

**MARSHFIELD UTILITIES, A MUNICIPAL UTILITY
MARSHFIELD UTILITY COMMISSION
March 16, 2015**

COMMISSION MEETING MINUTES

A regular meeting of the Marshfield Utility Commission was called to order by President Mike Eberl at 4:00 pm on March 16, 2015 in the downstairs meeting room of the utility office. Present were Commissioners Mike Eberl, John Maggitti, Harry Borgman, Kathy Heintz-Dzikowich, and George Holck. Also present were, Alderperson Gordon Earll, Utility staff, Jason Angell, Bill Sennholz, Amber Danielski, and Steve Barg. Absent was Alderperson Charlotte Smith.

- New Commissioner Kathy Heintz-Dzikowich was introduced.

UC/15-21 Motion by Maggitti, seconded by Borgman, to dispense with reading the minutes of the previous meetings and accept them as submitted. All ayes, motion carried.

UC/15-22 Motion by Holck, seconded by Borgman, to approve payroll for February in the amount of \$136,408.67 and general bills for February in the amount of \$2,922,941.83. All ayes, motion carried.

- Amber Danielski with Schenck SC presented the annual audit results.

UC/15-23 Motion by Borgman, seconded by Maggitti, to approve the audit. All ayes, motion carried.

December 2014 Financial Statement Notes

Electric Utility

- Net income was \$1.148 million for the month, with a net income of \$2.447 million for the year.
- Net operating income was \$488 thousand for the month. Year-to-date net operating income was \$2.870 million, compared to budgeted net operating income of \$2.806 million.
- As a result of accounting changes made by the Public Service Commission of Wisconsin in 2003, customer contributions for construction projects must be recorded as income. For 2014, this resulted in income of \$323,973. Included in this amount is the City's contribution for the S. Chestnut Ave. street lights of \$247,751.
- In 2014, we received a grant in the amount of \$104,466 which was recorded as additional income. This grant was for the replacement of the hybrid portion of one of the bucket trucks.
- At the suggestion of the Public Service Commission of Wisconsin, we recognized additional depreciation expense for the removal cost of plant that exceeded 10% of the original installed cost, which amounted to \$98,986.
- Operating expenses for the month included \$15 thousand for routine maintenance at Wildwood Substation and \$8 thousand for stray voltage testing at a farmer's property.
- After removing the effects of the PCAC timing, the net operating income was \$150 thousand for the month and \$2.897 million year-to-date.
- December consumption was up 2.30% from December 2013, with year-to-date consumption up 1.57% from 2013. Year-to-date energy losses were 2.86%, compared to prior year losses of 3.45%.

Water Utility

- Net loss was \$8 thousand for December with a net income of \$191 thousand year-to-date.
- Net operating loss was \$60 thousand for the month, compared to budgeted net operating loss of \$3 thousand. Year-to-date net operating income was \$476 thousand, compared to budgeted net operating income of \$715 thousand.

- Operating expenses for the month included \$119 thousand for street repairs due to main breaks and \$18 thousand for Hamus Park maintenance.
- As a result of accounting changes made by the Public Service Commission of Wisconsin in 2003, customer contributions for construction projects must be recorded as income. For 2014, this resulted in income of \$56,856.
- At the suggestion of the Public Service Commission of Wisconsin, we recognized additional depreciation expense for the removal cost of plant that exceeded 10% of the original installed cost, which amounted to \$220.
- December consumption was down 2.85% from December 2013, with year-to-date consumption down 2.14%. Year-to-date water losses were 15.35%, compared to prior year losses of 11.04%.

Communication Utility

- Net loss was \$82,611 for the month, compared to budgeted net loss of \$696. Year-to-date net income was \$120,151, compared to budgeted net income of \$146,898.
- Each December we determine the amount of office and administration time spent on the Communication Utility for the year, and it is reclassified from the other utilities.
- In December amounts for customer deposits totaling \$74,157 were reclassified to contributions. These amounts had been recorded as income in prior months.

January 2015 Financial Statement Notes

Electric Utility

- Net income was \$358 thousand for the month.
- Net operating income was \$493 thousand for the month, compared to budgeted net operating income of \$432 thousand.
- After removing the effects of the PCAC timing, the net operating income was \$400 thousand for the month.
- Operating expenses for the month included \$5 thousand for a replacement heater at M-1.
- January consumption was down 0.32% from January 2014.
- Year-to-date energy losses were 0.00%, compared to prior year losses of 2.53%.

