

Common council approves complaint to PSC over interceptor rehab costs

By Tom Collins
Reporter

A major difference between the City of Kaukauna and the Heart of the Valley Metropolitan Sewerage District regarding the type of cost method used to calculate and assess costs for the upcoming interceptor rehabilitation process is headed to the Wisconsin Public Service Commission on appeal.

Following a closed session discussion at its March 21 meeting, the common council voted unanimously to enter into the complaint process.

The city recently filed a thick packet of documents regarding its firm belief in what is called the "reach" method of assessments for the upcoming project.

Kaukauna officials say that method was originally used to create the network of communities. In addition to Kaukauna, those communities are Combined Locks, Darboy, Kimberly and Little Chute.

According to the calculations provided to the HOVMSB by the city, the city's cost allocations are very different depending on use of the

total flow calculation method versus the so called "reach" method.

The city lists two flow costs for each community. One is the total cost allocation based on flow to the wastewater treatment plant while the second cost allocation is based on total flow through the current interceptor system.

Kaukauna's cost based on the first method is \$7,687,101.75. Based on flow through the interceptor, that cost drops slightly according to the city's chart to \$6,283,413.43.

But using the reach method, the city's share drops significantly to \$1,924,445.31.

Kaukauna City Engineer and Public Works Director John Neumeier explained the HOV system could be divided into sections or segments depending on where portions of communities enter the HOV system's interceptor.

And the city also contends a percentage of its infrastructure, which Neumeier estimated to be as much as 25 percent, flows directly into the HOV treatment plant without entering the interceptor system. He

said the city feels that portion of the sewer infrastructure should not be calculated with Kaukauna's prospective interceptor assessment costs.

The reach method would assess each member community or section in the system differently. According to the calculations provided by the city to the HOV, that would mean increases for each member community in the system.

Using the city's summary chart as an example, Little Chute's assessment would increase from \$7.532 million using the HOV's total flow method to \$10.93 million using the reach calculation.

The reach method would also increase the assessments for each of the three other HOV communities, according to the chart submitted by Kaukauna.

Kaukauna feels it is in an unfair position regarding the potential interceptor rehabilitation cost assessments. The subject was part of Mayor Tony Penterman's 2018 campaign and he still adheres to the position of fairness regarding the

city's portion of the interceptor assessment.

"Although I understand that this project needs to be completed, I don't think it is fair and equitable for Kaukauna ratepayers to pay an additional \$5.7 million using the cost allocation method the HOVMSD is proposing."

Neumeier explained the HOV's method relies on all communities paying a percentage of the total volume. Like Penterman, he says the city supports the need for the interceptor rehabilitation project.

Neumeier said the project is expected to begin this year and continue for approximately two years.

But it is the assessment method that has become the wide gap that separates the city and the HOV.

In a letter sent to the HOVMSD Feb. 9, the city asked for reconsideration of the proposed total flow assessment method.

"HOV's interceptor system does not serve all member communities equally," Penterman wrote. "Kaukauna's wastewater flows through

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only 20 percent of HOVMSD's interceptor and a substantial portion of the city's flow — over 25 percent — does not enter the interceptor system before discharging to MOVMSD's wastewater treatment plant.”

Penterman's letter noted the city began its own evaluation of the financial impact of the each versus total flow calculation methods in 2022 and offered the results with its submission to the sewage utility's directors and board.

“The reach methodology is consistent with the methodology used for the original construction of the interceptor system and has been approved by the Public Service Commission of Wisconsin,” Penterman added.

“The city supports the [interceptor] rehabilitation project but the city objects to its residents and ratepayers paying four times more for the project,” Penterman's letter to the HOV added.

He also used the terms that the cost method used by the HOV was “grossly unjust and discriminatory.”

The HOV officials and its board members formally replied to the city in an official letter read at the March 21 Common Council meeting by Penterman.

The HOV letter indicated their

receipt and discussion of the city's information packet that was sent in February. The city's packet included plenty of documentation regarding the reach system and rationale for using it.

But after a special March 3 meeting, including a closed session discussion, the HOVMSD board decided to move forward with their intent to use what they called “flow parameters” as their preferred method for the cost recovery from communities.

The city and the HOV have had discussions and communications over the course of at least two years but now seem to have reached a standoff over the important project cost assessment.

The HOV response to the city said their board meeting, including the closed session, discussed the potential cost recovery methods for the interceptor project but they decided to continue with the flow method.

The HOV letter invited the city to submit further information but also seemed to discourage any further discussion without new or additional information.

“The district does not believe further discussion is beneficial,” according to the letter read at the March 21 common council session.

For its part, the Kaukauna Common Council members discussed the matter in the first of two closed sessions following their regu-

lar session and voted unanimously to have Boardman and Clark, LLP, file a complaint with the Wisconsin Public Service Commission.

That complaint focuses on the HOV district's “rules, rates and practices for the allocating of its interceptor related costs including its upcoming interceptor rehabilitation project,” according to the motion approved by council members.

Neumeier estimated the PSC could take as much as one year to study, discuss and ultimately offer a decision regarding the city's complaint. That could mean a decision would surface during the interceptor reconstruction work prior to the time period when project assessments are expected.

While the council's decision to have the PSC take up the matter dominated the session's new business it wasn't all about the sewer interceptor project.

The meeting also celebrated the Kaukauna Public Library's recent award from the Heart of the Valley Chamber of Commerce as the Community Partner of the Year.

Library Director Ashleigh Thiem-Menning showed the award to council members and was greeted with applause.

Council President John Moore asked her to thank everyone on the library staff for their contributions.

“It is a bright star in our community,” Moore said regarding the library.

Penterman also announced the appointment of Ryan Micke to the city's building construction board of Review replacing Randy Vercauteren.