

CEDARBURG LIGHT & WATER COMMISSION

August 16, 2021

The regular monthly meeting of the Light & Water Commission was held on Monday, August 16, 2021 at 6:00 p.m. at the utility office.

Call to order by President Blaine Hilgendorf

Roll Call: Present – Joseph Dorr, Blaine Hilgendorf, Tim Larson, Andy Moss, Paul Radtke, City Council Member Patricia Thome
Excused – David Pagel
Also Present – General Manager Dale Lythjohan, Administrative Manager Mari Lauer, Financial Manager Lynda Lalley, Associate Accountant Jessica Cotter

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 21, 2021 were read, and a correction was noted in the “Revenue Items for June” section. The minutes were approved as noted on a motion by Joe Dorr, seconded by Patricia Thome. Motion carried.

VOUCHER SUMMARY FOR JUNE

Accounts Payable	\$ 577,412.90
ACH & Wire Transfers	685,808.34
Payroll	<u>72,983.94</u>
Total Vouchers	\$1,336,205.18

BANK BALANCE FOR JUNE

6/1/21 Balance Available	\$ 354,309.85
+ Deposits	1,615,702.37
- Checks and Other Debits	<u>1,635,262.86</u>
6/30/21 Available Balance	\$ 334,749.36

REVENUE ITEMS FOR JUNE

kWh Sold – 9,954,783	\$1,090,540.02
Water Sold 39,462,991 Gallons	<u>176,861.47</u>
	\$1,267,401.49

Water Pumped 48,044,890 Gallons
Power Purchased – 10,225,272 kWh

VOUCHER SUMMARY FOR JULY

Accounts Payable	\$ 733,593.31
ACH & Wire Transfers	893,554.12
Payroll	<u>105,657.62</u>
Total Vouchers	\$ 1,732,805.05

BANK BALANCE FOR JULY

7/1/21 Balance Available	\$ 334,749.36
+ Deposits	1,613,552.08
- Checks and Other Debits	<u>1,800,136.64</u>
7/31/21 Available Balance	\$ 148,164.80

REVENUE ITEMS FOR JULY

kWh Sold – 10,442,733	\$ 1,347,581.26
Water Sold 38,110,814 Gallons	<u>172,273.59</u>
	\$ 1,519,854.85

Water Pumped 46,872,670 Gallons
Power Purchased – 10,740,912 kWh

NEW BUSINESS

INTRODUCTION OF NEW EMPLOYEES

General Manager Lythjohan introduced two new Journey Linemen, Brad Klos and Mike Klos. Brad and Mike joined the meeting via Zoom to meet the Commission. They both previously worked for Sheboygan Falls Utility; Brad for 13 years, and Mike for 7 years. They are brothers, and they plan to move closer to Cedarburg. Welcome Brad and Mike.

CONTINUED DISCUSSION OF RATE ADEQUACY, LONG-TERM CASHFLOW MODEL; AND ACTION THEREON

The manager led a presentation to the Commission to continue the discussion from last month regarding electric utility rate adequacy. The manager mentioned that the Financial Adhoc Committee met the previous week and reviewed this information.

The areas that were discussed in the presentation were: Book life versus useful life, Customer Financed Plant versus Utility Financed Plant, age of system review, Rate of Return (ROR), its uses, and how the lack of debt service affects cash. The conclusions from the presentation were as follows:

- Cash Increasing over last 14+ years because:
 - Not servicing any debt
 - Book life vs service life (excess depreciation collected)
 - High percentage of utility financed plant versus customer financed
 - Cash is not increasing due to delayed expenditures

- Near-term horizon does not identify any major shifts that would change this

The manager/staff recommendation is to file an electric rate case with a 2022 test year to allow for administrative and functional changes to rates, but without increasing revenue.

Further discussion centered on what Rate of Return (ROR) that should be requested as part of the rate application. The PSC would allow a ROR of 4.9%, and the “breakeven” ROR for the electric utility in 2022 is around 2.51%. Given the many variables that can shift ROR in any one year, the consensus of the Commission was to ask for a ROR of 3% as part of the 2022 rate application.

A motion was made by Joe Dorr, seconded by Patricia Thome, to approve a 3% electric rate increase. Motion carried.

CITY COUNCIL, MANAGER AND DEPARTMENT REPORTS

The Manager & Department Reports were provided to the commissioners in advance of the meeting. The full reports can be reviewed in the electronic commission packet.

WPPI News:

- The WPPI Annual Meeting is scheduled for Sept 16 in Pewaukee.
- The Point Beach Solar Project (WPPI is a major customer) is having a groundbreaking ceremony on Sept 23.
- WPPI has started the next 5-year Business Plan process. Member input sessions are being held to gather ideas and input.

Electric Updates:

- 2021 Electric Service Outages to date: 7
 - 2020 Year-end total: 12
 - 2019 Year end total: 20
 - 2018 Year end total: 11
 - 2017 Year end total: 21
- On August 10, 3479 electric meters loss power during strong storms. 2173 were out for 105 minutes, and 1306 were out for 161 minutes. Causes were due to a tree branch and lightning arrester related. There was also an equipment failure that caused twice as many customers to be out of power. This device will be assessed on August 13.
- Asplundh is working on annual tree trimming maintenance.

Water Updates:

- The new booster station and business park schedules are being finalized. The emergency generator load bank testing and training will be first with Motor Control Center training and equipment start-up and training to follow.
- July Water Pumpage:
 - 2021 = 46,872,670
 - 2020 = 47,031,770
 - 2019 = 46,716,410

Office Updates:

- Worker's Comp Experience Rating: The Wisconsin Compensation Rating Bureau (WCRB) has calculated our experience modification factor at .83. The new modification factor will be applied to our Worker's Compensation premiums effective 01/01/2022 to 01/01/2023.

Experience rating is a way to tailor the cost of worker's compensation insurance to reflect the risk of each individual business. The WCRB does this by using the last three years of loss experience to forecast future worker's compensation losses. The plan compares CL&W's experience with the experience that is expected for employers engaged in similar businesses. Effectively, CL&W is being rated against the industry's average benchmark for compensation claims, which is always a flat rate of 1.0. This gives CL&W the opportunity to have an impact on the final cost of worker's compensation insurance by controlling workplace hazards and emphasizing safety. A look at the most recent rating history shows that CL&W employees have been working about 15-20% safer than others in the industry for the past 4 years.

- Mod Rate:
 - 2022 .83
 - 2021 .81
 - 2020 .82
 - 2019 .84
 - 2018 1.16
 - 2017 1.14
 - 2016 1.17

APPROVAL OF BILLS

The bills, as listed on the Check Register were audited, and a motion was made by Patricia Thome, seconded by Andy Moss, to approve the bills for payment. Motion carried.

ADJOURN

A motion was made by Joe Dorr, seconded by Tim Larson, to adjourn at 7:42 p.m. Motion carried.