

REGULAR MEETING OF THE JEFFERSON UTILITIES COMMISSION, HELD SEPTEMBER 9, 2019

On call of the roll, commissioners present were: Adams, Horn, Ganser, Bristol, Brandel and Oppermann. Also present: Utility Manager Adler, Office Manager Statz, City Attorney Rogers, QTI Senior Consultant Rebekah Temple and Forster Electrical Engineering President Bruce Beth. Absent was: Comm. Pieters. The meeting began at 5:33 p.m.

PUBLIC PARTICIPATION

Utility Manager Adler distributed a letter addressed to the Common Council from WWTP Superintendent Todd Clark. This letter has been included in the official packet.

MINUTES

It was moved by Comm. Horn and seconded by Comm. Brandel to approve the minutes from the August 12, 2019 meeting. Motion carried on a voice vote.

EXPENDITURES

It was moved by Comm. Brandel and seconded by Comm. Ganser to approve the payment of August's bills totaling \$1,265,718.96. On call of the roll, motion carried. (Oppermann – Aye, Horn - Aye, Adams - Aye, Ganser – Aye, Brandel – Aye, Bristol – Aye)

DISCUSSION AND POSSIBLE ACTION TO APPROVE QTI COMPENSATION STUDY

QTI Senior Consultant Rebekah Temple reviewed the details on how the wage analysis was conducted, the data used and the results.

Comm. Horn questioned what the 50th percentile meant.

Ms. Temple explained that they are comparing the utility's wages to the median wage of like positions. This eliminates the high and low figures.

Ms. Temple explained the wages presented were all aged to 7/1/2020. The thought is that the utility will lead the market for six months and lag the market for six months. Overall, the utility's wages are 3% below the market in terms of base pay and 4% below the market in terms of total cash. Total cash takes into account bonus and incentive pay. She noted that the MEUW and WorkNet data do not provide total cash amounts. She stated the pay ranges compared to the market at 94%, so the utility overall is well aligned.

Comm. Horn clarified that the data shows the Utility Manager's base pay is 6% below, but that does not include overtime.

Ms. Temple stated that was correct. She also mentioned that the MEUW data used was in line with the market data collected by other sources.

Comm. Bristol asked if the wages had a cost of living adjustment or if the figures used were raw data.

Ms. Temple explained there were not cost of living adjustments made, but all data was brought to the same point in time. She stated pay structures like the utility has are typically adjusted annually at the inflation rate or a percent less. She noted there is a pay range positioning guide in Appendix C of her report.

Utility Manager Adler stated the positions listed as being below market are because those employees are in the lower steps on the matrix.

Ms. Temple stated that was correct. If she were to point out positions that were below the market it would be the Meter Tester, Meter Reader, Lineman and Customer Accounts Clerk.

Comm. Horn questioned why the Lineman position should be updated if the position is being paid more than the market.

Ms. Temple explained the study suggests the control point should be at \$40.00 per hour, but currently, the utility's control point is at \$37.00, which puts it below the market.

Utility Manager Adler asked how often the utility should do a wage study.

Ms. Temple stated some of her clients update annually, but she didn't feel that was necessary. She suggested performing a wage study every three years.

Office Manager Statz asked Ms. Temple if there were adjustments any made to our matrix, would she be able to help with those adjustments.

Ms. Temple stated QTI could assist with that work.

Comm. Horn stated the study looked good and was well done.

Comm. Brandel pointed out to some wage data prepared by Office Manager Statz that showed the total hours worked by each employee, broken down by hour type and earnings. He stated that was helpful for him in comparing the data presented to the wages being paid.

It was moved by Comm. Horn and seconded by Comm. Ganser to accept QTI's compensation study. On call of the roll, motion carried. (Oppermann – Aye, Horn - Aye, Adams - Aye, Ganser – Aye, Brandel – Aye, Bristol – Aye)

Ms. Temple left the meeting at 5:55 p.m.

