

## CEDARBURG LIGHT & WATER COMMISSION

August 19, 2019

The regular monthly meeting of the Light & Water Commission was held on Monday, August 19, 2019 at 6:00 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, Tim Larson, and David

Pagel

Excused – Andy Moss and City Council Member Patricia Thome

Also Present – General Manager Dale Lythjohan, Administrative Manager Mari Lauer and Financial Manager Lynda Lalley

### 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 June 17, 2019 were read and approved on a motion by David Pagel, seconded by Tim Larson. Motion carried.

### VOUCHER SUMMARY FOR JUNE

Accounts Payable	\$ 446,174.81
ACH & Wire Transfers	572,639.74
Payroll	<u>78,332.32</u>
Total Vouchers	\$1,097,146.87

### BANK BALANCE FOR JUNE

6/1/19 Balance Available	\$ 47,101.58
+ Deposits	1,163,913.89
- Checks and Other Debits	<u>1,089,350.18</u>
6/30/19 Available Balance	\$ 121,665.29

### REVENUE ITEMS FOR JUNE

Light & Power Sold – 7,603,412 kWh	\$ 755,735.04
Street Lighting Revenue 44,725 kWh	21,104.65
Water Sold 28,005,182 Gallons	124,778.63
Water Pumped 38,185,850 Gallons; Power Used 84,682 kWh	<u>7,428.91</u>
	\$ 909,047.23

#### VOUCHER SUMMARY FOR JULY

Accounts Payable	\$ 504,669.67
ACH & Wire Transfers	706,003.57
Payroll	<u>74,460.05</u>
Total Vouchers	\$1,286,133.29

#### BANK BALANCE FOR JULY

7/1/19 Balance Available	\$ 121,665.29
+ Deposits	1,371,156.84
- Checks and Other Debits	<u>1,270,545.43</u>
7/31/19 Available Balance	\$ 222,276.70

#### REVENUE ITEMS FOR JULY

Light & Power Sold – 9,183,424 kWh	\$1,053,514.89
Street Lighting Revenue 43,152 kWh	21,832.19
Water Sold 31,713,089 Gallons	135,585.56
Water Pumped 47,063,480 Gallons; Power Used 105,260 kWh	<u>10,579.87</u>
	\$1,221,512.51

#### NEW BUSINESS

#### CONTINUED DISCUSSION OF ELECTRIC & WATER UTILITY RATE ADEQUACY; AND ACTION THEREON

The general manager and financial manager reviewed and updated the commissioners on the status of the potential water and electric rate cases, that were first discussed at the June commission meeting. The managers recommend the following:

- Consider approval of a water utility rate filing with an authorized Rate of Return (ROR) of 4.25% or 4.50% (which is below the PSC normal authorized ROR of 5%).
- Delay a decision on an electric rate filing until the demand reduction study is complete later this year.

The managers discussed the water utility rate filing. Given the large upcoming construction projects, and the intention to fund the projects through reserves and impact fees, adjusting water rates seems practical. Timing for the filing of the rate application with the PSC and the anticipated effective date were discussed. Management stated that it was unlikely that the new rates would be approved at the PSC and implemented by the beginning of 2020.

A motion was made by Joe Dorr, seconded by David Pagel, to authorize staff to file for a water utility rate increase with a 4.5% ROR. Motion carried.

Delaying an electric rate filing was also discussed. The manager discussed the ongoing demand reduction study, and the affects that this project could have on the long-term cashflow of the electric utility. The commission agreed to wait on a final decision until the study was completed and reviewed.

## PRESENTATION OF WHOLESALE POWER BILL COMPONENTS AND COSTS

The manager reviewed the components and costs associated with the monthly wholesale power bill from WPPI Energy. The four largest components are:

- Transmission Charge (Highest 1-Hour Energy Use for the Highest Month of the Year)
- Demand Charge (Highest 1-Hour Period of the Current Month)
- On-Peak Energy Charge (8am-8pm M-F)
- Off-Peak Energy Charge (8pm-8am M-F, Weekends and Holidays)

The manager explained that due to the utility's lack of 24-hour industrial load, that the demand charge comprises a larger part of the bill compared to other WPPI members. The July Wholesale bill was reviewed and demand related costs (transmission and demand) accounted for over 61% of the total costs. The total bill was \$954,721.50 of which \$588,696.31 was demand related. This high cost of demand is one of the motivations to review demand reduction strategies that are available and allowed under our power supply contract. The manager also indicated that WPPI is looking to change how they bill for energy starting in 2020 to attempt to bill, based on historical market costs. As a result, there will be the following energy categories:

- On Peak
- Off Peak
- Super On Peak
- Super Off Peak

WPPI Analysis shows a less than 1% increase in Cedarburg's costs due to this recommended change.

## CONSIDER RESOLUTION NO. 2019-1; AND ACTION THERON

A motion to approve Resolution 2019-1, recognizing Thomas Barelmann for 33 years of service was made by Jim Coutts, seconded by Joe Dorr. Motion carried.

## 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*

Tom Barelmann will be retiring at the end of August after almost 34 years of service. There will be a lunch reception for him on August 27th.

The management team met August 13th to kick off the 2020-2022 Business Plan. Management focused on an assessment of the current Business Plan initiatives and also the assumptions for the new Business Plan which will guide the development of the 2020-2022 initiatives.

In June, the city indicated an interest in additional review of the policy of fluoride addition to the city water. After additional information was reviewed, the mayor recommended that no further review was needed at this time.

Electric service outage totals:

- 2019 Year to date: 15
- 2018 Year end total: 11
- 2017 Year end total: 21
- 2016 Year end total: 18
- 2015 Year end total: 13

An internal leak survey of all fire hydrants in the city found some areas of concern. Ferguson Water was hired to correlate these areas, and there were five locations with active leaks. These leaks are not large, but they do contribute to lost water. The leaks will be repaired in the next couple of weeks.

July water pumpage:

- 2019 = 47,063,480
- 2018 = 42,837.390
- 2017 = 42,006,770

AMI electric meter exchanges are complete. AMI water meter exchanges are 93% complete. All customers have been contacted to schedule their water meter exchange appointment. The water crew is working extended morning, evening and weekend hours to get the exchanges completed.

CL&W has received 39 applications for the smart thermostat bill credit so far this year. In addition, Focus on Energy is also offering a \$50 incentive when customers purchase a smart thermostat.

### APPROVAL OF BILLS

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

### ADJOURN

A motion was made by Joe Dorr, seconded by Tim Larson, to adjourn at 7:21. Motion carried.