

**CITY OF PLYMOUTH
NOTICE OF SPECIAL MEETING
COMMON COUNCIL**

TO:	Donald Pohlman, Mayor	130 N. Bruns Ave.
	Anna Voigt, Clerk	128 Smith St.
	Tim Blakeslee, City Administrator	128 Smith St.
	Charles Hansen, Alderman	127 Hein Ave.
	Jim Wilson, Alderman	131 South Hills Ave.
	Amy Odekirk, Alderperson	2316 Fairfield Lane
	Bob Schilsky, Alderman	753 Tallgrass Lane
	John Nelson, Alderman	711 Torke Ter.
	Angie Matzdorf, Alderman	314 E. Elizabeth St.
	Diane Gilson, Alderperson	323 Schwartz St.
	Greg Hildebrand, Alderman	620 Western Ave.
	The Review	113 E. Mill St.

DATE: December 27, 2022 **TIME:** 2:00 p.m.

LOCATION: 128 Smith St. Plymouth WI, 53073 / Council Chambers, Room 302

- AGENDA:**
1. Call to order and roll call
 2. Discussion and possible action on Substation Agreement with ANR
 5. Adjourn

NOTICE IS HEREBY GIVEN, That a special meeting of the Common Council of the City of Plymouth will be held on the above indicated date and time and for the purposes indicated.

Dated: December 22, 2022.



Donald Pohlman, Mayor

Pursuant to Wisconsin Statutes 62.11 (2): The mayor may call a special meeting by written notice delivered personally to each member or left at the member's usual place of abode at least 6 hours before the meeting.



DATE: December 20, 2022

TO: Mayor and Common Council

FROM: Tim Blakeslee, City Administrator/Utilities Manager

RE: Discussion/Action on Substation Agreement with ANR Pipeline Company

Background:

ANR Pipeline Company (ANR) is a current customer of Plymouth Utilities. ANR is planning to expand its natural gas Kewaskum Compressor Station ("KCS") located just north of Beechwood, WI, by installing two 4,160-volt 3,750-hp motors, which is expected to result in an increase of ANR's peak load requirements at KCS to approximately 7,385 kW. To serve this estimated new load, the Plymouth Utilities has determined that it must construct a new substation. Utility Staff, in consultation with our Attorney at Boardman Clark and Electrical Engineers at Forster Engineering, worked with ANR Pipeline Company over the past month on the attached Substation Agreement for consideration and approval. Agreement highlights:

- The Utility agrees to construct, operate, and maintain distribution facilities and a substation capable of meeting ANR's anticipated new load requirements.
- To initiate the design and construction of the required facilities for this new service, ANR agrees to pay a Contribution in Aid of Construction (CIAC) totaling \$6.754 million.
 - It is currently estimated that the CIAC will be (a) \$2.309 million for the service extension to KCS plus (b) \$4.445 million for eight elevenths (8/11) of the cost of the new substation; for a total CIAC of \$6.754 million. Upon completion of construction, the final CIAC charge will be balanced to equal the actual costs of construction.
 - Costs for pre-construction engineering, regulatory approvals, detailed design, construction period administrative fees, legal, and administrative fees will be passed through to ANR.
 - ANR has requested approval of the agreement and payment of the CIAC to occur in 2022 to help accommodate ANR's 2022 capital budget deadline. As a result, we have scheduled a special Common Council meeting for approval.
- ANR will provide a deposit equal to the highest estimated gross bill for any two consecutive billing periods selected by the Utility, currently projected to be \$724,000.
- The agreement also includes equipment details, protection for costs already incurred if the project does not move forward, pricing transparency/quarterly reporting requirements, and details regarding the embedded cost credit which encourages ANR to maintain certain electric usage levels as outlined in the Electric Service Rules.

The approval of the substation agreement is one of a series of steps for the substation project. Future steps include, but are not limited to:

- Plymouth Utilities receiving a Certificate of Authority ("CA") from the Public Service Commission of Wisconsin ("PSCW").

- ANR receiving an order from the Federal Energy Regulatory Commission approving the application filed in Docket No. CP23-15-000.
- Land acquisition for Plymouth Substation #5.

Recommendation: Approve the Substation Agreement with ANR Pipeline Company (ANR)

Attachment:

1. Proposed Substation Agreement

Substation Agreement

THIS AGREEMENT, made the _____ day of December 2022, by and between the PLYMOUTH UTILITIES, ("Utility") and ANR PIPELINE COMPANY ("ANR") (together, Utility and ANR shall be referred to as "Parties").

