follow up on the whole concept and the rationale and why it was important for them to move from 4kV to 12kV and what he understood was with regard to the 4kV equipment, that was 1950s technology that was now ever more difficult to replace when there was a need to replace it and asked if that was correct. Mr. Wasmer stated that was correct and it was not very common in a lot of utilities so getting it and ordering it was a lower priority. Mr. Hixenbaugh stated if he extended that thought out, if it was more difficult to find replacements for the 4kV equipment, then when they had to replace it, it could lead to the potential of extended outages and disruption in service and asked if that was accurate. Mr. Wasmer stated that was correct. Mr. Hixenbaugh stated with regard to 12kV, the advantage to that was not only a broader market with regard to equipment and replacements but it was also a more efficient way for their electric department to deliver electricity to their users and asked if that was accurate. Mr. Wasmer stated that was accurate and the 12kV reached further so they could get to substations that were not in the area and had lower amperage as well as long term on their demand charges. Mr. Wasmer stated there would be cost savings once they go from the 4kV to the 12kV. Mr. Hixenbaugh stated it sounded more cost effective to have 12kV service it sounded like and it was more reliable for the areas of the city that did not currently have the 12kV service, the primarily older residential neighborhoods would have a cost effective and a reliable delivery service for electric if they were able to make the transition. Mr. Wasmer stated that was correct.

Matt Lentsch, Executive Director of Development and Governmental Affairs for Mishawaka, 100 Lincolnway West, spoke in favor of **PROPOSED ORDINANCE NO. 2024-14.** Mr. Lentsch stated he was not just someone who worked for the city, but he also lived in the city and paid the same rates everyone else did. Mr. Lentsch expressed his heartfelt thanks to the council for taking time to be fully informed and educated in the Mishawaka Utilities Electric rate plan. Mr. Lentsch stated their willingness to engage in additional meetings had been invaluable and the process had been effective. Mr. Lentsch stated it had been a pleasure to work with them and they deeply valued the partnership they had. Mr. Lentsch stated at its core, the rate plan was a comprehensive financial management plan effort designed to ensure sustainability for years to come. Mr. Lentsch stated as they closed that evening's presentation, he wanted to highlight some important information regarding the Mishawaka Municipal Electric rate plan to further enhance the council's understanding and their understanding of the proposed adjustments and their impact on customers. Mr. Lentsch stated it was important to know that Mishawaka Utilities Electric had not raised rates since 2014 and they did a proactive decrease of 7% in 2021 and 2022. Mr. Lentsch stated even with the scheduled increases of 3.75% per year for the next six years beginning January 1st, 2025, Mishawaka Utility Electric ratepayers would only be back paying 2020 rates by the beginning of 2028. Mr. Lentsch stated despite the modest increases, Mishawaka Utilities Electric remained one of the lowest municipality electric utilities in the state of Indiana, demonstrating their commitment in providing affordable and reliable services to their customers. Mr. Lentsch stated these adjustments were crucial for maintaining the integrity and reliability of their electric utility infrastructure ensuring they could continue to provide high quality service to their community and he would say last year for the whole year, they only had 15 collective hours where the electricity went off and he challenged anyone to find that in any utility throughout the state. Mr. Lentsch stated addressing increasing costs associated with capital asset investments, energy procurement, maintenance and operational expenses, they could sustainably support economic growth and enhance the overall quality of life in Mishawaka. Mr. Lentsch stated please know that the Mishawaka Utilities was committed to responsible financial management and the long-term sustainability of their electric utility. Mr. Lentsch stated to him, truly, that was what it was all about, and they had a great thing and he believed Mishawaka Utilities across the board was a tremendous asset. Mr. Lentsch stated their collective budget was over $100 million and $60 million of that was Mishawaka Utilities Electric. Mr. Lentsch stated the recently proposed ordinance would enable them to meet all of the needs of the community and uphold their commitment to providing quality services to their residents. Mr. Lentsch stated the electric rate reflected their commitment to responsible financial management, sustainable operations and customer satisfaction. Mr. Lentsch stated with their continued support and dedication, they could effectively navigate the adjustments and uphold the mission of Mishawaka Utilities. Mr. Lentsch appreciated their efforts and their attention to this additional information, but he believed that together they could ensure a bright, sustainable future for their community. Mr. Lentsch asked for the council's support that evening and was happy to answer any questions.