Water Utility

- Net income was \$68 thousand for January.
- Net operating income was \$97 thousand for the month, compared to budgeted net operating income of \$48 thousand.
- January consumption was up 9.72% from January 2014.
- Year-to-date water losses were 12.10%, compared to prior year losses of 19.48%.

Communication Utility

- Net income was \$15,469 for the month, compared to budgeted net income of \$13,805.
- The Department Managers reviewed noteworthy projects including:
 - Electric informed on the arrival of new bucket truck 506 and explained the system losses report which was included in the February department report.
 - Water shared that there were no freeze ups through the entire winter and no water running requirements.
 - Office explained that the Pilot will be paid in April to the city and gave an update on the PSC rate of return estimate for 2015.

- Technical Services stated that we have partnered with ODC for janitorial services and the individual has started. Additionally, the Focus on Energy program has been very successful.
- The General Manager presented information on the staff involvement on various boards and committees.
- The General Manager presented options for the Economic Development Board housing development incentive plan.

UC/15-24 Motion by Eberl, seconded by Maggitti, to donate \$100,000 to the subdivision project at some time after June 2015, and if not needed before the end of 2015 money will be set aside. Eberl, Maggitti, Borgman, and Holck voted aye; Heintz-Dzikowich abstained from the vote. Motion carried.

- The General Manager presented information on the city dividend.

UC/15-25 Motion by Borgman, seconded by Holck, to approve the dividend. All ayes, motion carried.

- Commissioner Maggitti presented information related to a response needed for Dorothy Schnitzler. The consensus was to mail the letter drafted.
- The General Manager and Human Resources Manager presented information on the Administrative Assistant position.

UC/15-26 Motion by Maggitti, seconded by Borgman, to have an entry level wage for the Administrative Assistant position not to exceed \$44,787. All ayes, motion carried.

- Commissioner Maggitti presented information on a funding request from the Fire and Rescue department.

UC/15-27 Motion by Maggitti, seconded by Eberl, to deny the request. All ayes, motion carried.

UC/15-28 Motion by Maggitti, seconded by Eberl, to task the Utility staff with crafting a revised donation policy to address if money is available and how handled. All ayes, motion carried.

UC/15-29 Motion by Holck, seconded by Borgman, to go into closed session per Wisconsin State Statutes Section 19.85(1)(c) considering employment, promotion, compensation or performance evaluation data of any public employee over which the governmental body has jurisdiction or exercises responsibility for the purpose of discussing General Manager performance guidelines and staffing plans.

Closed session per Wisconsin State Statutes 19.85(1)(g) conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved for the purpose of discussing DNR Notice of Violation update.

All ayes, motion carried. Closed session at 5:15 p.m.

UC/15-30 Motion by Holck, seconded by Maggitti, to resume in open session. All ayes, motion carried. Open session resumed at 6:05 p.m.

UC/15-31 Motion by Maggitti, seconded by Holck, to approve the Laborer and Customer Service positions. All ayes, motion carried.

UC/15-32 Motion by Heintz-Dzikowich, seconded by Borgman, to adjourn. All ayes, motion carried. Meeting adjourned at 6:06 p.m.

A handwritten signature in black ink, appearing to read "John Maggitti", written over a horizontal line.