RECITALS

WHEREAS, ANR is a current customer of the Utility, projected to increase their load to be served under the Utility's CP-3 rate;

WHEREAS, ANR is planning to expand its natural gas compressor station located just north of Beechwood, WI, and known as the "Kewaskum Compressor Station" ("KCS") by installing two 4,160-volt 3,750-hp motors, which is expected to result in an increase of ANR's peak load requirements at KCS to approximately 7,385 kW;

WHEREAS, to serve this estimated new load the Utility has determined that it must construct a new substation known as "Plymouth Sub #5";

WHEREAS, Plymouth has developed several options for the location of Plymouth Sub #5 in consultation with the American Transmission Company LLC ("ATC LLC"), which is the transmission company owning the transmission facilities to which Plymouth Sub #5 will be interconnected, and Plymouth has now identified a preferred option as described in Section 1 below; and

WHEREAS, it is acknowledged and understood that the Utility must obtain a Certificate of Authority ("CA") from the Public Service Commission of Wisconsin ("PSCW") before construction on Plymouth Sub #5 may begin, and such CA may ultimately modify the option that is ultimately built.

NOW THEREFORE, in consideration of the above premises, and mutual covenants and agreements herein contained, the Parties hereby agree as follows:

AGREEMENT

1. New Facilities

- A. The Utility agrees to construct, operate, and maintain distribution facilities sufficient to adequately and safely supply a new substation capable of meeting ANR's anticipated new load requirements of 7,385 kW at 12.47kV. The Parties intend that Plymouth Sub #5 will be a 138kV-12.47kV substation. Utility will extend a 12.47kV line from Plymouth Sub #5 to a new 12.47 kV metering point at the KCS site. The distribution line will be express from the substation to KCS, serving only incidental other customers along the way. Additional distribution facilities serving other customers may be available to serve KCS under contingency but are not counted as service extension facilities.

B. It is understood and acknowledged that Utility's designation of the preferred substation option in the foregoing paragraph is subject to ATC LLC's business practices, PSCW requirements and the ability to improve service for other customers in the southwest rural portion of Utility service territory. In the event Utility is required to modify its plans for the new facilities, it will provide ANR with written notice and, prior to implementing an alternate option, will obtain ANR's written confirmation that such alternative option is compatible for the electricity needs at KCS. In the event Utility and ANR are not able to mutually agree on an acceptable alternate option, ANR may terminate this Agreement by written notice without further liability to Utility pursuant to section 3(B), below.

2. Equipment

A. Utility anticipates the following equipment within Plymouth Sub #5 to be socialized, thus improving service to other Utility customers:

- a. Two transformers (138kV to 12.47kV)
- b. All high-side (138kV) equipment
- c. All 12.47kV substation voltage regulators, breakers, bus work, and associated equipment

The Utility estimates that the benefits to other Utility customers from equipment identified in Section 2(A) is estimated at approximately three elevenths (3/11) of the total costs to Utility of the new facilities.

B. Utility anticipates the following equipment within Plymouth Sub #5 to be dedicated for ANR, required explicitly to serve the KCS:

- a. One three-phase 12.47kV distribution circuit running from Plymouth Sub #5 to the KCS site
- b. Voltage regulators along the above distribution circuit
- c. Current and potential transformers for metering

C. Utility shall have no responsibility for ownership and maintenance of any equipment downstream of ANR's terminals of the primary metering cabinet. For clarity, it is understood and acknowledged that ANR shall provide the primary metering cabinet itself and shall be responsible for maintaining it. ANR shall have sole but reasonable discretion, in consultation with Utility in accordance with the Utility's service manual, to decide the form, site, and structure of the primary metering cabinet.

3. Payments by ANR

A. To initiate Utility's design and construction of the required facilities for this new service, ANR agrees to pay the Utility as a "Contribution in Aid of Construction" ("CIAC"), as defined in section 106.13 of Utility's Electric Service Rules (Attached as Attachment A to this Agreement), a sum equal to (a) the estimated total cost of distribution facilities

required to be extended from Plymouth's distribution facilities to KCS, plus (b) eight elevenths (8/11) of the cost of the substation used to provide service to ANR.

It is currently estimated that the CIAC will be (a) \$2.309 million for the service extension plus (b) \$4.445 million for eight elevenths (8/11) of the cost of the substation; for a total CIAC of \$6.754 million. This estimated amount does not yet include estimated costs for pre-construction engineering, regulatory approvals, detailed design, construction period administrative fees, legal, or administrative fees. The initial CIAC shall be paid within three business days of ANR signing this Agreement. To the extent that the CIAC includes preconstruction costs that have already been paid or incurred by the Utility, ANR shall be responsible for those preconstruction costs actually incurred and for which Utility has paid or is liable for paying even if the CA is not granted.