Mr. Mammolenti thanked Mr. Lentsch for his presentation that evening and in the past and thought he covered a lot of questions they had that evening through some other presenters and stated they had discussed a drive thru or drop location that he, along with many other residents had utilized in the past and he knew he looked at some options and just wanted to follow up with him that evening to see if they came to any conclusion. Mr. Lentsch stated they obviously had a great asset there and a wonderful business office and there were about 10 ways for people to pay for their utilities and 6 or 7 of them cost nothing, like using the kiosk or a stamp in the mail for example. Mr. Lentsch stated as it related to drop off, they did look at both options there and they were limited because of the building but they also looked at using a Mishawaka Utilities Water Division on Jefferson and there was really no good way, and it was the same with Electric and Wastewater. Mr. Lentsch stated in conversations with Dave Majewski, their Water Manager, he was proposing to build a kiosk that would sell water that people could drive up to and get water using a credit card and it was a real option he had discussed with Dave and people could use that to drive up and fill up a water tank and go fill up their swimming pool or whatever they would need but they would have the option there once the kiosk and water station would be available. Mr. Lentsch stated that was something a couple of years or so down the road, but he thought that had the greatest possibility of having a solution to what Mr. Mammolenti had talked about. Mr. Lentsch stated the old building did have a drive-up people could go to and drop it in and that went away a while ago once they transitioned there, but that was the plan at that point. Mr. Mammolenti asked if it would be possible to establish a partnership perhaps with the post office downtown to put a box there right adjacent to one of their mailboxes or anything similar to that. Mr. Lentsch stated they would be open to looking at other partnerships that would allow customers convenience, absolutely. Mr. Mammolenti stated he looked forward to furthering that discussion moving forward.

Mr. Violi asked about the ACH debit and asked if that option was available on the website currently where you could set it up with his own bank to draw it out without a charge. Mr. Lentsch stated at the current point, they charged fees on credit cards and debit cards and had to get to that point with a service fee they took in, however if they set it up directly with their bank there was no charge or came directly to their office with a voided check, they could set it up without costing that fee. Mr. Violi asked if he would come in with a voided check and then went to the office there and on the 15th of the month, it would not cost him anything and asked if this was an option on the website currently. Mr. Lentsch stated he would check and if it was not there, they would add that. Mr. Violi asked about looking for a senior citizen discount going forward. Mr. Lentsch stated as he said with Councilman Mammolenti as it related to the drive thru, these were options that they could definitely look at. Mr. Lentsch stated currently, their rates were such that it was even across the board and the increase would affect their residents and businesses in the same percentage but at that point with the rates, where they were and the fact that they wanted to become more sustainable, while they considered that, it was not the right opportunity for them at that point but it would be something that they would take into consideration.

Mr. Banicki stated if they got to the point where they got tired of the electricity and wanted someone else to supply it like Duke, Nipsco or anyone like that, they could do that but the downside of it was that would be that they would not have control on rates, no control on repair times and things like that. Mr. Banicki stated they had done such a great job of trying to keep this within reason. Mr. Banicki stated years ago they had a double digit increase and it really stung, and the people of the city did not understand why it was done. Mr. Banicki stated they just kept putting off the small increases and then it led them to this. Mr. Banicki asked what his thoughts were on how things would be going if they had to just shut it down. Mr. Lentsch stated he thought Mishawaka Utilities overall was a great asset to the community and most municipal utilities were far superior in their service and rates than a Duke Energy or an AEP and if you looked at surrounding areas, Elkhart, South Bend, or Granger, they were paying 42% more at that point. Mr. Lentsch stated they did not do the preventive maintenance like they did and did not have the duplicative feeds they did so a lot of reasons for the great service was that people lived there that worked there and they were a nonprofit utility and they were not beholden to shareholders, rather stakeholders and their stakeholders were their ratepayers. Mr. Lentsch stated their folks lived there, worked there and they provided excellent service and there were no business offices for AEP or Nipsco and that was all done by phone or mail or online. Mr. Lentsch stated he would enthusiastically argue against ever getting to that point and all of the utilities did a phenomenal job serving their residents and communities and Mishawaka Utilities was one of the greatest assets they had for them. Mr. Lentsch stated the rates were great, dependability was there, and they were there that evening to talk about sustainability. Mr. Lentsch stated as they had talked with AEP and others about getting territory now that they had to negotiate, they just did not want to give it up. Mr. Lentsch stated it behooved them to not just maintain but to continue to do what they did in Mishawaka to make things as great as they could, because they had hometown services serviced by hometown folks and they did it in the best way possible. Mr. Banicki stated as a residential and commercial customer, he greatly appreciated everybody involved there today and thanked Mr. Lentsch.