DISCUSSION OF POSSIBLE RIVERSIDE ALLEY RECONSTRUCTION

Forster Electrical Engineering President Bruce Beth explained it would cost about \$725,000 to place the electrical wires underground in Riverside Alley. He is attempting to determine how much of that could be paid for with rate dollars and how much will need to be paid for with tax dollars. He explained that he has to discuss this allocation with the Public Service Commission (PSC), as they will make the final determination. He reviewed the rate impact as provided by WPPI. Taking into account the building remodel as well, the bare bones funding for the project would have a 0.51% overall rate impact. If rate dollars pay for the entire project, including the building remodel, the overall rate impact would be 0.74%.

Mr. Beth explained if there was safety concerns, the utility would need to address those concerns, whether the city decided to move forward with the project or not.

Utility Manager Adler questioned if someone could ask why we don't bury all of the lines. He was concerned the project could be precedent setting.

Mr. Beth stated the utility could run into that.

Utility Manager Adler asked who was responsible to pay for the phone and cable lines to be removed from the poles.

Mr. Beth explained if there were safety concerns, the companies would need to remove those wires. He stated a list of safety concerns should be compiled so that he could share those with the PSC.

City Attorney Rogers asked if the Utilities Commission should make a safety determination.

Mr. Beth stated the city departments should share all of their concerns to get one list compiled.

Mr. Beth made the Utilities Commission aware that the transformers will need to be moved and the plan is to relocate those in what are currently parking stalls. This will take away parking spaces in the area.

Comm. Horn questioned if the PSC would not allow the funding of the project or if they were more concerned with the rate adjustments it would cause.

Mr. Beth stated the PSC will be concerned that the utility is meeting their authorized rate of return. Their goal is to make sure the utility remains healthy financially.

Comm. Horn questioned if the project could be paid for over time.

Mr. Beth stated the PSC does not allow utilities to perform projects in little chunks to get around the need for a Certificate of Authority. The total cost of a project is what is looked at.

Utility Manager Adler stated that utility typically spends \$300,000 to \$400,000 annually on capital projects. He wondered if the utility could financially take on the project.

Mr. Beth stated the project could be split up to fund it, but the need for a Certificate of Authority remains.

City Attorney Rogers asked how long the process was to get the PSC's approval.

Mr. Beth stated the process typically takes six months, but he thought this was pretty straightforward and may be able to be completed in four months.

City Attorney Rogers questioned if the city could provide evidence of the safety concerns and if the city could intervene in the process.

Mr. Beth stated yes, the city could provide evidence and encouraged the city to attend the hearings.

Comm. Horn asked if the utility could take money from its reserves to pay for the project.

Office Manager Statz explained the concern is not with having the cash to pay for the project, the concern is if the PSC will allow the utility to recover the costs of the project in the rates. If the PSC determines that rate dollars cannot pay for the project, they will exclude those dollars and the expenses associated with it going forward in all future rate cases. This means the utility will never get the money back. This is why rate dollars cannot pay for the project without PSC approval.

City Attorney Rogers clarified that even if the utility can financially fund the project, we still need the PSC's approval to move forward.

Mr. Beth stated that was correct, as it will have a rate impact.

Comm. Bristol questioned how much of the existing infrastructure has already been depreciated.

Mr. Beth stated it has been depreciated 27 years of its 30 year life.

Comm. Bristol stated it was not unheard of to replace overhead infrastructure with underground infrastructure in a downtown.

Mr. Beth stated the PSC will have heartburn over the utility paying for work on the customer's side.

Utility Manager Adler asked if the utility could spread this work over two years and not perform any other maintenance on the system.

Mr. Beth stated not doing any other maintenance work may catch up with the utility.

Utility Manager Adler asked if any of the grant funding the city is receiving could help with the project.

Mr. Beth stated the grant funds would work well in paying for the customer's service to be changed out. He thought this fell in nicely with the low-income requirements of the grant funds.

Comm. Brandel asked what the next step was in the process.

