

REGULAR MEETING OF THE WATER AND LIGHT COMMISSION

April 23, 2014

**Draft**

Commission President Allwardt called the Regular Meeting of the Water and Light Commission to order at 8:02 a.m., with Commissioners Roy Kordus, Don Merkes, Joanne Roush, and Dan Zelinski present on roll call. Also present were Melanie Krause, General Manager; Steve Grenell, Project Engineer; Kristin Hubertus, Business Operations Accountant; Paula Maurer, Customer Services Manager; and Lonnie Pichler, Distribution & Utility Services Manager.

Those absent were Tim Gosz, Water Plant Supervisor and John Teale, Technical Services Engineer.

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

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

- A. Minutes of the Regular Meeting of February 26, 2014
- B. Minutes of the Special Joint Commission/Common Council Meeting of February 27, 2014
- C. Minutes of the Closed Sessions of December 18, 2013, January 29, February 7, and February 26, 2014
- D. Approve and warrant payments summarized by checks dated March 6-26, 2014, which includes Net Payroll Voucher Checks and Operation and Maintenance Voucher Checks for a total of \$802,368.44, and Operation and Maintenance Vouchers and Rebates to be paid prior to the next Regular Meeting. Motion approved unanimously on roll call
- E. Approve and warrant payments summarized by checks dated April 3-23, 2014, which includes Net Payroll Voucher Checks; Void O & M Checks #046828-046829, and Operation and Maintenance Voucher Checks for a total of \$762,628.05, and Operation and Maintenance Vouchers and Rebates to be paid prior to the next Regular Meeting. Motion approved unanimously on roll call
- F. Correspondence March as listed:
  - Copy of letter from WPPI Energy dated January 31 RE: Selection of Technical Services Engineer Teale for a 3 year term on the Information Technology Advisory Group (ITAG).
  - Copy of letter from WPPI Energy dated January 31 RE: Selection of Customer Services Manager Maurer for a 3 year term on the Energy Services Advisory Group (ESAG).
  - Copy of Invitation from WPPI Energy RE: 2014 Regional Power Dinner date and locations.
  - Copy of letter from Donald Merkes, Mayor dated March 17 RE: APPA Legislative Rally.
  - Copy of letter from Arbor Day Foundation dated March 25 RE: Menasha Utilities recognition as a Tree Line USA for the second year in a row.
- G. Correspondence April as listed:
  - Correspondence Summary for the Meeting of April 23, 2014

Copy of letter dated April 7 to the Public Service Commission of Wisconsin Re: Filing of the Wisconsin Electric Boundary Agreement.

Copy of News Release submitted to the Post Crescent RE: Recognition of Menasha Utilities receiving first place for its outstanding safety record during National Lineman Appreciation Day.

Copy of News Release submitted to the Post Crescent RE: Menasha Utilities earning the American Public Power Association's Safety Award of Excellence in 2013.

Copy of News Release submitted to the Post Crescent RE: Menasha Utilities receiving the Reliable Public Power Provider (RP<sub>3</sub>) designation from the American Public Power Association.

Copy of letter dated March 2014 from WPPI Energy RE: Member Dividend Report.

Copy of MEUW 85<sup>th</sup> Annual Conference agenda and registration materials.

Copy of email dated April 10 from Mayor Don Merkes RE: Registration for Municipal Sustainability Event with Torbjorn Lahti on April 29, 2014.

Commissioners congratulated the linemen, on receiving recognition during National Lineman Appreciation Day. Congratulation was also given to the entire Utility for receiving the American Public Power Association's Safety Award of Excellence and the Reliable Public Power Provider designation from the American Public Power Association.

Item IV. Claims Against The Utility – there were no claims discussed at this meeting.

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

The motion by Comm. Roush, Seconded by Comm. Kordus was unanimous on roll call to approve the purchase orders as presented, which include PO #7851 to Don Heitpas & Sons in the amount of \$24,122.88 for emergency main break and drilling work for February.

Item VI. Unfinished Business, Source Water Study Update – An outline of communication between Gary Rosenbeck, of McMahan, and Larry Landness, of the DNR, regarding parameter testing changes and method of analysis was discussed. A report from the University of Wisconsin-Milwaukee on the analysis of water samples collected was included. The Source Water Study will continue through May.

UW Milwaukee Invoice – Invoice #3310 from the University of Wisconsin–Milwaukee, in the amount of \$27,899.00, will be adjusted to reflect the amount on the purchase order.

Performance Evaluations/Merit Pay –Modifications to the Performance Evaluation form along with a proposed Merit Based Pay System was presented. A timeline was included which will allow the setting of goals and objectives to be tied to budgeted projects.

