

REGULAR MEETING OF THE WATER AND LIGHT COMMISSION

August 26, 2009

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, Joe Guidote, and Don Merkes present on roll call. Also present were Melanie Krause, Manager of Business Operations; Dick Sturm, Manager of Engineering and Operations; Kristin Hubertus, Business Operations Accountant; Lonnie Pichler, Electric and Water Distribution Supervisor; Dave Rodriguez, Customer and Utility Services Manager; Jerry Sturm, Water Plant Supervisor; John Teale, Technical Services Engineer; and the Press.

In the absence of Commission Secretary Watson, Commission President Allwardt appointed Comm. Guidote as Acting Secretary for this meeting.

Item II. No one from the Gallery was heard on any topic of public concern to the Utility.

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

- A. Minutes of the Regular Meeting of July 22, 2009.
- B. Approve and warrant payments summarized by checks dated July 30 and Aug. 5 - 26, 2009, which includes Net Payroll Voucher Checks, Void O & M Checks #038185, 037873 & 038157, and Operation and Maintenance Voucher Checks for a total of \$1,179,213.53, and Operation and Maintenance Vouchers and Rebates to be paid prior to the next Regular Meeting. Motion approved unanimously on roll call.
- C. Correspondence, as listed.
 - Copy of minutes from April 23, May 13, and June 11 WPPI Energy Executive Committee meetings
 - Copy of Wisconsin Municipal Utility Legislative Alert dated July 23 to all Wisconsin Legislators, re: Proposed Legislation LRB 0503
 - Copy of Notice to Bondholders dated July 31, 2009
 - Copy of news release dated August 4, re: Shared Savings Program
 - Copy of memorandum dated August 5 to WPPI Energy Member Utility Managers, from Roy Thilly, re: Developments; Wholesale Power Bills for June

Item IV. July Financial and Operations Statement ó Manager of Business Operations Krause reported purchased power was lower on the electric financial statements due to less consumption. Revenues again are down on the water financials and this is driven by the economy for most classes of customers. The Town of Menasha continues to take additional water, and chemical costs are still over budget. The steam financials reflect consumption being down compared to budget for the two remaining customers, and there were no MISO sales again this month. Outside services expenses are driven from the strategic team and environmental costs.

In response to Comm. Fahrback's question, Manager of Engineering and Operations Sturm stated labor costs are up due to additional overtime required for customer start-up and shutdown during the July 4th holiday, and overtime due to vacations and not having a relief crew.

On the telecommunication financials, Mrs. Krause added ATC has gone live so there will be a partial impact for the month of August, and a full month will be recognized in September for the increase in revenue.

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

Item V. Claims Against The Utility ó Mrs. Krause reviewed a claim received from Cuna Mutual Group for the Menasha Employees Credit Union. The credit union had water in their basement that came in through their service lateral during a water main break. The lateral and installation into the facility is the responsibility of the Credit Union.

The motion by Comm. Guidote, seconded by Comm. Fahrback, was unanimously approved to issue a formal notice of disallowance for the claim of Cuna Mutual Group/Menasha Employees Credit Union and that they are advised of their statutory rights pursuant to Wis. Stats. 893.80.

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

Mrs. Krause noted PO #6637 will be changed to another vendor due to a lower price on conservation kits for Public Power Week.

Electric and Water Distribution Supervisor Pichler reviewed the request to delay the purchase of a bucket truck in order to purchase a wire puller.

The motion by Comm. Guidote, seconded by Comm. Merkes, was unanimous on roll call to approve Purchase Orders 6633, 6637, and 6647.

Item VII. Unfinished Business, Telco Strategic Plan and Rate Recommendation ó Technical Services Engineer Teale reported staff has been working on a rate recommendation for the 2010 budget. The fiber inventory has been completed, and capital projects will be included in the budget process.

Mayor Merkes indicated he would not be in favor of any capital projects that would increase rates to the current customers.

Biomass Update ó Mr. Dick Sturm gave an update on the status of a preliminary proposal for RFPs, and by the end of this week it will be referred to the Department of Energy Independence for consideration of future available funds. In response to Comm. Fahrback's question, Mr. Sturm stated further research studies will not be done if State funds are not available.

Proposed Steam Utility Closing Schedule Essential Items ó Mr. Dick Sturm evaluated the revised listing of essential items. He noted some of the turbine/generator items on the list have been accomplished during time available the past month and will not have to be looked at during decommissioning. The list was dated and assigned a revision number.

Item VIII. New Business, Coal Supply/Contract Update ó The second amendment to the current coal contract was reviewed. Pricing remains the same and covers operations through September 15. Mr. Dick Sturm reported this does not cover winter coal supply if it should be needed, and that is pending City Council action on the status of the Steam Plant. In order to make shipping arrangements from the coal mine to Chicago, then from Chicago to Green Bay prior to the shipping season ending in December, a decision would be needed by mid-September. The Commission requested Mr. Sturm to contact DTE regarding changing the contract to September 30. The prepayment number has been adjusted to reflect current coal usage.

The motion by Comm. Fahrback, seconded by Comm. Guidote, was unanimous on roll call to approve the contract update with the term dates revised to read May 1 through September 30, 2009.

