

REGULAR MEETING OF THE WATER AND LIGHT COMMISSION

March 24, 2010

Draft

Commission President Allwardt called the Regular Meeting of the Water and Light Commission to order at 7:30 A.M., with Commissioners Bob Fahrbach, Don Merkes, and Carla Watson present on roll call. Also present were Melanie Krause, Co-General Manager/Business Operations and Dick Sturm, Co-General Manager/Engineering and Operations.

Item II. Motion made by Comm. Watson, seconded by Comm. Fahrbach was unanimously approved on roll call to adjourn into Closed Session pursuant to Sec. 19.85 (1) (c) of the Wisconsin Statutes for the purpose of considering employment, promotion, compensation or performance evaluation data of any public employee over which the governmental body has jurisdiction or exercises responsibility. RE: Grievance and Personnel Issues

At the conclusion of the discussion, the motion by Comm. Fahrbach, seconded by Comm. Merkes was unanimously approved to reconvene into Open Session of the Regular Meeting of the Water and Light Commission at 8:05 a.m.

Staff members Kristin Hubertus, Business Operations Accountant; Lonnie Pichler, Electric and Water Distribution Supervisor; Dave Rodriguez, Customer and Utility Services Manager; John Teale, Technical Services Engineer; and Mike Malmstead, Energy Services Representative also joined the meeting.

Item III. People from the Gallery to be heard on any topic of public concern to the Utility:

Dan Zelinski, 647 Paris Street, spoke regarding an update on renovations or repairs at Winz Park.

Item IV. Motion made by Comm. Watson, seconded by Comm. Fahrbach, was unanimous on roll call to approve the following:

- A. Minutes of the Regular Meeting of February 24, 2010.
- B. Minutes of the Closed Session (Review of Co-General Managers) of February 24, 2010.
- C. Approve and warrant payments summarized by checks dated March 4 - 24, 2010, which includes Net Payroll Voucher Checks and Operation and Maintenance Voucher Checks for a total of \$539,893.49, and Operation and Maintenance Vouchers and Rebates to be paid prior to the next Regular Meeting. Motion approved unanimously on roll call.
- D. Correspondence, as listed.
 - Copy of minutes from January 22 MEUW Board of Directors meeting
 - Copy of letter dated February 5 to John Teale, Menasha Utilities, from Michael Hyland, APPA, re: RP₃[®] Designation.
 - Copy of email dated February 22 to Melanie Krause, Menasha Utilities, from Khadija Pounsel, APPA, re: 2009 Safety Awards.
 - Copy of Referendum Announcement questions for April 6 ballot.

Item V. February Financial and Operations Statements ó Co-General Manager/Business Operations Krause reported on the electric income statement. The largest CP4 customer was down approximately 7.4% compared to last year.

The water income statement shows consumption being less than the three year average, other than the Town of Menasha. The variance in water treatment costs is due to less chemical costs than budgeted and time charged to work orders for water treatment, transmission and distribution expenses.

On telecommunications, the largest variance relates to additional labor costs being charged for visits to other communities to look at their fiber systems.

After discussion, the Commission accepted the February Financial and Operations Statement as presented.

With the arrival of Tom Karman, Schenck Associates, at 8:15 a.m., Commission President Allwardt advanced Item IX.A, 2009 Audit for discussion.

The Press arrived at 8:20 a.m.

Mr. Karman reviewed the independent auditor's report of the financial statements, similar to prior years. The audit received a standard clean opinion with no reported instances of non-compliance and no management recommendations for this year. The Management Discussion and Analysis section is a narrative summary of information prepared by management discussing various areas of operations of the utility.

The current assets were down for the year due to the decrease in sales for the year. There was a decrease in cash which was used to pay off a portion of the outstanding steam utility debt, and the other large decrease was due to the electric utility investment in the steam utility no longer being realizable.

The largest change recorded in capital assets is for impairment of capital assets. There was an accounting standard put in place a number of years ago where when an asset is determined not to be worth the amount being carried on the books, it is required that it be written down to a reasonable value. The decision made for 2009 was that the steam utility would have been a viable operation at a cost of approximately \$12.5 million, resulting in a \$23 million decrease.

The long term debt was down \$4 million compared to the prior year and that was comprised of the GE lease for the steam utility and the partial payment of the anticipation notes. This brings the total net assets to approximately \$324,000.00 compared to \$2.8 million the prior year.

Total operating revenues were just under \$51 million compared to \$58 million the prior year. The steam revenue was down about \$6.8 million, electric was down about \$700,000, and water was down about \$400,000. Overall expenses decreased about \$3 million compared to the prior year with the biggest changes being purchase power being down slightly and the steam costs.

The biggest increase for the year was in the administrative and general area due to legal and professional services for the steam utility.

Overall, there was a \$139,000 operating income generated for the year, and a decrease of net assets of approximately \$28 million. Water and electric operations were affected by the local economy and the other major factors were related to closing the steam utility.

He added, once again, staff was well prepared and the audit process went very well; Mr. Karman departed at 8:30 a.m.

Item VI. Claims Against The Utility ó there were no claims discussed at this meeting.

Item VII. Purchase Orders over \$10,000.00 issued since the last Commission meeting were presented for informational purposes.

Mrs. Krause stated the first purchase order was a budgeted item for electric meters, and the second purchase order was for purchasing switchgear for Albany International. Electric and Water Distribution Supervisor Pichler added the vendor will be billing Albany direct for this equipment and the purchase order will be rescinded.