John Maggitti, Secretary

Department: Office
Manager: Kent S. Mueller
Month: February 2015

- On February 9th, auditors from Schenck SC started their audit of the 2014 financial records and reports. The audit went well with no findings or audit adjustments. The audited financial statements will be presented at the March Commission meeting.
- The 2014 payment in lieu of tax (PILOT) to the City has been calculated at \$1,769,895 and will be paid in mid-April. The PILOT is based on plant in service, inventory, and construction in process within the city as of 1/1/14 for the electric and water utilities. The previous PILOT paid to the City totaled \$1,840,920, which included the communication utility. We are estimating the 2015 PILOT (paid in April 2016) to be approximately \$1,864,849 using the tax rates from 2014. Starting in 2014, PILOT does not include the communication utility, since Act 22 terminated the requirement for municipal telecommunication utilities to pay a PILOT.
- During the month, time was spent completing annual reports for governmental agencies and determining allocations and standard rates used for accounting and billing purposes (based on prior-year audited financials and statistics).
- Although residential customers can't be disconnected this time of year, we continue to make contact with those that are delinquent. They are contacted either through mailed reminders or automated phone calls. As of the end of February, our electric past due amounts that are more than 31 days past due is over \$132 thousand, compared to almost \$105 thousand in February 2014.
- Patti and Kent attended a workers' compensation presentation by United Heartland, which is the third party administrator for our workers' compensation insurance. Twila Hurst presented the information which included the history on workers' compensation insurance, the terminology used, and how claims affect the modification factor.
- Holly attended the MEUW Collections Seminar, held in Wisconsin Dells on February 25th. There were many relevant topics, including Act 274 changes and an update from PSC staff.
- The information has been sent to the PSC for the electric billing audit. They will review the information and contact us for additional information that they will need to conduct their audit.
- Starting in February, the general bills list will no longer include the payment to the wastewater utility. This payment will now be included in the prepaids list starting in March. As a result of this accounting change, the "Accounts Payable Wastewater" line in the liabilities section of the water balance sheet will show the actual amount owed to the wastewater utility at the end of the month.

Department: Water
Manager: Dave Wasserburger
Month: February 2015

- Sensus RNI software shows 3668 AMI water meters have been installed. This represents a 44.3% completion factor.
- Aaron Paun became employed as a Water Systems Operations Specialist on February 3, 2015. Aaron is married with one son. He and his wife are expecting to have an addition to the family shortly.
- Crews repaired 5 water main breaks in February, this compares with 18 water main breaks repaired last February. We have not had any frozen water services as of yet nor do we have any water services running at this time.
- John has completed the water main design for Maple Avenue and has submitted the plans to DNR for approval. John next will work on the design for the Wildwood Court water main replacement. This will also need to be submitted to the DNR for their approval.
- Dave has spent a significant amount of time working on reports for department staffing needs and building needs.
- The North American Society of Trenchless Technology has chosen a paper written by Wauwatosa, Marshfield, Wausau and their Engineering consultant Short Elliott Hendrickson (SEH), to receive its 2014 Outstanding Paper Award, over 160 other competing papers. The paper is entitled “**The Three C’s of Water Main Rehabilitation: Cooperative Agreements, Cured-in-Place Pipe Lining, and Competitive Bidding.**” The paper is a case study into the experience of these Wisconsin utility partners who entered into a Cooperative Project Agreement (CPA) to attract qualified contractors and leverage bargaining power for Cured-In-Place-Pipe (CIPP) lining for their water main rehabilitation work. The CPA established a single commission with the power to manage funds, enter into contracts, and hire employees. More importantly, the CPA increased the volume of lining work and allowed the partner utilities to receive more competitive bids. The team presented the paper at the 2014 NASSTT No-Dig Show in Orlando, FL.
- The paper demonstrates the benefits of such a CPA agreement, as well as the overall advantages of using CIPP to innovatively address aging water infrastructure problems. The CIPP method, used in conjunction with CPA, has saved partner utilities more than forty percent compared to open-cut method. By joining together and implementing the three C’s of water main rehab-- cooperative agreements, competitive bidding, and cured-in -place pipe lining—these utilities were able to affordably address critical water main issues for their customers. The award winning paper will be honored during the opening breakfast event for the 2015 NASTT No-Dig Show in Denver, Colorado. While attending this conference, John will be there to accept the award.

Groundwater Guardians

Attorney General Brad Schimel has announced that the Department of Justice will now take the lead and will coordinate a prescription drug disposal program in Wisconsin. A NEWS RELEASE on February 18, 2015 announced “DOJ spearheads logistics to facilitate cost savings to law enforcement.”

Department: Electric
Manager: Nicolas Kumm
Contributing: Derrek Caflisch
Month: February 2015

- M-1 didn't run during the month of February.
- Electric AMI meters installed: 2,301 out of 13,100 (17.6%). Bruce Ackerman, Al Derge, Cole Eswein, and Dustin Oleson have completed all of the meter change-outs thus far.
- Cole completed Week 3 of year 3 of the Substation Electrical Apprenticeship at Northeast Wisconsin Technical College during the week of February 2nd.
- Session 4 of the MEUW Job Training and Safety Program was completed on February 9th. The session covered substations, three way communication procedures and local emergency responder training.
- Session 5 of the MEUW Job Training and Safety Program was completed on February 18th. The session covered crew operations, job planning, and field performance.
- Jim Seefluth, Randy Ayer, and Derrek and I completed the new bucket truck pre-paint inspection in Waukesha at the Dueco truck plant on February 17th. The inspection went well and we are expecting the new truck later this month.
- Dean Bohman, Tim Habermeyer, Mike Vanderwyst, and Robert Olwell pulled in the new Ckt. 232 on the North side of McMillan from Oak to Central.
- Jeff Irish, Randy Ayer, and Jeff Holbrook are setting poles on CTH E from Elm to Turtle Ridge
- Jim Seefluth, Ryan Steffen, and Dustin Oleson removed the Bakerville regulators for maintenance and finished the Northeast Lift Station to be energized in March.