Utility Manager Adler read an email from City Administrator Tim Freitag outlining his plans to meet with the Department of Administration. He questioned if the Davis-Bacon rules would apply if the utility was performing some of the work.

Mr. Beth stated he would have to read the language in the grant funds, but typically if you are performing the work within, the law does not apply. He stated the electrician work may need to be bid out and then Davis-Bacon may apply. He stated the next step after the funds are secured from the Department of Administration is for the Fire Department and Police Department to identify any safety concerns they have and then he will speak with the PSC on what portion the rate dollars could fund.

Comm. Bristol asked what the timeframe was to start work after the approval was given.

Mr. Beth stated the work has to be started within one year of the Certificate of Authority being approved.

DISCUSSION AND POSSIBLE ACTION FOR SWITCHYARD FENCE MODIFICATIONS

Utility Manager Adler shared the fence wrap design for Well #3. He wanted the commission's input on the side that reads "Jefferson A Public Power Community."

Comm. Brandel stated it did not occur to him in the prior meeting how it would look. He did not like the black with white wording. He suggested using the same logo on the third side and add "A Public Power Community" underneath it. He thought the fencing could be the background for pictures and didn't think it was very attractive.

Utility Manager Adler stated he could reach out to the graphic designer to see what they could come up with.

Comm. Bristol suggested getting rid of the wording and placing the same logo on the third side. He felt the commission had spent enough time discussing it.

Comm. Brandel agreed with Comm. Bristol and noted the logo looked nice.

Comm. Bristol stated that mock up given changed his mind because of how it looks.

Comm. Oppermann stated the logos will be seen on the fencing.

Comm. Brandel suggested placing the “We’re Going Outside” logo on three sides of the fencing; east, west and south.

Comm. Horn suggested placing the Jefferson Utilities logo on one of the sides. He felt it would add more color to the “Jefferson A Public Power Community” tagline.

Comm. Oppermann stated he had concerns displaying both logos, as he felt it sent a message that the utility and city were divided.

Comm. Horn agreed with the “We’re Going Outside” logo and promoting it, but since the utility was paying for the fence, he thought it was important to advertise that as well.

Comm. Adams suggested using the “We’re Going Outside” logo and adding “A Public Power Community” to the bottom of it.

Comm. Adams stepped down as Commission President.

It was moved by Comm. Adams to use the “We’re Going Outside” logo and add “A Public Power Community” below it.

Comm. Adams withdrew his motion and returned as Commission President.

Comm. Ganser stated if we change the “We’re Going Outside” logo to read “A Public Power Community,” the utility should use it consistently.

It was moved by Comm. Horn and seconded by Comm. Ganser to use the “We’re Going Outside” logo on two sides of the fence wrap and the Jefferson Utilities logo on the third side with “A Public Power Community” language below it. On call of the roll, motion failed. (Oppermann – Nay, Horn - Aye, Adams - Aye, Ganser – Aye, Brandel – Nay, Bristol – Nay)

Comm. Brandel stated it was confusing to have more than one logo on the wrap. He stated Jefferson Utilities was part of the city and it is not necessary to advertise for it.

Comm. Oppermann stated the two different logos show a disconnection between the utility and the city.

It was moved by Comm. Oppermann and seconded by Comm. Brandel to approve the “We’re Going Outside” logo on the east, south and west sides of the fence wrap. On call of the roll, motion carried. (Oppermann – Aye, Horn - Aye, Adams - Aye, Ganser – Aye, Brandel – Aye, Bristol – Aye)

It was moved by Comm. Brandel and seconded by Comm. Oppermann to approve the Utility Manager to proceed with the logo modifications up to \$1,500.00. On call of the roll, motion carried. (Oppermann – Aye, Horn - Aye, Adams - Aye, Ganser – Aye, Brandel – Aye, Bristol – Aye)

DISCUSSION AND POSSIBLE ACTION TO APPROVE LINEMAN COOP STUDENT

Utility Manager Adler was contacted by a student at the Jefferson High School to work as a COOP student with the linemen. The student was a meter reader with the utility for a few months. The student, Austin Rechlin, would like to pursue a career as a lineman. He would work from 7:00 a.m. to noon each day and then go back to school. His duties would be to sweep floors, help with tools etc. He would not be working on anything that was energized. Currently, we are paying our office COOP student \$12.00 per hour.

