

REGULAR MEETING OF THE JEFFERSON UTILITIES COMMISSION, HELD JUNE 12, 2023

On call of the roll, commissioners present were: Adams, Ganser, Pieters, Neils, Oppermann, Bristol and Schroeder. Also present were: Office Manager Hinze, Billing Clerk, Emily Hein; Meter Technician Jackie Tucker, Line Forman Nick Baumann; City Attorney Chris Rodgers; Energy Services Manager, Greg Hoffmann; WPPI Rate Analyst II Nicole Guld; WPPI President & CEP Mike Peters; Baker Tilly CPA Jodi Dobson; Citizen Peg Pieters. The meeting began at 5:30 p.m.

Public Participation: None

Annual Audit Report

Baker Tilly Partner Jodi Dobson presented the 2022 audit findings. She explained that due to the water split the audit this year is a single year presentation. The electric rate of return for 2022 is at -0.93% which is down from 2021 (3.49%). She stated that this is an indication that a rate case is needed, which the Utility is in the process of completing for 2023.

Ms. Dobson reviewed the cash on hand available to the utility. She explained rating agencies are looking for six (6) to seven (7) months of cash on hand and that Baker Tilly likes to see this at three (3) months. Jefferson Utilities is at 2.16 months which is down from 4.77 months in 2021. She again stated that it is good that the Utility is considering a rate case.

Ms. Dobson stated the debt coverage is currently at 97% equity and 3% debt which will be looked at favorably should the Utility decide to borrow for any significant projects.

Ms. Dobson stated there are two notes in the audit related to internal control procedures. One of them is a lack of segregation of duties and the other is financial reports are not available until the end of the year when the auditors prepare them. She stated these deficiencies are not uncommon in smaller organizations and is reported in 90% of her clients.

Comm. Pieters questioned the rate of return and inquired if this was due to the unexpected increase in purchase power costs. Ms. Dobson indicated that this could have been a factor, as well as the fact that the Utility made a significant investment in capital in 2022.

Comm. Bristol commented on the low rate of return and the proactive approach the Utility is making to bring this up.

Dobson indicated that at this time the audit is considered a draft as the City has not completed their audit. Hinze stated that when the City's audit is finalized she will bring this back to the Commission for their final approval.

Presentation by Mike Peters, President & CEO of WPPI

Mr. Peters gave an overview of the current structure of members of WPPI, the mission and vision of WPPI and goals and initiatives for the future. He explained WPPI's primary power resources, environmental responses and how WPPI is striving to keep costs down. Commissioners questioned Mr. Peters about the unexpected increase in purchase power costs and what WPPI was doing to prevent these large increases in the future. They asked about residential solar increasing in communities and increasing interconnection agreements. Mr. Peters answered all their questions and the Commission thanked Mr. Peters for the information he provided.

Comm. Schroeder left the meeting at 6:30pm.

Presentation of Rate Case by Nicole Guld, Rate Analyst II of WPPI

Ms. Guld presented information to the Commission regarding the various types of information that is gathered and analyzed as part of a rate case application. She stated that after the analysis was completed the outcome is that the Utility should increase their rates by approximately 4.37%. Ms. Guld stated that the last rate case was implemented in 2016. She stated that this increase amount is in-line with what she is seeing in other communities. She stated that currently rate cases are taking close to 200 days to get through the PSC process. Mr. Peters indicated that a 4.37% increase is the lowest we need to make sure our distribution system is as robust as needed as compared to the 10-14% increases seen at WE Energies, Alliant Energies or other investor owned utilities.

Comm. Bristol voiced concern over the fact that fixed costs were not being increased. Mr. Peters referred him to the recent Sturgeon Bay case that is at the PSC and that once that case is settled the Utility can always apply to implement the outcome of that case. Ms. Guld stated that every 3 years the Utility should look at a rate case. It has been 7-8 years since the last rate case.

Discussion and Possible Action – Approval of Support to File Case Application with the PSC

Motion by Comm. Neils to approve the recommended rate case application be filed with the PSC. Seconded by Comm. Pieters. On call of the roll, motion carried. (Adams-Aye; Oppermann – Aye; Pieters – Aye, Bristol – Aye; Ganser – Aye; Neils - Aye).

Minutes

Motion by Comm. Neils and seconded by Comm. Pieters to approve the open session minutes of the May 8, 2023 meeting. On voice call, motion carried.

Approval of May 2023 Expenditures

Motion by Comm. Pieters and seconded by Comm. Ganser to approve the May 2023 expenditures as presented. On call of the roll, motion carried. (Adams-Aye; Oppermann – Aye; Pieters – Aye, Bristol – Aye; Ganser – Aye; Neils - Aye).

Mayor Oppermann left the meeting at 6:45pm.

