

**MARSHFIELD UTILITIES, A MUNICIPAL UTILITY
MARSHFIELD UTILITY COMMISSION
MARCH 14, 2016**

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 14, 2016 in the downstairs meeting room of the utility office. Present were Commissioners Mike Eberl, John Maggitti, Harry Borgman, Alen Johnson and George Holck. Also present were Alderperson Gordon Earll, Attorney John Adam Kruse, John Trautman, Paul Pasko and Utility staff. Absent was Alderperson Peter Hendler.

- During commissioner, council, and staff comments, Commissioner Maggitti thanked the staff for excellent coordination for attending the APPA Legislative event. The Human Resources Manager introduced Ross Larson, the new Office Supervisor.
- Al Derge was presented with an award for fifteen years of service.
- John Trautman with Schenck reviewed the annual audit reports.

UC/16-15 Motion by Maggitti, seconded by Borgman, to approve the audit. All ayes, motion carried.

- The General Manager presented information on the city dividend.

UC/16-16 Motion by Maggitti, seconded by Borgman, to accept the recommendation of the dividend amount as presented. All ayes, motion carried.

- The General Manager presented the recommendations from the water main lining bid. Paul Pasko with SEH answered questions related to the recommendations. Harvey Helms and Dan DeBore with Earth shared their perspective on their bid proposal.

UC/16-17 Motion by Johnson, seconded by Maggitti, to set aside the SEH recommendation document and approve the bid from Earth. Aye: Holck, Johnson, Maggitti; Nay: Eberl, Borgman, motion carried.

UC/16-18 Motion by Maggitti, seconded by Johnson, to approve the following job orders:

7458	McMillan Substation Relay Upgrades	\$362,400.00
17835	County Road A - Single Phase Rebuild to Replace Aging System and Copper Conductor	\$115,002.00

All ayes, motion carried.

UC/16-19 Motion by Holck, seconded by Borgman, to approve payroll for February in the amount of \$236,243.44 and general bills for February in the amount of \$2,961,826.85. All ayes, motion carried.

UC/16-20 Motion by Johnson, seconded by Borgman, to dispense with reading the minutes of the previous meeting and accept them as submitted. All ayes, motion carried.

- The General Manager reviewed the operations and financial reports.
- The Electric, Communications, & Gas Manager presented information on community solar.

UC/16-21 Motion by Maggitti, seconded by Holck, to adjourn. All ayes, motion carried. Meeting adjourned at 5:03 p.m.

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

John Maggitti, Secretary

Operations Report March 2016

As you may know, there was an effort in the state legislature to make it easier for a city to sell its water utility. The measure passed through the assembly on a voice vote and after considerable pressure, the senate took it off the agenda for discussion. Hopefully it is now dead. The league of municipalities at first supported it and then reversed itself after much pressure. The league favored it because it basically put the decision in the hands of the council without public input. I had sent letter to our representatives against this bill as did many electric and water utilities. We anticipated that this could be the first step in making it easier for a municipal to sell the electric utility as well. The mayor also supported our effort.

I am attending the CIP meetings with the city where they discuss long range city projects. Kent and I have been meeting periodically with Keith and Steve to review our long term financing of projects as it relates to theirs.

The 2015 payment in lieu of tax (PILOT) to the City has been calculated at \$1,833,249 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 1/1/15 for the electric and water utilities. The previous PILOT paid to the City totaled \$1,769,896. We are estimating the 2016 PILOT (paid in April 2017) to be approximately \$1,893,068 using the tax rates from 2015. The actual 2016 PILOT will be calculated in December when the 2016 tax rates are available.

The rate of return for the electric and water utilities has been calculated for 2015. For the electric utility, the rate of return was 5.04%, compared to the authorized rate of return of 6%. The rate of return for the water utility was 4.77%, compared to the authorized rate of return of 4%. The rate of return for the water utility was increased to 5.25% effective January 1, 2016, as part of our rate increase. We do plan to file rate cases on both utilities and will be requesting higher rates of return.

Sensus AMI software shows 4812 water meters installed as of 3-3-2016. This number represents 58.8% completion for the water portion of the AMI project. We continue to mail out 50 letters per week to our customers requesting them to schedule an appointment to have an AMI meter installed. Electric AMI meters installed: 8,275 out of 13,100 (63.5%).

Water Crews repaired 7 water main breaks in February. This compares to 5 repaired for February of last year. We have had a total of 35 main breaks this year. This compares to totals of 32 in 2015 and 74 in 2014, which was the unusually cold winter.

We have overbilled Sensory Effects for their sewer surcharges from September 2013 through February 2016. The wrong meter multiplier was set up for these charges when this was put into their name resulting in overcharging them by a factor of 10. Quality Ingredients, the prior customer, was billed

correctly. We also verified that all other customers that were billed these sewer surcharges were billed properly. We will be implementing procedure changes to ensure that this never happens again.

The amount that they were overbilled is quite large – excluding February, which hasn't yet been paid by Sensory Effects, the overbilled amount is \$341,001.05. This is a pass through billing to the wastewater so it will not have any impact on our financial statements since the wastewater utility has offered to issue a check directly to Sensory Effects to refund the overbilled amount.