City Attorney Rogers asked if the utility needed the student’s parent’s written authorization for him to perform such work.

Office Manager Statz stated that the office COOP student did not need a parent’s authorization, as they are enrolled in the COOP program through the high school.

Comm. Horn asked if the utility needed the COOP student.

Utility Manager Adler stated the student would come in handy, as there is always someone gone.

It was moved by Comm. Brandel and seconded by Comm. Bristol to approve a Lineman COOP student for \$12.00 per hour with written parental permission. On call of the roll, motion carried. (Oppermann – Aye, Horn - Aye, Adams - Aye, Ganser – Aye, Brandel – Aye, Bristol – Aye)

DISCUSSION AND POSSIBLE ACTION TO APPROVE ORDINANCE CONCERNING MANAGEMENT OF CITY’S WATER AND ELECTRIC UTILITY

This item was not discussed.

DISCUSSION AND POSSIBLE ACTION TO APPROVE LINE EXTENSION POLICY FOR CONTRIBUTION IN AID ADVANCE OF CONSTRUCTION

City Attorney Rogers presented the ordinance he wrote to address advance payments for extensions. He was looking for the commission's input. He asked Forester Electrical Engineering President Bruce Beth to look over the proposed ordinance and provide his feedback.

Mr. Beth stated each utility has a tariff that is unique to them. He pointed out that the ordinance does not address how to collect the funds. He explained that everyone requires up-front payment now because so many utilities got caught with expenses when the economy was bad.

City Attorney Rogers asked Mr. Beth's opinion on section IV (C).

Mr. Beth stated it was unique and good. He recommended adding a sentence that a refund would not be given until a customer's load is verified.

Comm. Horn questioned what the customer's load had to do with it.

Mr. Beth explained that a customer receives a credit based on their amount of electricity that they will be drawing from the system. There is a credit already built in to the rates, and they are receiving an additional credit for the excess load being drawn. If they do not use as much electricity as promised, the utility would be giving back more money than it should.

Mr. Beth questioned where section IV (E) of the ordinance came from. He was concerned with the definition of "customers," if that meant the ratepayers as a whole or the customer that was causing the cost.

City Attorney Rogers stated he put the section in there to address the work in Riverside Alley.

Mr. Beth explained the PSC states that the utility cannot charge the customer if they are the causer of the work.

City Attorney Rogers questioned if he should remove section IV (E) from the ordinance.

Mr. Beth stated it would be a good idea, as it may not be consistent with PSC chapter 113. He added the ordinance should reference a replacement of overhead to underground. A replacement like that has a different credit calculation.

Utility Manager Adler requested City Attorney Rogers and Bruce Beth work on fine tuning the ordinance.

No action was taken.

DISCUSSION AND POSSIBLE ACTION TO APPROVE THREE YEAR CONTRACT WITH ASPLUNDH FOR TREE TRIMMING – NOT TO EXCEED \$50,000

Utility Manager Adler explained he received two bids for tree trimming. Asplundh was the low bidder. He explained that the utility typically spends about \$50,000 annually. It is important for the utility as it helps maintain the overhead lines to keep power outages down.

It was moved by Comm. Oppermann and seconded by Comm. Brandel to approve a three year tree trimming contract with Asplundh for an amount not to exceed \$50,000 per year. On call of the roll, motion carried. (Oppermann – Aye, Horn - Aye, Adams - Aye, Ganser – Aye, Brandel – Aye, Bristol – Aye)

It was moved by Comm. Brandel and seconded by Comm. Bristol to adjourn. Motion carried on a voice vote. The meeting adjourned at 7:20 p.m.