Mrs. Hazen stated she understood the need to increase the rates and she heard nothing but good about Wolverine and that they were a wonderful company, but she asked if they looked at other options for the kV upgrade as far as creative funding instead of requiring that additional increase. Mr. Lentsch stated in the past they bonded $10 million for a major portion, two sevenths of the conversion and they were coming to the end of that but they had looked at multiple options and they did not feel like taking on more debt was the solution there and even if they did, they could not buy the equipment fast enough to meet the obligations of the bond. Mr. Lentsch stated they looked at a number of different options and they believed that this was the most economical, efficient and effective way to fund both the purchase power as well as infrastructure improvements. Mrs. Hazen asked if he knew how much they had left in ARPA funds and if they considered using that at all. Mr. Lentsch stated ARPA funds had limitations and he could not speak to those limitations, but he was not sure if they would have been the right choice to be used in this way. Mr. Lentsch stated they had been used to do projects all over the city and to help nonprofits and the council had been part of deciding where those ARPA funds would go but from his understanding, they used it in the best possible way to advance the city but he was not sure that would be the best thing for Mishawaka Utilities and what they were talking about that evening.

Mr. Mammolenti stated he had been hearing about the six to seven free ways to pay for utilities for their ratepayers and residents and he had been hearing that for a couple years, yet he did not make the initiative himself to make those efforts and still walked up the ramp and dropped off his bill. Mr. Mammolenti stated he knew they had discussed it briefly in the past, but asked if anyone would be willing to hold potentially a 2 hour workshop where they had laptops ready at tables in the Utility Office where residents could come in, bring the information they asked and walk them through getting set up there. Mr. Lentsch stated they had talked about that and he had talked with the manager of the Business Office and if they could host it, they would welcome the opportunity to set something like that up to provide their residents with some more education and talk to them about options and have individuals there that evening to help them set up different options to pay. Mr. Mammolenti stated that it was great to hear that he and the office were willing to do that, and they would keep in contact and try to settle a date and a time for an evening and if it went well, it could be extended to another time. Mr. Mammolenti thanked Mr. Lentsch.

Mr. Hixenbaugh thanked Mr. Lentsch for the information and appreciated his willingness to work with Mr. Mammolenti and Mr. Violi on the issues they raised and from his perspective, although he appreciated his creativity with regard to the drop off option, two years sounded too long to him and he asked him to try to identify other options that would provide a short term, more immediate solution to that issue. Mr. Lentsch promised that they would continue to look at partnership options and other options. Mr. Hixenbaugh thanked Mr. Lentsch.