Commissioners requested that management monitor the process in order to make modifications if needed.

The motion by Comm. Roush, Seconded by Comm. Allwardt was passed on roll call (3 – 2), to approve the Performance Evaluation and Merit Based Pay System as presented. Commissioners Kordus, Roush, Allwardt voted yes, Commissioners Zelinski, Merkes voted no.

Milsoft Training Update – Project Engineer Grenell reported on Milsoft’s Windmill software training he attended in March. Windmill is an electric distribution modeling software that will be used to do a variety of tasks such as short-circuit calculations, fault currents, arc flash, and relay fuse coordination.

Item VII. New Business, 2013 Audit – The Utilities received a clean opinion with no reported instances of non-compliance on its financial statements.

The largest change noted was the decrease of \$10,408,416 in the property held for sale because of the Steam Plant value being lowered to a more realizable value which was based off the RFP process.

The motion by Comm. Allwardt, seconded by Comm. Zelinski was unanimous to accept the 2013 audit.

Year-End Reliability Report – A total of 29 outages occurred in 2013 as compared to 35 for 2012. Although the number of outages dropped for the year, an outage that accounted for 61% or the total customer minutes decreased our reliability index percentage by .001. Menasha Utilities still comes in above the National and Regional averages provided by APPA.

APPA Engineering & Operations Conference – Distribution & Utility Services Manager Pichler reported on the APPA Engineering & Operations Conference he attended in April through a scholarship from WPPI.

Item VIII. Strategic Reports, February Monthly Strategic Objective Update – The capped Marquette St. water main, damaged from freezing, is being scheduled for replacement.

March Monthly Strategic Objective Update – Due to weather related water emergencies, there were no water disconnections done in March.

February Financial and Project Status Reports – Electric consumption increased 4.7% compared to budget, however, revenues are down because of the DCA & ECA negative rates. Cost of power was \$5.66/MWh less than budget.

Water usage increased 7.5% overall compared to budget. Distribution expenses are higher than budget due to additional hours charged for repairing mains and valves damaged by freezing; an outside contractor was used to assist with repairs.

Steam Utility administrative expenses are for showing the facility to outside parties. The Steam Plant cash reserves are depleted and will be assessed.

March Financial and Project Status Reports – Electric consumption increased 3.65% compared to budget, however, revenues continue to be down because of the DCA & ECA negative rates. Cost of power was \$4.44/MWh less than budget. Distribution expenses are less than budget due to timing issues with tree trimming expenses but will increase in the coming months as the expenses are recognized.

Water usage increased by 5.91% compared to budget mainly due to the Resale customer class consuming more water. Distribution expenses continue to be higher because of additional labor hours and outside contractor expense charged to repairing mains and valves damaged by freezing.

Energy Services budgeted amount reflects bulb replacement expenses that have been carried forward for several years. Staff is looking for a vendor that can supply the bulbs required to complete the project.

Steam Utility administrative expenses are for showing the facility to outside parties. Supplies expenses are for boiler chemicals purchased for heating the plant.

After discussion, the Commission accepted the February & March Financial and Project Status Reports as presented.

C. Project Reports, Water Plant Projects – Vibrations were noticed when the number 4 High Lift Pump was started; staff is working on resolving the issue. The Ethernet interface, which is needed for the SCADA upgrade, is complete along with the Alum Pump upgrade. Low lift Pump design specs are expected to be sent to the DNR in April and bidding for the project is expected to begin in May. Frontrange is scheduled to finish the west wall of the high lift station; quotes for the east wall of the high lift station will begin in May.

Metering Practice & Plan – Additional meter testing with Chapman is scheduled for May; staff is working on plans for changing out meters; and there were no material findings on the PSC electric billing audit.

Steam Plant RFP – On April 21 the City Council approved an agreement on the sale of the Steam Plant. The agreement has now been sent to the City of Menasha's legal department.

Water Distribution Update – During the 1<sup>st</sup> quarter of the year, there were 30 main breaks and 43 customer freeze ups due to the weather; costs incurred thus far come to approximately \$187,000. Documentation will be sent to Emergency Management for potential funding.

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

A. Item X. The motion by Comm. Merkes, seconded by Comm. Zelinski, was unanimously approved on roll call 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 (f) of the Wisconsin Statutes for the purpose of considering financial, medical, social or personal histories or disciplinary data of specific persons, preliminary consideration of specific personnel problems or the investigation of charges against specific persons except where par. (b) applies which, if discussed in public would be likely to have a substantial adverse effect upon the reputation of any person referred to in such histories or data, or involved in such problems or investigations. RE: Delinquent Accounts

By: MARK L. ALLWARDT  
President

DAN ZELINSKI  
Secretary

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