Closed Session

Motion by Comm. Neils and seconded by Comm. Ganser to convene in Closed Session. Before voting on the motion, Comm. Adams announced to all present that the Commission may convene in closed session one or more times during this meeting, upon a motion duly made and carried, the Commission may convene in closed session pursuant to Section 19.85(1)(c), Wis Stats., for considering employment, promotion, compensation or performance evaluation data of any public employee over which the governmental body has jurisdiction or exercises responsibility, specifically to discuss the refilling of a vacant Customer Accounts Clerk position AND Section 19.85(1)(e), Wis Stats., for deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons, specifically to discuss a pole rental agreement and to specifically discuss a Distributed Generation Application form submission. This meeting is closed pursuant to section 19.85 (1)(c) and (e) of the Wisconsin Statutes. On call of the roll, motion carried. (Adams-Aye; Pieters; Aye, Bristol – Aye; Ganser – Aye; Neils – Aye). The Commission convened into closed session at 6:46 pm.

Open Session

Motion by Comm. Ganser and seconded by Comm. Pieters to re-convene in open session. On call of the roll, motion carried. (Adams-Aye; Pieters – Aye, Bristol – Aye; Ganser – Aye; Neils – Aye). The Commission convened into open session at 7:02 pm.

Discussion and Possible Action – Approval to Hire Customer Accounts Clerk

Hinze indicated that she would like to make a conditional offer to candidate Jenna Zuehlke. Motion by Comm. Bristol to approve the hiring of this candidate. Seconded by Comm. Neils. On call of the roll, motion carried. (Adams-Aye; Pieters – Aye; Bristol – Aye; Ganser – Aye; Neils – Aye).

Discussion and Possible Action – Pole Attachment Agreement

Motion by Comm. Pieter to approve that pole attachment agreement as presented. Seconded by Comm. Ganser. On call of the roll, motion carried. (Adams-Aye; Pieters – Aye; Bristol – Aye; Ganser – Aye; Neils – Aye).

Discussion and Possible Action – Telephone Service Quotes

Hinze explained that the current service plan through AT&T is set to expire. She stated that the phones and phone system is in need of an upgrade. The last system and phones were installed sometime around 2011. She provided an analysis of the quotes received from AT&T and from Phones Plus out of Janesville. She stated that the recommendation is to upgrade all phones and wiring through Phones Plus. She further stated that the recommendation includes bundling internet and phone service with Charter and then TDS when that service becomes available in our area. Overall, the Utility will see a savings in both internet and phones costs under this

proposal. Motion by Comm. Bristol to accept the recommendation. Seconded by Comm. Pieters. On call of the roll, motion carried. (Adams-Aye; Pieters – Aye, Bristol – Aye; Ganser – Aye; Neils - Aye).

Discussion and Possible Action – Holiday Policy: Addition of One (1) Paid Holiday

Hinze explained that the City recently approved the addition of one (1) floating holiday which they labeled as “birthday”. Hinze handed out the revised City policy and the current Utility policy. She indicated that City is off for President’s Day and that the Utility does not observe this holiday. The recommendation is to allow the Utility the additional floating holiday for birthday. Comm. Bristol asked why the Utility would not just accept the same holidays as the City. Hinze stated that the Commission certainly could do that, however the reason behind this recommendation was to maintain a customer focus. If the Utility is closed on President’s Day that becomes a day that the Utility is not open to answer questions and take payments from customers. By approving the floating holiday, the employee has the option to take this holiday through the year with Supervisor approval. Motion by Comm. Ganser to approved one additional floating holiday (birthday) effective immediately. Seconded by Comm. Pieters. On call of the roll, motion carried. (Adams-Aye; Pieters – Aye, Bristol – Aye; Ganser – Aye; Neils - Aye).

Discussion and Approval of Community Contribution Requests

Hinze presented a request from Goat Fest for \$1000 to sponsor a band the day of the festival. The Commission asked Hinze for a printout of where the funding stands currently and a history of what had been approved in prior years. She provided that to the Commissioners.

Hinze presented a request from Fiesta Latina for \$1000. She stated that this is a new festival in Jefferson this year.

The Commissioners discussed the remaining funding available for the year.

Motion by Comm. Ganser to approve the Goat Fest request for \$1000. Seconded by Comm. Neils. On call of the roll, motion carried. (Adams-Aye; Pieters – Aye, Bristol – Aye; Ganser – Aye; Neils - Aye).

Motion by Comm. Ganser to postpone the request from Fiesta Latina until the next meeting. Seconded by Comm. Pieters. On call of the roll, motion carried. (Adams-Aye; Pieters – Aye, Bristol – Aye; Ganser – Aye; Neils - Aye).

Update Carlson Dettmann Wage Study

Hinze indicated that representatives from Carlson Dettmann are scheduled to present their findings at the July meeting.

It was moved by Comm. Pieters and seconded by Comm. Bristol to adjourn. Motion carried on a voice vote. The meeting adjourned at 7:40 pm.