Michael Compton, former Mishawaka Common Councilman, 1530 South Lakeshore Drive Mishawaka, spoke before the Council. Mr. Compton stated he was not going to speak in favor or against the rate increase but he wanted the council to know that as he listened to the great comments and the presentations, they had questions that were excellent. Mr. Compton wanted to commend the new council members as they had excellent questions, and he was convinced they would make the right decision for the ratepayers of Mishawaka, and he was convinced of that after listening to all of them. Mr. Compton stated, as often happens after listening last week and listening that evening and talking to people from the city, his thoughts and comments had changed a little bit from what he initially intended to say. Mr. Compton stated he would like the council to look at the possibility of producing their own power. Mr. Compton stated what they heard that evening was 70% of their electric cost was in power costs and that was the only place they could do anything to help the citizens of Mishawaka. Mr. Compton stated they could either produce their own, which there was a cost to that, or they could promote home solar use. Mr. Compton stated it sounded like they had 10 residents using it and asked rhetorically why they did not have more than that in a city of more than 50,000. Mr. Compton thought that promoting that as a way for a citizen to save money was something that the city could do that would not cost them anything and it could help the ratepayer individually. Mr. Compton stated as far as how power was bought back and whatnot, there were state laws that defined all of that and they did not lean necessarily in the users favor. Mr. Compton stated it could save an individual money who took the time and effort to do that. Mr. Compton stated as far as a solar field for the city of Mishawaka, he asked that they push for a feasibility study and he did not know whether it made sense or not to allow Wolverine and people who did this as a business to do that and they bought that from them. Mr. Compton stated his mind said diversity was the best thing and if they could produce 10% of their own power, that much of a savings they could supply back to the customers after it was paid off and those were the questions with property costs, material costs and what was payback time but those were what studies did and he asked that they did that. Mr. Compton commended them all for what they were doing and the questions that were asked and it was very much appreciated as a ratepayer.

Ken Prince, member of the Utility Board and Executive Director of Planning and Community Development for Mishawaka, spoke before the Council. Mr. Prince stated he was not speaking as a member of the Utility Board, but he was a resident of the city and lived at 2301 Ridge Place. Mr. Prince stated he had a unique insight into the information provided and he believed this was the most cost-effective way to provide power long term to the residents at the best price. Mr. Prince stated as a ratepayer, his family and protecting their interests, they believed this was the long-term best solution for the city. Mr. Prince stated in response to Mr. Compton, they did do a study when the new City Hall building was constructed about putting solar panels on the roof and that study indicated that the payback was over 35 years relative to the installation, so in their estimation that it would not have paid for itself likely needing to be replaced at the end of that time. Mr. Prince stated from an economic standpoint, it did not make sense and he knew there were other reasons to do solar than just straight economics but that was the reason.

Mr. Mammolenti stated as the Mayor stated at the beginning of the meeting, it was never easy to raise rates and he had been personally mulling it over for several weeks and the simplest he could put it was that they were making a great product even greater and at a low cost of averaging $2 to $4 per month and he thought as a group and as a body, they owed it to their citizens and their ratepayers to provide the best service possible and he thought it was very difficult to find anyone that complained on their electric service and other utilities, but particularly their electric. Mr. Mammolenti stated Mr. Lentsch had mentioned 15 hours of total outage for the last year and that was pretty amazing, and it would be great if they could improve upon that, and he believed they owed that to their ratepayers and citizens. Mr. Mammolenti stated with all the information that they had received and the mere simple fact of making a great product greater, he would be voting in favor that evening.

Mrs. Voelker stated she wanted to reiterate what Mr. Violi said about the older parts of their city needing to have attention paid to it and many of them lived in the older housing portions of their city and it was time that they made sure they invested in the heart of their city as much as they invested in the new areas of their city. Mrs. Voelker stated she saw people that lived near here who did not have the new stuff and they had the old stuff and she thought it was important that the older parts of their city had the same benefits as the newer parts. Mrs. Voelker stated she appreciated the consistent service that their electric utility provided them, but from her perspective she wanted the older parts of the city brought up to meet the newer parts of the city.

Mr. Banicki thanked Mayor Wood, the Administration and all of the partners involved as there was a lot of information that they had seen and had to make some decisions that not only affected everyone in the city, but all of them on the council as well as they were all citizens of Mishawaka too. Mr. Banicki stated sometimes you just had to use common sense and common sense told him that this was very fair and reasonable when you looked at the world. Mr. Banick stated if they could lock this in, there would not be as much of a gamble, and he thought they needed to lock this in. Mr. Banicki thanked everyone involved and would be in support of this.

