

MARSHFIELD UTILITIES, A MUNICIPAL UTILITY
MARSHFIELD UTILITY COMMISSION
March 3, 2014

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 3, 2014 in the downstairs meeting room of the utility office. Present were Commissioners Mike Eberl, Patrick Ott, and Aaron Pitzenberger. Also present were Alderperson Robert Workinger and the Utility staff. Absent were Commissioners Harry Nienaber and George Holck.

- During citizen comments, Wayne Johnson commented on his support for the AMI meters for reasons including efficiency, cost savings, and keeping Marshfield on the leading edge of technology. He also stated he opposes an opt out because of costs and urges a vote against an opt out option.
- During citizen comments, Dick Shepherd questioned if the AMI meters would be used in the country and also stated that he does not feel others should have to pay toward an opt out. The General Manager responded that the meters would be in the country locations and that total costs and what would be approved by the PSC is unknown.

UC/14-18 Motion by Pitzenberger, seconded by Ott, to dispense with reading the minutes of the previous meetings and accept them as submitted. All ayes, motion carried.

UC/14-19 Motion by Ott, seconded by Pitzenberger, to approve payroll for February in the amount of \$219,366.61 and general bills for February in the amount of \$3,214,685.05. All ayes, motion carried.

December 2013 Financial Statement Notes

Electric Utility

- Net loss was \$64 thousand for the month, with a net income of \$1.151 million for the year.
- Net operating loss was \$86 thousand for the month. Year-to-date net operating income was \$2.282 million, compared to budgeted net operating income of \$3.396 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 2013, this resulted in income of \$93,288.
- 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 \$251,498.
- As a result of accounting changes due to GASB 65, all remaining bond issuance costs had to be written off instead of amortized over the life of the bond. The amount written off in 2013 for the electric utility was \$381,985.
- After removing the effects of the PCAC timing, the net operating income was \$121 thousand for the month and \$2.662 million year-to-date.
- December consumption was up 3.99% from December 2012, with year-to-date consumption up .75% from 2012. Year-to-date energy losses were 3.45%, compared to prior year losses of 2.40%.

Water Utility

- Net income was \$75 thousand for December and \$749 thousand year-to-date.
- Net operating income was \$61 thousand for the month, compared to budgeted net operating income of \$40 thousand. Year-to-date net operating income was \$972 thousand, compared to budgeted net operating income of \$989 thousand.
- Operating expenses for the month included \$9 thousand for repairs of the McMillan water tower, \$26 thousand for street repairs due to main breaks, and \$17 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 2013, this resulted in income of \$140,286.
- 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 \$2,065.

- As a result of accounting changes due to GASB 65, all remaining bond issuance costs had to be written off instead of amortized over the life of the bond. The amount written off in 2013 for the water utility was \$112,279.
- December consumption was down 1.14% from December 2012, with year-to-date consumption down 2.22%. Although there was an overall decrease in consumption for the year, there was an increase of 13.17% for Industrial consumption. Year-to-date water losses were 11.75%, compared to prior year losses of 6.92%.

Communication Utility

- Net loss was \$7,037 for the month, compared to budgeted net loss of \$4,124. 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. Year-to-date net income was \$97,886, compared to budgeted net income of \$103,615.

January 2014 Financial Statement Notes

Electric Utility

- Net income was \$56 thousand for the month.
- Net operating income was \$193 thousand for the month, compared to budgeted net operating income of \$360 thousand.
- After removing the effects of the PCAC timing, the net operating income was \$389 thousand for the month.
- January consumption was up 11.03% from January 2013, reflecting the colder than normal temperatures.
- Year-to-date energy losses were 2.53%, compared to prior year losses of 8.19%.

Water Utility

- Net loss was \$685 for January.
- Net operating income was \$20 thousand for the month, compared to budgeted net operating income of \$47 thousand.
- Starting in 2014, the PSC established a new class for water customers called multifamily residential. This classification is used for residential buildings with one water meter that serves three or more residential units. As a result of this additional classification we have done an audit of our billing accounts and have reclassified 72 accounts from commercial to multifamily residential.
- Operating expenses in the transmission and distribution section increased in 2014 due to implementing our running water program, service freeze ups, numerous main breaks, and removing snow from around hydrants.
- January consumption was down 0.14% from January 2013.
- Year-to-date water losses were 19.48%, compared to prior year losses of 17.86%.
- In 2014, the consumption recap will have additional categories in the water usage and water loss sections. This will help show what the water usage is for as well as show our true unknown loss percentage.

Communication Utility

- Net income was \$7,127 for the month, compared to budgeted net income of \$11,203.
- Department Managers reviewed noteworthy projects including:
 - Dave Wasserburger gave an update on the impact the extreme winter weather has had on the water department. He stated since December 1st there have been 44 water main breaks; the total number the previous winter was 37.
 - Nick Kumm gave an update on two ordinance revisions that relate to overhead lines. The ordinances have been approved by the Board of Public Works and the Planning Commission and have had a first reading at the Common Council. They will have a second reading at the Common Council next week.

- The President recapped the information regarding the existing AMI Opt Out policy.

UC/14-20 Motion by Pitzenberger, seconded by Ott, to reaffirm the existing policy to maintain the current rate classes which do not include an option to opt out of AMI metering. All ayes, motion carried.

- The General Manager presented updates to the Exempt Staff Wage Procedure.

UC/14-21 Motion by Pitzenberger, seconded by Ott, to accept all changes to the procedure except for point #6. All ayes, motion carried.

- The General Manager presented information regarding the city dividend.

UC/14-22 Motion by Ott, seconded by Pitzenberger, to approve the dividend payment calculation. All ayes, motion carried.