Conservation Rates and Programs ó Mrs. Krause reported on discussions with the Water Division of the Public Service Commission regarding rate structures or programs that would promote conservation. The PSC encouraged including conservation dollars in a rate case and generally allow up to 1.5% of revenues for these programs.

Staff recommends funds to be included in the water rate case to start a water conservation program. There will need to be a detail of the programs offered and once they have been approved, the benefits and costs will have to be reported to the PSC on an annual basis.

The motion by Comm. Merkes, seconded by Comm. Guidote, was unanimously approved to move forward with the conservation program and specific conservation practices, and dollars available to be part of the 2010 budget discussions.

2010 Budget Schedule ó Mrs. Krause reviewed the proposed schedule and discussed the potential need for special strategic planning and budget meetings. The Commission requested separate meetings to be scheduled for strategic planning and budget review.

CVMIC Renewal Notice ó Mrs. Krause stated CVMIC is asking for a multi-year renewal and is proposing two options for 2010 ó 2012.

After discussion, the motion by Comm. Fahrback, seconded by Comm. Merkes, was unanimous to approve Option 2 with a deductible of \$37,500.

WPPI Energy & MEUW Director and Alternates ó Staff is recommending Mrs. Krause be appointed WPPI Energy Board Director, and Mr. Dick Sturm be appointed Alternate Director. Each would pursue nominations on the various committees or boards within WPPI or MEUW that would best serve Menasha Utilities.

The motion by Comm. Fahrbach, seconded by Comm. Guidote, was unanimous to approve Mrs. Krause be appointed WPPI Energy Board Director, and Mr. Dick Sturm be appointed Alternate Director

Alcan Agreement ó Mr. Dick Sturm gave an update on the Release and Settlement Agreement resolving all alleged overcharges and termination fees. It has been signed by Alcan, and the next step would be Commission approval followed by Common Council approval on September 8.

A discussion ensued regarding the definition of reasonable notice included in the agreement, and the recommendation was made to amend the agreement stating "not less than" 15 days versus a minimum of 15 days.

The motion by Comm. Fahrbach, seconded by Comm. Guidote, was unanimously approved on roll call to move forward with the current Release and Settlement Agreement as drafted with clarification of reasonable notice to be defined.

McMahon Agreement for Professional Services, Water System Storage ó Water Plant Supervisor Jerry Sturm reported on a Phase I study done on the Manitowoc Street water tower. The elevated storage is needed for fire protection in order to serve residential and commercial customers. The next step would be to take a good look at the age and location of the tower to determine the short term and long term needs. The tower is structurally sound at the current time.

Mr. Dick Sturm added there was a study done in 2007 that will be reviewed to determine how it applies to today and moving forward. The Phase II study would have the immediate needs of the Manitowoc tower identified for inclusion in the budget process and the water rate case. The cost of an inspection and report on the Manitowoc tower condition and maintenance needs is less than \$1,000; the inspection could be done on September 2. The cost is reasonable and under the purchase order limit, so staff could move forward without a formal motion by the Commission.

Mrs. Krause stated the funds to cover this project were going to be used from the funds set aside to paint the tower.

Item IX. There were no Project Reports given at this meeting.

Item X. Staff Reports, Manager of Engineering and Operations/Steam Utility ó Mr. Dick Sturm added the trip and throttle issues with the #5 turbine have been resolved, and some boiler work was done over the July 4th holiday weekend.

Electric and Water Distribution/Safety Report ó Mr. Pichler reported on the induction lighting being installed on Third Street, and gave an update on the future project for replacing underground cable south of Eugene Street between Woodland and Greenwood.

Water Plant ó Mr. Jerry Sturm gave an update on the start of the UV certification process, and he will obtain a timeline for this process for the next meeting. He added a few of the chemical quotations have been received.

Project Engineer ó there were no questions to the report presented.

Telecommunications & Substations ó Mr. Teale reported ATC will be starting their relay project on the transmission lines.

Business Operations ó Mrs. Krause followed up with previous comments regarding the UV system. The State is still holding three percent from the Safe Drinking Water Loan until the project is released, and there are costs being funded out of operations which impact the water budget until the SDWL funds are released.

Customer and Utility Services/Key Accounts ó there were no questions to the report presented.

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

Item XII. The motion by Comm. Guidote, seconded by Comm. Fahrbach, was unanimously approved at 9:35 a.m. to convene into Closed Session pursuant to Section 19.85 (1) (e) of the Wisconsin Statutes for the purpose of deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session, and (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: Bargaining Contract Negotiations & Personnel Issues

And pursuant to Section 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: Potential Litigation

There being no further business, the motion by Comm. Merkes, seconded by Comm. Fahrbach, was unanimously approved to adjourn from Closed Session and to reconvene into open session of the Water and Light Commission meeting at 11:22 a.m.

Item XIII ó The motion by Comm. Guidote, seconded by Comm. Fahrbach, was unanimously approved to adjourn at 11:22 a.m.

By: MARK L. ALLWARDT
President

JOSEPH P GUIDOTE
Acting Secretary

NOTE: THESE MINUTES ARE NOT TO BE CONSIDERED OFFICIAL UNTIL ACTED UPON AT THE NEXT REGULAR MEETING, THEREFORE, ARE SUBJECT TO REVISION.