

**MARSHFIELD UTILITIES, A MUNICIPAL UTILITY
MARSHFIELD UTILITY COMMISSION
March 19, 2012**

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 19, 2012 in the downstairs meeting room of the utility office. Present were Commissioners Harry Nienaber, Wayne Johnson, Patrick Ott, Mike Eberl, and John Schneider. Also present were Alderperson Gary Cummings and the Utility staff. Absent were Alderperson Russ Stauber and attorney John Adam Kruse

- Commissioner Harry Nienaber welcomed John Schneider to the Commission.

UC/12-12 Motion by Ott, seconded by Eberl, to dispense with reading the minutes of the previous meetings and accept them as submitted. All ayes, motion carried.

UC/12-13 Motion by Ott, seconded by Eberl, to approve payroll for February in the amount of \$206,810.13 and general bills for February in the amount of \$2,624,208.57. All ayes, motion carried.

UC/12-14 Motion by Ott, seconded by Eberl, to approve the following job order(s):

JO #7437	New Storage Building for Utility equipment - 50' x 100'	\$325,000
JO #5633	Replace 180' of 12' watermain, install 24" casing under railroad tracks north of Carbo Ceramics	\$52,058.61
JO #7439	Replace Network Servers and Backup Software MU offices 2000 S Central, 2510 E 34 th , 1818 N Oak.	\$84,185.

All ayes, motion carried.

December 2011 Financial Statement Notes

Electric Utility

- Net income was \$340 thousand for the month, with a net income of \$777 thousand for the year.
- Net operating income was \$11 thousand for the month. Year-to-date net operating income was \$ 1.760 million, compared to budgeted net operating income of \$2.476 million.
- In 2009, a commercial bankruptcy resulted in a write-off of over \$35 thousand. In December 2011, over \$28 thousand of this amount was recovered, reducing the overall uncollectible balance to \$3 thousand for the year.
- Operating expenses included \$4 thousand for the down payment on the tin shed re-sheeting. The remainder of the costs for this project will be recorded in 2012.
- 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 2011, this resulted in income of \$168,627. A grant of \$95,500 was received for the hybrid portion of the new bucket truck, which was also reported as income in 2011.
- 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 \$100,236.
- After removing the effects of the PCAC timing, the net operating income was \$7 thousand for the month and \$1.7 million year-to-date.
- December consumption was down 2.35% from December 2010, with year-to-date consumption up 1.46% from 2010. Consumption for all major classes of customers increased from 2010 to 2011. Year-to-date energy losses were 2.72%, compared to prior year losses of 2.87%.

Water Utility

- Net income was \$321 thousand for December and \$341 thousand year-to-date.
- Net operating income was \$41 thousand for the month, compared to budgeted net operating income of \$13 thousand. Year-to-date net operating income was \$310 thousand, compared to budgeted net operating income of \$233 thousand.
- Operating costs for the month included \$3 thousand for the cost of valve replacements for the year, and \$19 thousand for maintenance costs at Hamus Park for 2011.
- 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 2011, this resulted in income of \$303,746.
- 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 \$1,769.
- December consumption was up 1.07% from December 2010, with year-to-date consumption up 0.56%. Although residential consumption was down 2.16% from the prior year, consumption increased for all other customer classes. Year-to-date water losses were 5.39%, compared to prior year losses of 4.24%.

Communication Utility

- Net income was \$21,127 for the month, compared to budgeted net income of \$11,188. Year-to-date net income was \$40,839, compared to budgeted net income of \$19,050.

- Starting with 2011, contributions will be recorded as income, which is consistent with the electric and water utilities. This reclassification added \$19,523 to net income for December 2011.

January 2012 Financial Statement Notes

Electric Utility

- Net income was \$204 thousand for the month.
- Net operating income was \$346 thousand for the month, compared to budget of \$246 thousand.
- After removing the effects of the PCAC timing, the net operating income was \$159 thousand for the month.
- January consumption was down 1.75% from January 2011.
- Year-to-date energy losses were -1.69%, compared to prior year losses of -0.02%.

Water Utility

- Net income was \$3 thousand for January.
- Net operating income was \$25 thousand for the month, compared to budgeted net operating income of \$6 thousand.
- Operating expenses included \$17 thousand for maintenance on wells 21 and 22.
- January consumption was down 6.77% from January 2011, with Industrial consumption down 21.60%.
- Year-to-date water losses were 6.54%, compared to prior year losses of 6.28%.

Communication Utility

- Starting this year, revenue will be shown each month. In the first two months of a quarter, revenue will be shown and based on the estimated quarterly billing. In the last month of the quarter, the revenue will be trued up to reflect the actual amount billed.
- Net income was \$9,241 for the month, compared to budgeted net income of \$7,368.

UC/12-15 Motion by Ott, seconded by Eberl, to receive and place on file department reports. All ayes, motion carried.

- The Utility Manager reviewed major projects including: new storage building and the M1 generator.
- Chuck Krueger of Hawkins, Ash, Baptie, and Company reviewed the 2011 Audit Report.

UC/12-16 Motion by Ott, seconded by Eberl, to approve and place on file the 2011 Audit Report prepared by Hawkins, Ash, Baptie, and Company. All ayes, motion carried.

- The Utility Manager discussed delaying consideration of the dividend payment for a couple months until final numbers have been reviewed from electric and water rate cases and he can review financials and bonds outstanding.
- The Utility Manager and Water Superintendent discussed the Cooperative Agreement for Watermain Rehabilitation between Cities of Marshfield, Appleton, and Wausau and recommended future approval at the April Commission Meeting.

UC/12-17 Motion by Ott, seconded by Johnson, to go into closed session per Wisconsin State Statutes 19.85(1)(e) deliberating or negotiating the purchasing of public properties, the investing of public funds or conducting other specified public business, whenever competitive or bargaining reasons require a closed session for the purpose of discussing water tower cell communications negotiations.

Roll call vote, all ayes, motion carried. Closed session at 4:54 p.m.

UC/12-18 Motion by Ott, seconded by Johnson, to go into open session. Roll call vote, all ayes, motion carried. Open session at 5:04 p.m.

UC/12-19 Motion by Ott, seconded by Schneider, to adjourn. All ayes, motion carried. Meeting adjourned at 5:05 p.m.


Patrick Ott, Secretary