Upon completion of construction, the final CIAC charge shall be balanced to equal the actual costs of construction.

After a pattern of peak load usage establishes the average new monthly billed kW demand of KCS, not to exceed 12 months from energization, the embedded cost credit (the "Cost Credit") allowed in Section 107 of the Electric Service Rules, as they may be amended, will be calculated and refunded by the Utility to ANR. The Cost Credit is currently set at \$113 per kW of added peak load and is subject to change based on PSCW requirements and subsequent changes to the Utility's tariff as approved by the PSCW.

- B. If either (a) within twenty four (24) months of the execution of this Agreement ANR has not received an order from the Federal Energy Regulatory Commission approving the application filed in Docket No. CP23-15-000 and the time to seek rehearing or judicial review of such order has not expired, or (b) Utility has not received a CA from the PSCW within twenty four (24) months of the execution of this Agreement, then ANR may terminate this Agreement unless the Parties mutually agree in writing to extend this deadline. Such termination shall be without liability of ANR to Utility, and within thirty (30) days of such termination, Utility shall pay to ANR any portion of the CIAC which has not been paid or incurred by Utility in furtherance of this Agreement. Notwithstanding the previous sentence, it is understood and acknowledged that Utility shall seek, to the extent possible, to mitigate such reimbursement obligations by reselling ordered equipment to third parties.
- C. Per PSCW practice, project costs approved by the CA are subject to review by the PSCW to the extent they exceed estimated costs by 10 percent. Utility shall provide ANR with quarterly reports required under Chapter PSC 112. Notwithstanding anything to the contrary, nothing in this Agreement forecloses any right of ANR to seek relief before or from the PSCW.

4. Performance Assurance

No later than the date services under this Agreement begin, ANR agrees to provide a deposit equal to the highest estimated gross bill for any two (2) consecutive billing periods selected by

the Utility, currently projected to be \$724,000. Such deposit shall be retained by Utility for the initial Term of this Agreement, as provided in Section 5, below, and shall bear interest from the date the deposit is made to the date it is applied or refunded at a rate to be determined by the PSCW. The deposit shall be refunded if ANR has made prompt payment each month during the Term of this Agreement. To the extent ANR does not make prompt payment, Utility reserves the right to seek additional performance assurance in the form of a parent guarantee.

5. Term and Termination of This Agreement

This Agreement shall become effective upon execution and shall remain in effect for a minimum term of three (3) years beginning on the date the Utility first furnishes services hereunder, which is scheduled for September 1, 2025, unless terminated earlier by the terms of this Agreement. After expiration of such initial term, this Agreement shall continue until terminated upon thirty (30) days written notice given by either party. ANR agrees that should this Agreement be terminated by either party before the Utility recovers through monthly billings an amount equal to or greater than the Cost Credit, then ANR will pay the positive difference between (a) the Cost Credit refunded by Utility to ANR pursuant to Section 3A, minus (b) amounts paid by ANR to Utility pursuant to monthly billings subsequent to energization.

6. Miscellaneous

IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES IN CONNECTION WITH THIS AGREEMENT OR THE OBLIGATIONS SET FORTH HEREIN, WHETHER ARISING IN TORT, CONTRACT, INDEMNITY, STRICT LIABILITY OR OTHERWISE.

Neither this Agreement nor any of the rights, interests, or obligations in this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise, by either ANR or Utility without the prior written consent of the other, which consent shall not be unreasonably withheld. Any purported assignment or delegation in violation of this provision shall be void *ab initio*.

This Agreement may be executed in counterparts, without the necessity that both Parties execute the same counterpart, each of which shall be deemed an original but which together will constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages hereto by facsimile or other electronic transmission shall constitute effective execution and delivery of this Agreement and may be used in lieu of the original Agreement for all purposes. Signatures of representatives of the Parties transmitted by facsimile or other electronic transmission shall be deemed to be their original signatures for all purposes.

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes and cancels any prior agreements, representations, warranties, or communications, whether oral or written, between the Parties relating to the subject matter hereof.

THIS AGREEMENT shall be binding upon the successors and assigns of the respective parties hereto.

City of Plymouth, Wisconsin

Plymouth City Administrator

Attest:

ANR Pipeline Company

Signature

Name

Title

Signature

Name

Title

Attachment A

Section 106.13 of Utility's Electric Service Rules to be inserted.