

CEDARBURG LIGHT & WATER COMMISSION

April 17, 2017

The regular monthly meeting of the Light & Water Commission was held on Monday, April 17, 2017 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, Tim Larson, Andy Moss,
and Council Representative Jack Arnett
Excused – David Pagel
Also Present – General Manager Dale Lythjohan

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 March 20, 2017 were read and approved on a motion by Joe Dorr, seconded by Jack Arnett. Motion carried.

VOUCHER SUMMARY FOR MARCH

Accounts Payable	\$ 573,758.09
ACH & Wire Transfers	661,290.74
Payroll	<u>104,257.36</u>
Total Vouchers	\$1,339,306.19

BANK BALANCE FOR MARCH

3/1/17 Balance Available	\$ 220,254.42
+ Deposits	1,355,493.58
- Checks and Other Debits	<u>1,429,986.59</u>
3/31/17 Available Balance	\$ 145,761.41

REVENUE ITEMS FOR MARCH

Light & Power Sold – 8,218,167 kWh	\$ 819,865.94
Street Lighting Revenue 88,072 kWh	23,505.73
Water Sold – 26,958,700 Gallons	118,776.92
Water Pumped 32,760,630 Gallons; Power Used 105,631 kWh	<u>9,073.19</u>
	\$ 971,221.78

NEW BUSINESS

PRESENTATION OF THE 2016 AUDIT REPORT BY BAKER TILLY

The Management Report and 2016 Audit Report were presented by Jodi Dobson of Baker Tilly. Both reports were distributed to the commission in advance of the meeting. Ms. Dobson focused primarily on the Management Report, summarizing key findings and financial information from the 2016 audit.

The utility as a whole remains financially sound with 2016 regulatory rates of return of 4.65% for the electric utility and 6.62% for the water utility. The PSCW authorized rate of return for electric was 5.0% and for water was 5.5%, so actual earnings were lower for the electric utility, and somewhat higher for the water utility.

The full audit report and management report can be reviewed in the electronic commission packet.

REVIEW OF THE 2016 BUDGET TO ACTUAL REPORT

The 2016 Budget to Actual Report was provided to commissioners in advance of the meeting. The report summarizes how actual costs compared to budgeted costs for 2016. When costs differed substantially from budget to actual, notations were made on the report identifying the reasons.

The manager commented that projects during the year that were to exceed the budget were explained in more detail through the department reports.

The full budget to actual report can be reviewed in the electronic commission packet.

CONSIDER PROPOSED MODIFICATION TO THE L&W NEPOTISM POLICY; AND ACTION THEREON

Over the past couple years, the utility has had periodic discussions about the current nepotism policy. This policy does not allow employment of family members except for seasonal/temporary work.

The manager discussed the current nepotism policy. As the utility is challenged to hire and retain staff, it would seem to be counterproductive to automatically eliminate consideration of potential employees just because they are related to a current CL&W employee.

The manager and the management team discussed pros and cons with changing the policy. The new proposed language states “***The criteria for employment at Cedarburg Light & Water (L&W) will be based on job related qualifications and equal employment opportunity. Family or personal relationships will constitute neither an advantage nor a disadvantage in consideration for employment.***”

The manager discussed that the focus should be to continue to hire the most qualified person that fits the long-term needs of the utility. The new policy would allow a family member to be employed as long as there is not a direct supervisory link between the two family members.

The manager shared that the management team had a good open discussion on this topic, and it would be accurate to state that there is not consensus to make a change. The manager recommends making the change to the nepotism policy based on the utility “***consistently following a process to identify and hire the best long-term fit for each position, and to do this in an appropriately transparent process.***”

A motion was made by Jim Coutts, seconded by Andy Moss, to approve the changes to the Nepotism policy based on the manager’s recommendation. Commission Joe Dorr abstained from the vote. Motion carried.

CONSIDER NLMP TARIFF FILING; AND ACTION THEREON

WPPI has offered the NLMP tariff option for approximately a year for larger customers that are new and have an anticipated load of at least 500kw. This tariff is also available for an existing customer that is proposing to add at least 500kw of load. The tariff allows a customer to purchase the new load on a market priced basis, and the incentive lasts up to four years. This tariff is cost neutral to L&W. The manager recommends having this tariff on file in case a need arises.

A motion was made by Jack Arnett, seconded by Tim Larson, to approve filing for the NLMP Tariff. Motion carried.

CONSIDER AMI ELECTRIC OPT-OUT TARIFF FILING; AND ACTION THEREON

The manager discussed the option of filing for an AMI Opt-Out Tariff with the PSC. In the event a customer opts out of the AMI system, this Non-Standard Meter Service tariff would allow the utility to charge the customer for costs associated with manually reading the meter. The non-standard meter service charge would be \$11.23 per month in addition to the standard Rg-1 or Rg-2 customer charge.

A motion was made by Jack Arnett, seconded by Joe Dorr, to approve filing for the Non-Standard Meter Service Tariff. 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.

CL&W received the final draft of the Boundary Agreement with We Energies. A few exhibits need to be completed, which will allow the document to be executed and then filed with the PSC by the end of May.

The building remodel project continues to progress. After further review by management, the low bid was rejected due to not following the HVAC specifications. As a result, the contract was awarded to TJ John & Son Inc. out of Butler, WI at a cost of \$597,200 (they were originally the second lowest bidder). AIA contracts are in process of development, and the contractor is tentatively scheduled to start June 5th with a target of being complete by the end of September.

Electric Service Outages:

- 2017 (end of month March): 1
- 2016 Year end total: 18
- 2015 Year end total: 13
- 2014 Year end total: 13
- 2013 Year end total: 19

Water sample bottles are being offered to any customers on Hillcrest Ave where the utility owned portion of lead service laterals is being replaced. These customers will have the opportunity to sample their drinking water prior to the lead service replacement and within a few weeks after replacement.

The water crew has changed out approximately 300 water meters already this year, with a goal of changing 600 total.

Well #6 has been taken out of service for preventative maintenance. Municipal Well and Pump has pulled the well pump and all piping for inspection and replacement as needed. The pump will be lowered an additional 30 feet to increase the amount of water available during the dry months of the summer. The water utility superintendent anticipates that this project may be slightly over budget due to the need to replace more column piping than anticipated.

Total water pumpage for March:

- 2015 = 37,898,750
- 2016 = 31,423,370
- 2017 = 32,760,630

The first mass communication regarding the AMI project went to all customers in the form of a bill insert. Staff will continue testing the new field and office processes on a few AMI meter exchanges before starting the first phase of the major residential meter change outs. The anticipated start date for the mass meter exchange will begin in May. Additional forms of communication are being developed. In addition, management is currently in the process of hiring a third meter reader to assist with the AMI project.

The March electronics and appliances recycling event was a huge success. 442 cars dropped off 10,300 lbs of mixed electronics, enough TV's and computer monitors to overflow an entire roll-off bin, and 260 appliances. The next event is scheduled for June 3 from 10am-noon.

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.

ADJOURNMENT

On a motion by Jack Arnett, seconded by Tim Larson, the meeting adjourned at 8:35 p.m. Motion carried.