Department: Technical Services

Manager: Cathy Lotzer

Contributing: Heather Young, Shawn Marsh, Jim Benson

Month: February 2015

- Cathy has been working with Birschbach and Associates and department managers to organize information and prepare a cost justification spreadsheet for our building project.
- Cathy, Shawn, Nick, and Dave met with Per Mar and an Axis camera representative who demonstrated several cameras for us to determine how specific cameras will meet our needs at each of our facilities.
- Cathy, Jim, and Sean attended a utility-wide Safety Committee. Cathy and Sean have also begun their annual review of written safety programs.
- Cathy is working with ODC on staffing an individual to do part-time cleaning services at MU.
- Heather worked to amend all previously submitted quarterly excess emission reports to make adjustments which reflect EPA's response to MU's New Source Performance Standards Regulatory Determination Request. The amended reports were submitted to Ashley Gray (and cc'd EPA Air Enforcement, Region 5) on February 5th.
- On February 10th, Heather notified Don Faith (WDNR, operation permit writer) that MU would like to have the voluntary greenhouse gas limits removed from the draft permit due to the U.S. Supreme Court ruling.
- Heather submitted several reports including: 2014 Air Emission Inventory report to WDNR on February 20th, no Misoperations for the fourth quarter in 2014 to MRO (webCDMS), and the 2014 Tier II report to the Wisconsin Emergency Management on February 27th.
- Heather and Nick participated in a NERC-TAPS Small Entity Exercise on February 24-25th in Atlanta, GA.
- Heather and Jim attended Session A of the MEUW Management Training Program on February 11th.
- Shawn worked on setting up all of the users in the Sensus system and worked with most users to get them connected and changing their passwords.
- Shawn set up and installed several new computers for staff, as well as a new virtual PC and VPN for a supervisor. He also worked to set up a new employee account information and worked on moving computer equipment associated with an office move.
- Shawn designed an improvement to the digital signage in the main office and water office. The new set-up should run unattended indefinitely now.
- Jim attended a Focus on Energy forum in Madison and represented MU speaking on the success of our local programs.
- Jim coordinated work on several building and maintenance projects, researched cost justification figures for building maintenance, and arranged for the St Joseph water tower to be wired for the RF receiver for the new AMI antenna.
- Jim also requested and received approval from the PSC to extend our toilet rebate program to multi-family dwellings (limit of two toilet rebates per multi-family building per year).