Mr. Hixenbaugh echoed the comments of his colleagues and stated he also would be supporting the proposed ordinance that evening for at least three reasons. Mr. Hixenbaugh stated first of all, he agreed that Mishawaka Municipal Utilities and in particular their electric service, did a fantastic job and anyone who questioned the reliability of their grid, you could talk to friends, families and neighbors who lived out in St. Joseph County and compare those outage statistics and also look at the cost and he thought you would be very pleased to live within the MMU service area. Mr. Hixenbaugh stated none of them liked to raise rates, himself included and he appreciated the fact that his colleagues had subjected the proposal to an appropriate amount of scrutiny and he echoed Mr. Compton's comments and had been really impressed with the quality of the questions throughout this process and he thanked them for all of that. Mr. Hixenbaugh stated going back to his earliest days sitting on the Council, he had been a proponent of gradual rate increases and they had lived through some times where they had raised utility rates double digits or more and his concern had always been that it was extremely difficult for not only their residential users, but their commercial users as well to incorporate within their budgets those type of larger increases. Mr. Hixenbaugh stated nobody wanted to pay more, but they paid more as individuals for virtually everything they consumed in the world today. Mr. Hixenbaugh stated if they had to raise rates, and he believed that they did, he would much rather have it be in the neighborhood of 3% as opposed to 30%, which he feared would be the case if they tried to kick this can down the road and waited until later to address the issue. Mr. Hixenbaugh stated he was also compelled by the fact that their ability to be able to purchase power through 2035 at a significant discount from the market was a good bet. Mr. Hixenbaugh stated he was not much of a gambler, but this felt like it was not a gamble, but it was a way for them to avoid having to gamble on the volatility of the market. Mr. Hixenbaugh stated and finally, one of the most important factors to him was that investment they were going to be making in their older traditional neighborhoods. Mr. Hixenbaugh stated if you looked at the maps Mr. Wasmer was kind enough to provide them with, it was the people who paid utility rates in the city of Mishawaka since they first started who were waiting for the 12kV service. Mr. Hixenbaugh stated he was very desirous of them continuing the process of providing those people with the reliable, effective power that they deserved to have. Mr. Hixenbaugh stated to that end, as much of a selling point it was in his mind and it sounded like to his colleagues, he was going to ask their utility leadership to provide them with regular updates with regard to the status of the build out of the 12kV power grid and his hope would be that the commitments that were being made that evening were going to be held in the future and he was confident that they would be. Mr. Hixenbaugh stated as Mr. Violi mentioned at the information session and as he had mentioned, he thought that this proposal, although he planned to support it, had reiterated the need for them to continue a conversation with the Administration about this Council's role as the fiscal body and the legislative body and the day-to-day operations of their municipal utilities. Mr. Hixenbaugh stated they had a good working partnership and they had a service that was being delivered very effectively, but he looked forward to continuing to have that discussion about how this Council could play a more direct role in the oversight and the accountability that the community demanded with regard to their utility service.

Question was called for at 7:32PM for **PROPOSED ORDINANCE NO. 2024-13 Motion passed by unanimous roll call vote (summary: Yes = 8).**
Yes: Mrs. Hazen, Mrs. Voelker, Mr. Banicki, Mr. Emmons, Ms. Hahn, Mr. Mammolenti, Mr. Violi, Mr. Hixenbaugh. The proposed ordinance passed 8-0, thus it became **ORDINANCE NO. 5889**.

Mr. Hixenbaugh stated at that time, given it was a special meeting, there was no other business that could come before the Council, and he called for adjournment. Mr. Emmons moved the motion; Mr. Violi seconded the motion, and the Special Council Meeting was adjourned.

ADJOURNMENT 7:33PM

Deborah S. Block /s/	Gregg A. Hixenbaugh /s/
Deborah S. Block, IAMC, MMC, City Clerk	Gregg A. Hixenbaugh, President

These minutes are a summary of actions taken at the Mishawaka Common Council meeting. The full video archive of the meeting is available for viewing at www.youtube.com/@cityofmishawaka635 for as long as this media is supported.