

**MARSHFIELD UTILITIES, A MUNICIPAL UTILITY
MARSHFIELD UTILITY COMMISSION
OCTOBER 10, 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 October 10, 2016 in the downstairs meeting room of the utility office. Present were Commissioners Mike Eberl, John Maggitti, and Alen Johnson. Also present were Alderperson Gordon Earll, Attorney John Adam Kruse, and Utility staff. Absent were Commissioners Harry Borgman and George Holck and Alderperson Peter Hendler.

- During commissioner, council, and staff comments, Commissioner Maggitti complimented John Richmond and other utility staff on participation efforts with the city emergency drill. Alderperson Earll shared that he had heard from citizens who had questioned if recent tree removal the utility was doing was necessary. Dave Wasserburger announced his retirement date. Melissa Barnes informed commissioners on the annual commissioner pay.
- Ryan Steffen was presented with an award for fifteen years of service.

UC/16-54 Motion by Johnson, seconded by Maggitti to elect Mike Eberl as Commission President. With no further nominations, Mike Eberl was elected by acclamation, motion carried.

UC/16-55 Motion by Johnson to elect John Maggitti as Commission Secretary. With no further nominations, John Maggitti was elected by acclamation, motion carried.

- The Financial Manager presented information on Acuity Insurance/Harriet Bohnert insurance claim.

UC/16-56 Motion by Johnson, seconded by Eberl, to deny the claim. Aye: Eberl and Johnson, Nay: Maggitti, motion carried.

- The Human Resources Manager presented the revised employment termination policy.

UC/16-57 Motion by Maggitti, seconded by Johnson, to approve the policy. All ayes, motion carried.

- The Financial Manager presented the operations and maintenance budget for first review.

UC/16-58 Motion by Maggitti, seconded by Johnson, to approve the following job orders:

17881	Willow Ave. OH to UG conversion Phase 1 (Water Tower 2 nd feed) - installation of conduit for fiber and power from N. Willow Ave. to the Depot St. water tower	\$29,713
30021	Fiber for AMI in Depot St. water tower	\$46,993

All ayes, motion carried.

UC/16-59 Motion by Maggitti, seconded by Eberl, to approve payroll for September in the amount of \$364,655.14 and general bills for September in the amount of \$3,310,291.30. All ayes, motion carried.

August 2016 Financial Statement Notes

Electric Utility

- Net income was \$86 thousand for the month, with a net income of \$755 thousand year-to-date.

- Net operating income was \$208 thousand for the month, compared to budgeted net operating income of \$186 thousand. Year-to-date net operating income was \$1.522 million, compared to budgeted net operating income of \$1.306 million.
- After adjusting for the PCAC timing, net operating income for the month was \$231 thousand.
- Operating expenses included \$38 thousand for the remaining M-1 emissions stack testing and \$10 thousand for testing of old meters replaced with AMI.
- As part of our electric rate case, we requested that the remaining undepreciated cost of the retired hybrid portion of a bucket truck be included in our rates. The PSC requested that we reclassify the 2016 and future amortization to account 407, Amortization of Property Losses. The amount shown for August is the January through August amortization. This amortization had previously been shown in account 425.1, Amortization of Undepreciated Portion of Hybrid.
- August consumption was down 1.80% from August 2015, with year-to-date consumption that was down 2.32%. Year-to-date energy losses were 2.61%, compared to prior year losses of 2.14%.

Water Utility

- Net income was \$100 thousand for August with a net income of \$795 thousand year-to-date.
- Net operating income was \$135 thousand for the month, compared to budgeted net operating income of \$194 thousand. Year-to-date net operating income was \$1.078 million, compared to budgeted net operating income of \$1.040 million.
- Overall August consumption was down 13.70% from August 2015. Year-to-date overall consumption was down 4.20% from the prior year, with all major classes of customers showing decreases. Year-to-date water losses were 15.48%, compared to prior year losses of 17.16%.

Communication Utility

- Net income was \$15,564 for the month, compared to budgeted net income of \$18,805. Year-to-date net income was \$131,112, compared to budgeted net income of \$141,602.

UC/16-60 Motion by Johnson, seconded by Maggitti, 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 General Manager reviewed the strategic plan update.
- The Human Resources Manager shared information on the 2016 Heavy Metal Tour.

UC/16-61 Motion by Johnson, seconded by Maggitti, to go into 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 water lining project. All ayes, motion carried. Closed session at 5:00 p.m.

UC/16-62 Motion by Johnson, seconded by Maggitti, to resume in open session. All ayes, motion carried. Open session resumed at 5:50 p.m.

UC/16-63 Motion by Maggitti, seconded by Johnson, to adjourn. All ayes, motion carried. Meeting adjourned at 5:51 pm.



John Maggitti, Secretary

Operations Report

October 10 2016

Patti and Kent have been working with the PSC on additional information requests for the two rate cases. RENEW Wisconsin and Clean Wisconsin requested to intervene in our electric rate case due to our requested changes for net metering customers. After the change as directed by the commission to a 10 year phase-in period, both agreed to withdraw from our rate case. Had they not withdrawn, the process would have been more time consuming and costly.

As part of our water rate case, we requested a higher rate of return to provide funding to allow us to replace additional water mains without having to take out bonds to finance this. The PSC has provided us a different option - they suggested that we increase our depreciation expense by \$580 thousand per year. We are reviewing and evaluating this option, but would prefer to use the higher rate of return method to generate the additional funding. Since this is the first rate case submitted to the PSC where additional funding has been requested to replace water mains, the rate case would be decided by the three PSC commissioners. With that in mind, it would be our intent to present the PSC with our original proposal for the higher ROR.

Cathy and Heather have started the process of training Kathy Leick on duties related to the Regulatory Compliance Specialist position. Having the overlap of these two employees has been very valuable. This should greatly enhance the transition. Kathy has found the work to be challenging, but interesting so far.

Crews finished replacing water main and water services on Locust from 17th Street to 14th Street. This project was a bit unique due to the high number of apartments involved. Most of the curb stops for the apartments were not in working condition and our crews worked along with the plumbers to make sure that all curb stops were replaced when we replaced the water service lateral. Several of the apartment owners also took the opportunity to replace the sewer laterals on this project. We were able to cost share the excavations for water and sewer at these locations.

The painting project at Grant Park Water Tower is complete. The final step will be the installation of the cathodic protection system and reference cells which is scheduled for September 27th. Once the cathodic protection is installed the tower can be sterilized, filled with water and put back into service. The installation of an altitude valve and building to contain the valve will take place next spring.

The Upham Street project has been completed. Traffic control devices will be removed in the next few days. All on site corrective action required of the contractor has been completed. We are waiting on the inspection video analysis by the manufacturer to ensure that they are satisfied with the installation. Also, a total of 10 lined pipe sections have been removed and sent for testing to ensure the integrity of the installation. If the test information and the video analysis are found acceptable, the project will be deemed successfully completed and final payments will be processed.

Municipal Well and Pump chemically treated well 23 on September 20 and 21. The treatment consisted of leaving the well pump installed and using some newer type of chemicals that aid in the removal of iron and manganese bacteria in the bore hole and then sterilizing the pumping equipment and aquifer surrounding the bore hole. The spent chemistry is neutralized and pumped off at the site and the well is placed back in service. This process takes a few days compared to a normal rehabilitation process which takes a few weeks.