MARSHFIELD UTILITIES ELECTRIC SYSTEM LOSSES

3/9/2015

YEAR	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
JAN	2.53	8.19	-1.69	-0.02	-4.47	0.77	1.53	2.91	2.39	-7.96	5.17	2.33	-0.34	-5.54	5.21	1.05	-0.10	0.55	1.71	5.09	3.87	7.00	8.55	-0.85	-0.05	0.97	4.36	6.44
FEB	-7.35	-10.01	-1.26	-6.95	-0.52	-2.91	-3.48	-2.25	0.40	-5.22	-6.04	-4.43	-3.77	-1.27	-2.08	-2.36	-3.62	-6.61	-4.70	-2.36	-0.90	-0.81	-7.14	-2.43	-3.76	-0.47	-0.95	-4.14
MAR	5.76	8.91	0.02	3.31	3.99	0.73	4.51	-1.82	-1.39	-0.18	-1.24	2.73	7.12	2.97	-0.01	-0.06	6.69	11.29	8.02	-0.21	-0.17	-1.30	6.53	-3.72	7.33	3.22	6.51	6.37
APR	-2.58	-0.86	-0.09	-1.66	-8.68	-3.31	0.37	-1.13	-1.95	1.57	3.07	-2.87	-0.70	1.7	4.17	-0.24	-4.35	-3.86	1.13	5.26	0.71	-0.21	1.59	1.02	0.63	0.67	-0.16	-2.85
MAY	6.39	4.04	7.37	5.45	9.75	4.22	-3.47	3.18	9.54	5.18	5.34	4.48	-0.07	2.15	3.86	17.47	9.66	3.74	-1.74	2.92	6.46	6.67	6.40	6.01	2.05	4.47	0.05	10.07
JUN	3.72	1.22	2.96	0.68	5.16	8.13	7.33	8.08	1.37	5.74	1.69	7.43	10.86	8.11	0.75	3.13	7.85	10.14	9.07	5.03	2.45	0.57	2.96	4.75	2.59	6.18	6.47	7.68
JUL	3.61	6.32	10.16	12.79	4.26	-4.75	8.13	8.88	10.87	7.98	8.16	4.70	5.94	10.49	8.45	11.13	1.45	3.31	-0.93	8.64	6.00	6.65	1.97	5.23	8.69	9.21	9.13	16.28
AUG	1.91	5.56	-3.68	0.16	5.15	6.81	-2.14	-2.89	3.15	2.69	2.05	8.91	-1.66	-2.46	3.60	-3.77	6.36	2.14	9.35	3.17	3.25	8.98	7.75	7.72	7.49	-0.34	0.00	-11.31
SEP	-3.85	-6.99	-4.98	-9.35	-10.88	2.26	-1.21	-3.13	-10.78	-6.62	0.75	-5.25	-1.39	-3.9	-2.90	-5.26	-4.03	0.96	12.60	-3.65	1.52	-5.92	0.86	2.33	-4.89	4.16	-0.25	-11.96
OCT	3.79	6.39	6.74	6.87	8.12	2.08	1.23	5.68	7.07	5.73	2.82	0.46	0.78	3.31	6.56	11.42	4.06	3.36	3.73	7.31	7.81	8.46	7.87	2.64	8.97	5.64	9.98	14.96
NOV	12.85	6.13	3.60	7.66	7.50	5.31	8.63	0.66	0.03	3.97	8.07	10.72	14.97	12.3	4.23	5.25	8.04	8.51	9.09	4.75	3.10	7.30	8.19	-3.34	4.98	5.72	5.00	6.95
DEC	6.81	9.98	7.75	12.08	12.18	13.66	9.17	10.81	10.69	8.61	9.11	7.36	10.61	13.7	12.32	7.37	9.01	8.69	8.75	1.87	9.27	4.34	3.50	13.24	13.50	14.24	9.21	4.88

AVERAGES

1YR*	2.86	3.45	2.40	2.72	2.87	2.81	2.66	2.55	2.88	1.94	3.25	3.05	3.74	3.55	3.83	3.96	3.44	3.59	4.79	3.22	3.63	3.59	4.19	2.90	4.19	4.55	4.11	3.61
2YR	3.16	2.93	2.56	2.80	2.84	2.74	2.61	2.72	2.41	2.59	3.15	3.39	3.65	3.69	3.90	3.70	3.52	4.19	4.01	3.43	3.61	3.89	3.55	3.55	4.37	4.33	3.86	x.xx
3YR	2.90	2.86	2.66	2.80	2.78	2.67	2.70	2.46	2.69	2.74	3.34	3.45	3.71	3.78	3.74	3.66	3.94	3.87	3.88	3.48	3.80	3.56	3.76	3.88	4.28	4.09	x.xx	x.xx
5YR	2.86	2.85	2.69	2.72	2.75	2.57	2.66	2.73	2.97	3.10	3.48	3.63	3.70	3.67	3.92	3.80	3.73	3.76	3.88	3.51	3.70	3.88	3.99	3.87	x.xx	x.xx	x.xx	x.xx
LIFE	3.37	3.39	3.39	3.42	3.45	3.48	3.51	3.55	3.60	3.64	3.73	3.76	3.81	3.81	3.83	3.83	3.82	3.85	3.88	3.78	3.85	3.88	3.93	3.87	4.12	4.09	3.86	3.61

YEAR	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------

*Year 1 value taken from December Balance Sheets.

Methods of Improving Losses:

- Use low loss transformers
- Improve transformer loading
- Trim trees
- Use larger conductor sizes
- Install capacitor banks
- Eliminate metering errors
- Eliminate current diversion

MARSHFIELD UTILITIES - ELECTRIC SYSTEM LOSSES

