

CEDARBURG LIGHT & WATER COMMISSION

July 16, 2018

The regular monthly meeting of the Light & Water Commission was held on Monday, July 16, 2018 at 7:00 p.m. at the Cedarburg Light & Water Utility Building, N30W5926 Lincoln Blvd, Cedarburg, WI 53012.

Call to order by President Blaine Hilgendorf

Roll Call: Present – Jim Coutts, Joseph Dorr, Blaine Hilgendorf, Andy Moss, and City

Council Member Patricia Thome

Excused: Tim Larson and David Pagel

Also Present – General Manager Dale Lythjohan, Financial Manager Lynda Lalley, Administrative Manager Mari Lauer, and office staff employees Krista Knoeck, and Keri Shumway.

STATEMENT OF PUBLIC NOTICE

The Statement of Public Notice was read, and it was acknowledged that the agenda for this meeting was posted and distributed in compliance with the Wisconsin Open Meetings Law.

APPROVAL OF MINUTES

The minutes of the Regular Meeting held on May 21, 2018 were read and approved on a motion by Pat Thome, seconded by Joe Dorr. Motion carried.

VOUCHER SUMMARY FOR MAY

Accounts Payable	\$ 598,477.21
ACH & Wire Transfers	540,640.57
Payroll	<u>75,691.44</u>
Total Vouchers	\$1,214,809.22

BANK BALANCE FOR MAY

5/1/18 Balance Available	\$ 367,853.33
+ Deposits	1,252,737.59
- Checks and Other Debits	<u>1,258,203.75</u>
5/31/18 Available Balance	\$ 362,387.17

REVENUE ITEMS FOR MAY

Light & Power Sold – 7,518,213 kWh	\$ 730,533.31
Street Lighting Revenue 54,180 kWh	21,468.67
Water Sold – 25,080,151 Gallons	114,240.17
Water Pumped 39,269,100 Gallons; Power Used 92,965 kWh	<u>7,915.21</u>
	\$ 874,157.36

VOUCHER SUMMARY FOR JUNE

Accounts Payable	\$ 533,496.09
ACH & Wire Transfers	621,308.49
Payroll	<u>78,793.57</u>
Total Vouchers	\$1,233,598.15

BANK BALANCE FOR JUNE

6/1/18 Balance Available	\$ 362,387.17
+ Deposits	1,148,958.92
- Checks and Other Debits	<u>1,348,233.51</u>
6/30/18 Available Balance	\$ 163,112.58

REVENUE ITEMS FOR JUNE

Light & Power Sold – 7,640,244 kWh	\$ 821,022.11
Street Lighting Revenue 49,850 kWh	21,791.83
Water Sold – 26,773,106 Gallons	119,750.36
Water Pumped 38,649,340 Gallons; Power Used 91,227 kWh	<u>8,641.49</u>
	\$ 971,205.79

NEW BUSINESS

INTRODUCTION OF 2018 CL&W/WPPI SCHOLARSHIP RECIPIENT BRIDGET MURPHY

Bridget was unable to attend the July meeting.

REVIEW CASHFLOW MODELS AND RATE ADEQUACY FOR ELECTRIC AND WATER UTILITIES; AND ACTION THEREON

The manager and financial manager presented the updated cashflow model for each utility. Staff informed the commission that the PSC is currently allowing a maximum rate of return (ROR) of approximately 5%. (The water utility is currently authorized for a 5.5% ROR, and electric is at 5%)

The cashflow model indicates that for 2019 to maintain a 5% ROR the water utility would need to increase rates by 7.99% which would impact the average residential customer by \$2.58/month. For the electric utility, a 5% ROR would require a 3.33% increase with the average residential impact at \$2.73/month.

Staff and the commission discussed the overall financial position for each utility, including cash reserves, age of systems/capital investment, and what role ROR should play in a decision to change rates. The manager offered an option that would consider a lower ROR of 4.5% for each utility that would coincide with a comprehensive review of potential uses/needs of any growing cash reserves, as well as ongoing discussions of possible large capital needs into the future.

After additional discussion, the commission decided to wait until the August meeting to continue the discussion of 1) possible rate change(s) for 2019 and, 2) whether to seek outside

consulting assistance to review methodology of cash reserves and adequate ROR for each utility.

CITY COUNCIL UPDATE, GENERAL MANAGER, AND DEPARTMENT REPORTS

The following are highlights of the Manager & Department Reports that were provided in writing to the commissioners in advance of the meeting. Any specific discussions are noted.

Krista Knoeck was introduced to the commission. Krista will be assisting with various accounting functions as part of the office restructuring and retirement of Debbie Handel.

Krueger Communications is in the process of bringing CL&W on to their monitoring and support platform. This process is expected to take 30-45 days.

WPPI wholesale power costs continue to trend below budget in 2018 by approx. 3%. These savings are returned monthly through the PCAC calculation.

Electric Service Outages Totals:

- 2018 year to date: 7
- 2017 Year end total: 21
- 2016 Year end total: 18
- 2015 Year end total: 13

Wildlife guard has been installed on all of the 25kv breakers at the Cedarburg South Substation.

Ferguson Waterworks has completed the hydrant leak survey. The majority of the leaks found were minor fire hydrant leaks and have since been repaired. This initial survey indicated that we have no large leaks in our system. Considerable time has been spent analyzing data to determine where we could be losing more than a million gallons of water per month. To date nothing has come to the surface within the billing system, and the water superintendent is working with the SCADA consultant to create reports to try to find something to point us in a direction that can be investigated.

Total water pumpage for the month of June:

- 2016 = 38,805,480
- 2017 = 39,008,250
- 2018 = 38,649,340

CL&W will be applying for a corporate credit card through Port Washington State Bank. It will be an ELAN Visa card with a requested \$50,000 overall credit limit, with \$10,000 individual credit limits for each of the managers. The General Manager will be the authorized officer. Staff has checked into having a corporate credit card in the past, but never followed through on it, as there was the potential for individual liability for the cardholder(s). However, that is no longer the case, as the corporation will carry the liability for outstanding balances. This also eliminates the need for employees to use their personal credit cards to purchase goods/services for CL&W.

Electric AMI meter exchanges are almost complete. There are 6 meters that will require work done by the homeowner so that utility staff can access the meter. A total of 6,246 electric meters have been changed out, with 12 opt-outs.

Water meter exchanges are over 50% complete. A total of 2,258 water meters are now AMI. The crew continues to work through the meter changes.

The June electronics recycling event was a success. 223 appliances and over 10,000 lbs. of electronics were recycled.

APPROVAL OF BILLS

The bills, as listed on the attached Check Register, were audited and a motion was made by Pat Thome, seconded by Joe Dorr, to approve the bills for payment. Motion carried.

ADJOURN

On a motion by Joe Dorr, seconded by Andy Moss, the meeting adjourned at 8:43 p.m. Motion Carried.