

BLACK RIVER FALLS UTILITY COMMISSION MEETING MINUTES

February 24, 2020

Utility Commission President John Lund called a meeting of the Black River Falls Municipal Utility Commission to order on February 24, 2020 at 4:33 p.m. in the conference room at 119 North Water Street. Commissioners in attendance were Jay Eddy, and Jeff Amo. Pete Olson and Don Mathews were excused. Also present were General Manager Casey Engebretson, Office Manager Julie Babcock, and Dakotah Bork (Banner Journal).

A motion was made by Commissioner Eddy and seconded by Commissioner Amo to approve the minutes from the January 27, 2020 Regular Meeting.

Aye: Lund, Amo, and Eddy
Motion carried.

A motion was made by Commissioner Amo and seconded by Commissioner Eddy to approve the accounts payable vouchers; Accounts Payable (CK #36274 - 36333; HC #100369 - #100376) – Totaling \$726,508.14.

Aye: Lund, Amo, and Eddy
Motion Carried.

Mallory Kleven, WPPI Rate Analyst, presented an overview of the electric rate case process, Cost of Service Study, and proposed electric rate increase. An electric rate increase will be needed to cover the costs of a new operations center and increase the electric utility's rate of return. The current rate of return is 0.90% and a 5.00% rate of return is authorized by the Public Service Commission (PSC). The proposed overall rate increase was 9.31%. Approximately 4.99% is the result of the operations center. The PSC will review the application, hold a public hearing, and ultimately set the new rates. The proposed rate increase would result in an increase of approximately \$9.42 per month for an average residential customer. The last electric rate increase was in 2016. If approved, the new rate is anticipated to take effect at the beginning of 2021.

A motion was made by Commissioner Amo and seconded by Commissioner Eddy to file the Electric Rate Case Application with the Public Service Commission as presented.

Aye: Lund, Amo, and Eddy
Motion carried.

Julie Babcock reviewed the 2019 year-end and January 2020 financial statements.

Julie Babcock reviewed the January 2020 arrearages.

Casey Engebretson reported that the Water Department will continue with water meter replacements in March, with assistance from the Sewer Department.

Casey Engebretson reported that the payment to the participating counties for the WWTP Multi-Discharger Variance is \$49,068.39. Factors influencing the increase in payment from 2019 include; (i) a full 12 months of discharges (vs. nine (9) months) were included in the calculation, (ii) higher precipitation in 2019 caused periodic hydraulic overloading at the WWTP, (iii) calculations take into account wastewater flow, which was increased due to higher precipitation.

Casey Engebretson reported that the electric line crew is busy with tree trimming. Approximately 80 electric meters remain to be converted to AMI. Some installations will require replacement of the meter socket. The crew is making plans to finish electric meter conversions/installations in 2020. Jon Wussow continues to test the retired electric meters, which is a requirement of the Public Service Commission.

Casey Engebretson asked the Commission to revisit the handbook language change approved at the January 2020 Commission meeting, concerning sick leave usage. A short discussion ensued. Commissioner Amo suggested

tabling the issue and asked Casey to determine the language used by the City. Casey will inquire about this and bring it back to the Commission at the March 2020 meeting.

Casey Engebretson presented the updated estimate for the new utility operations center. The current estimate of \$5,398,000 increased from the previous estimate of \$5,238,000 due to two factors; (i) the scope of work for the storm water infrastructure was larger than originally anticipated and (ii) \$100,000 was added as a buffer for winter conditions. A winter conditions allowance was added as the construction will likely have to begin in February 2021 to be completed by December 2021. Regulatory directives require the project to be substantially complete and usable in the same year as the rate increase takes effect. Casey reiterated that this estimate is an all-in estimate and includes Construction Manager and architect fees, contingencies, inflation, and a winter conditions allowance.

Casey Engebretson discussed the project schedule and financing for the new operations building. If approved, PSC Construction Authorization and rate case would be anticipated by September, bidding would occur in October, bond issuance in December, and construction starting in February 2021. Sean Lentz, financial advisor from Ehlers, will present the financing plan to the Commission at the July 2020 Commission meeting.

Casey Engebretson advised the Commission that a business contacted him about purchasing a large quantity of sand from the utility. Casey stated that he reached out to a few people to obtain a range of costs for sand. The Commission asked Casey to ensure the quantity of sand is adequate to allow enough for future Utility/City use. The Commission authorized Casey to negotiate the price.

A motion was made by Commissioner Eddy and seconded by Commissioner Amo to adjourn at 5:49 p.m..

Aye: Lund, Amo, and Eddy
Motion carried.

Casey Engebretson, General Manager
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