- The General Manager presented the first draft of the strategic plan.

UC/14-23 Motion by Ott, seconded by Pitzenberger, 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 ATC investments.

Roll call vote, all ayes, motion carried. Closed session at 4:50 p.m.

Open session resumed at 5:05 p.m.

The President adjourned the meeting at 5:05 p.m.



Patrick Ott, Secretary

Department: Electric
Manager: Nicolas Kumm
Contributing: Greg Geiger
Month: February 2014

- The M-1 generator did not run during the month of February.
- Nicolas Whipple and I attended the CEMA – Grounding vs. Bonding Seminar held at the Eagles Club on February 19th.
- Don Rogers and Greg attended the DOT North Region Annual Utility Conference. Topics included, permitting updates, Erosion control, buy America provisions and utility work zone traffic control planning.
- All employees have complete CPR recertification.
- On February 13th the MEUW Regional Safety Director provided training on hearing conservation.
- Derrek Caflisch has been working on Washington Ave south rebuild project.
- Don Rogers has been working on Robin Road rebuild and new customer line extensions.
- Faith Schmidt handled the registration of attendees at the CEMA Seminars for electricians and general contractors, sending out letters for the water meter AMI change-out, and scheduling appointments with customers for the water meter AMI change-out.
- Nicolas Whipple has started reviewing future fiber optic projects/opportunities. He is also beginning to analysis feeder loading balance and capacitor bank needs and placement.
- The crews have been staying busy but not necessarily building line. Due to the extremely cold temperatures we have been focusing most of our efforts on tool and truck maintenance. We have also been working on reorganizing our material areas and setting new order limits.
- Randy Ayer completed 3rd year week 3 of his apprenticeship training at Chippewa Valley Tech.
- Greg has been working on material limits and getting them ready for Amanda to quote.
- Greg, Nicolas, and I have been working on the purchase of the 506 bucket truck replacement.

Department: Office
Manager: Kent S. Mueller
Month: February 2014

- On February 10th, auditors from Schenck SC started their audit of the 2013 financial records and reports. The audit went well with no findings or audit adjustments. The audited financial statements will be presented at the April Commission meeting.
- The 2013 payment in lieu of tax (PILOT) to the City has been calculated at \$1,840,920 and will be paid in mid-April. The PILOT is based on plant in service within the city as of 1/1/13. Using 2013 tax rates set by the City in December, it includes the electric, water, and communications utilities. The previous PILOT paid to the City totaled \$1,795,158. We are estimating the 2014 PILOT (paid in April 2015) to be approximately 1,859,657 using the tax rates from 2013. The 2014 PILOT will 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 January, our electric past due amounts that are more than 31 days past due is over \$88 thousand, compared to almost \$82 thousand in January 2013.
- Patti and Kent attended a workers' compensation presentation by United Heartland, which is the third party administrator for the workers' compensation insurance. Jim Jones presented the information which included the history on workers' compensation insurance, the terminology used, and how claims affect the modification factor.

Department: Technical Services

Manager: Cathy Lotzer

Contributing: Heather Young, Shawn Marsh, Jim Benson

Month: February 2014

- Cathy, Heather, Shawn, and Jim participated in CPR and First Aid certification in February.
- Cathy and Shawn have been working with Per Mar on installation of our access control system. They have been working at Oak, M-1, and the main office.
- Cathy and Heather attended an Air Quality and Annual Environmental Reporting workshop.
- Heather and Cathy attended an SPCC webinar, 2013 GHG reporting webinar, and have been working on updating our Policies, Guidelines and Procedures and associated evidence of compliance in preparation for the NERC self-certification due March 31st.
- Heather and Cathy submitted the Tier II Report to Wisconsin Emergency Management for hazardous material inventory.
- Heather has been working on MU Air Emission Inventory
- Heather, Shawn, and Jim attended MEUW Management Training Session E: Personnel Issues
- Shawn and Cathy are researching digital signage options for the Utility.
- Shawn has been working on various projects including our ATC cable connection and SCADA Wonderware reports.
- Jim is working with requests for energy assessments from both commercial and residential customers that have increased due to higher energy consumption this winter.

Department: Water
Manager: Dave Wasserburger
Month: February 2014

- The Water Department has been busy fixing broken water mains and thawing frozen water services. We have repaired 17 water main breaks in February and still have 2 days remaining to go. Last year we had 6 water main breaks in February.
- Last year we had a total of 37 breaks. In December, January and February of this year we have had 43 breaks.
- We have used subcontractors to assist with main break repairs and service line thawing.
- We currently have 123 houses that have running water to prevent the service line from freezing.
- Of these, 21 are services lines that froze and have never previously frozen.
- We have used the Electrical Department to help repair water main breaks and read meters.
- We received a “Determination of No Hazard to Air Navigation” notice from the FAA for the construction of the new water tower. We are in the process of setting up a meeting with the Airport Committee to request their approval.
- We have completed the design of the water main for the reconstruction of North Street.
- We are in constant contact with our engineers on the Adler Avenue water main lining project.
- We have been fielding numerous phone calls from customers asking whether or not they should be running their water to prevent freezing.
- Bob, George, Mike and I attended the Municipal Legislative Day event on February 18. We were able to personally meet with three of our six representatives. This was a good event for us.
- John and Erick attended the Water Expo in the Wisconsin Dells. They were able to meet with a Sensus Rep and were able to learn how to reboot, silence, and do check reads with our AMI radios. They also met with a Hach Rep and discussed the use of our spectrophotometer.

Groundwater Guardians

We will be hosting a Groundwater Guardian meeting at Hotel Marshfield on March 11th.