

**MARSHFIELD UTILITIES, A MUNICIPAL UTILITY**  
**MARSHFIELD UTILITY COMMISSION**  
**March 7, 2011**

**COMMISSION MEETING MINUTES**

A regular meeting of the Marshfield Utility Commission was called to order by President Harry Nienaber at 4:00 pm on March 7, 2011 in the downstairs meeting room of the utility office. Present were Commissioners Marvin Spletter, Harry Nienaber, Chris Jones, and Wayne Johnson. Also present were Alderperson Gary Cummings and the utility staff. Absent were Commissioner Pat Ott, Alderperson Russ Stauber, and attorney John Adam Kruse.

- A 10-year service award was presented to Al Derge.
- The Utility Manager recognized Marshfield Utilities receipt of the 2010 Campaign of the Year Award from Marshfield Area United Way. Marshfield Utilities also received the 2011 Groundwater Guardian Green Site award from the Groundwater Foundation.

**UC/11-20** Motion by Jones, seconded by Spletter, to dispense with reading the minutes of the previous meetings and accept them as submitted. All ayes, motion carried.

**UC/11-21** Motion by Spletter, seconded by Johnson, to approve payroll for February in the amount of \$212,994.59 and general bills for February in the amount of \$3,063,546.16. All ayes, motion carried.

**UC/11-22** Motion by Jones, seconded by Spletter, to approve the following job order:  
JO #17562 Weiler's Ridge Subdivision, Trout Dr \$32,499 (\$24,259 deposit)  
All ayes, motion carried.

**December 2010 Financial Statement Notes**

**Electric Utility**

- Net income was \$959 thousand for the month, with a net income of \$2.564 million for the year.
- Net operating income was \$618 thousand for the month. Year-to-date net operating income was \$2.386 million, compared to budgeted net operating income of \$966 thousand.
- Monthly depreciation expense entries, which estimate depreciation expense for the year, included depreciation on the M-1 combustion turbine. However, since the M-1 was not in service at the end of the year, no depreciation expense was recorded. The December depreciation expense reflects the reversal of the depreciation that had been taken during the year on the M-1.
- The final transfer of our transmission assets to ATC took place in December. The transfer included sale of our transmission assets at book value, plus reimbursement for transmission easements and other transmission costs. The sale resulted in cash proceeds of \$5.5 million, which was transferred to the Special Redemption fund.
- 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 2010, this resulted in income of \$94,220.
- 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 \$65,722.
- The liability for Other Post Employment Benefits will now be recorded. This liability is determined based on actuarial calculations. The 2009 portion (\$83 thousand) has been recorded in Miscellaneous Debits to Surplus, and the 2010 portion (\$84 thousand) has been recorded in the general ledger account Employee Benefits as an expense. The liability is separately shown in the Long Term Liabilities section of the balance sheet.
- After removing the effects of the PCAC timing, the net operating income was \$580 thousand for the month and \$2.572 million year-to-date.
- December consumption was up 3.80% from December 2009, with year-to-date consumption down 0.52% from 2009. Year-to-date energy losses were 2.87%, compared to prior year losses of 2.81%.

**Water Utility**

- Net income was \$99 thousand for December and \$282 thousand year-to-date.
- Net operating loss was \$104 thousand for the month, compared to budgeted net operating income of \$7 thousand. Year-to-date net operating income was \$260 thousand, compared to budgeted net operating income of \$314 thousand.
- Higher operating costs contributed to the net operating loss for the month, including \$15 thousand for rehabilitation of well 23 and pump replacement parts, \$6 thousand for street repairs made in 2010, \$15 thousand for the cost of valve replacements

for the year, \$15 thousand for maintenance costs at Hamus Park for 2010, and \$41 for installing new wells at four properties that had been receiving untreated water from our transmission mains.

- 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 2010, this resulted in income of \$267,009.
- 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 \$5,967.
- The liability for Other Post Employment Benefits will now be recorded. This liability is determined based on actuarial calculations. The 2009 portion (\$36 thousand) has been recorded in Miscellaneous Debits to Surplus, and the 2010 portion (\$36 thousand) has been recorded in the general ledger account Employee Benefits as an expense. The liability is separately shown in the Long Term Liabilities section of the balance sheet.
- December consumption was up 0.96% from December 2009, with year-to-date consumption down 2.45%. Year-to-date water losses were 4.24%, compared to prior year losses of 7.05%.

Communication Utility

Net income was \$999 for the month, compared to budgeted net income of \$9,120. Expenses for the month included \$4,423 for fiberoptic cable repairs. Year-to-date net income was \$17,898, compared to budgeted net income of \$18,604.

**UC/11-23** Motion by Jones, seconded by Spletter, to receive and place on file department reports. All ayes, motion carried.

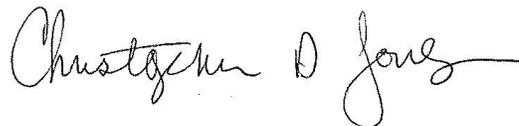
- The Utility Manager reviewed major projects including the M1 air testing. The Water Department is reviewing future street projects.
- Chuck Krueger of Hawkins, Ash, Baptie, and Company reviewed the 2010 Audit Report.

**UC/11-24** Motion by Johnson, seconded by Jones, to approve and place on file the 2010 Audit Report prepared by Hawkins, Ash, Baptie, and Company. All ayes, motion carried.

- The Utility Manager discussed his consideration of the dividend payment, in-lieu of tax payments, and the dividend payment policy. He recommended not paying a dividend this year. He plans to also evaluate the process and formula used for the dividend calculation.

**UC/11-25** Motion by Jones, seconded by Spletter, to defer the dividend payment to the City. All ayes, motion carried.

**UC/11-26** Motion by Johnson, seconded by Spletter, to adjourn. All ayes, motion carried. Meeting adjourned at 4:45 p.m.



---

Christopher Jones, Secretary