The motion by Comm. Merkes, seconded by Comm. Fahrbach, was unanimous on roll call to approve PO #6807 to Border States in the amount of \$43,880 to purchase 432 electric meters.

Item VIII. Unfinished Business, Taxroll/Landlord Ad Hoc Committee Recommendation Update ó Manager of Customer and Utility Services Rodriguez reported five applications have been received to date. An article has been included in the City newsletter, and information will be included in letters to landlords.

A recommendation for committee members, objectives of the committee, and a timetable to reach resolution should be available at the next Commission meeting.

Sedimentation Basin Remediation ó In the absence of Water Plant Supervisor Jerry Sturm, Co-General Manager/Engineering and Operations Dick Sturm gave an update on this project. There was a report completed by McMahon Associates in December, 2009 which also included replacement of scrappers and chains in the sedimentation basin amongst other projects. Borrowing from the Safe Drinking Water Fund would hopefully be the vehicle used to finance these projects. In order to apply for that loan engineering needs to be completed. McMahon has submitted a proposal for an engineering package in the amount of \$8,100 which includes the necessary engineering and assistance with obtaining DNR approval in the application.

Mrs. Krause added a notice of intent was filed at the end of 2009, but there is no guarantee that financial aid will be received. The projects need to be approved by the DNR before the application can be sent in, and the application is due at the end of April.

The motion by Comm. Fahrbach, seconded by Comm. Watson, was unanimous on roll call to approve the Agreement for Professional Services with McMahon Associates in the amount of \$8,100 for the sedimentation basin remediation.

Item IX, Land Surveying Services Agreement ó Mr. Pichler stated a requirement of the WPPI Energy Transaction is to have all easements in place to be transferred to WPPI. There are over 90 areas within the City that will require utility line locations, and of those 29 are ones that will require surveying of the property services that are beyond our capabilities. Two proposals were received.

Staff is recommending Omni Associates to complete this project at a cost not to exceed \$6,500.

The motion by Comm. Fahrbach, seconded by Comm. Merkes, was unanimous on roll call to approve Omni Associates to complete the land surveying services at a cost not to exceed \$6,500.

Comprehensive Cross Connection Program ó Mrs. Krause reported the Cross Connection Program needs to be updated. The last program approved by the Commission was in 2003. The DNR is in the process of finalizing the final regulations, and the proposal includes rewriting the program. The City ordinance needs to be revised, and Hydro Designs would do the inspections for 228 non-residential facilities in addition to providing information on all testable and non-testable devices within our system.

Staff is recommending the three year comprehensive Cross Connection Program at an annual cost of \$7,968. Some additional funds are also being recommended to cover the cost to re-inspect those facilities that are not in compliance and to provide hose bib vacuum breakers when needed. The total annual amount would be \$10,568 that we would like to get included in the rate case. The rate impact would be approximately 1/4% and would get our program current.

The motion by Comm. Fahrbach, seconded by Comm. Watson, was unanimous on roll call to approve the three year Hydro Designs Comprehensive Cross Connection Program with additional funds to begin after the rate case is approved and DNR regulations are finalized.

2010 WPPI Energy Regional Meetings ó Mrs. Krause reported the 2010 regional meeting in our area will be held in Kimberly. Responses are due by April 14. Commissioners Allwardt, Fahrbach, and Watson indicated they would attend.

Item X. Project Reports, Hwy. 114 Joint Pole Line with WE Energies ó Mr. Pichler stated the project is going well and poles are being set in the Oneida Street area.

UV Certification ó Mr. Dick Sturm reported a major portion of the work took place when Trojan and Carello were on site gathering their data. McMahon Associates was on site last week for programming of the PLC and they will return again for additional re-programming later this week.

WPPI Energy Transaction and Referendum ó Mrs. Krause stated the final rate order from the Public Service Commission was included in the meeting packet. The overall rate impact is 1.32% and the impact to the residential class is at 5.8% which amounts to less than \$4.00 per month.

Item XI. Staff Reports, Co-General Manager/Engineering and Operations ó Mr. Dick Sturm added the Northside Substation is out of service for ATC updates on transmission switching and routine maintenance.

Electric and Water Distribution/Safety Report ó Mr. Pichler gave an update on the Mission Village project stated it was about 90% complete. The tree trimming project is going well and there is approximately two weeks left on the project. A plan and profiles for water main replacement is currently being worked on as part of the Safe Drinking Water Loan.

Water Plant and Project Engineer ó there were no additional questions to the reports presented.

Telecommunications & Substations ó Technical Services Engineer Teale reported on the March 3 visit to the Sun Prairie Utility to look at their wireless and fiber network. Staff will be reviewing the existing telecommunications plan and associated costs prior to budget time.

Co-General Manager/Business Operations ó Mrs. Krause introduced Mike Malmstead, Energy Services Representative.

Customer and Utility Services ó Mr. Rodriguez added the winter moratorium ends April 15, and gave an update on disconnection procedures.

Energy Services Representative/Key Accounts ó Mr. Malmstead gave a brief overview of his background before joining WPPI in December. He will be providing assistance in Menasha, Oconto Falls, and New London, along with working with Peggy Jesion, Key Accounts Manager, on projects.

Item XII. No one from the Gallery was heard on any items discussed at this Meeting.

Item XIII. The motion by Comm. Fahrback, seconded by Comm. Watson, was unanimously approved on roll call at 9:35 a.m. to convene into Closed Session pursuant to Sec. 19.85 (1) (g) of the Wisconsin Statutes for the purpose of conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved. RE: Litigation

By: MARK L. ALLWARDT
President

CARLA R. WATSON
Secretary