



TO: Waupun Utilities Commissioners  
FROM: Randy Posthuma, General Manager  
DATE: Feb. 10, 2014

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## **GENERAL INFORMATION**

### **Electric Crew Update:**

Cold weather conditions continue to challenge the electric crew as they struggle with our winter maintenance project of line clearance. During the extremely cold conditions, the crew took the opportunity to perform much needed maintenance on equipment, complete an inventory count for upcoming audit and conducted annual overhead distribution line inspections that are required by the public service commission.

Cold conditions had no effect on Waupun Utilities electrical system as we had no outages or problems to report.

### **Wisconsin Energy Providers Meeting:**

On January 15<sup>th</sup> I attended meetings with Municipal, Coop and Investor Owned utility managers to discuss challenges facing our utilities in the upcoming years. This meeting focused on distributed generation and the challenges this will present our Utilities, energy reliability, communication with our younger generation of residential customers and the need for a high level of cyber security in the Utility industry.

### **MEUW Joint Superintends Conference:**

Jared and I had the opportunity to attend MEUW's annual joint superintendent conference. The conference featured two very good speakers that focused on understanding and managing today's work force by comprehending the differences of the four generations in the workplace; and encouraging a culture of safety through front-line leadership.

## 2013 Focus On Energy Program Incentives:

This memo serves to summarize the incentives paid out by Focus On Energy to Waupun Utilities' customers in 2013. Waupun Utilities collects Commitment to Community (CTC) funds from all electric customers on a monthly basis. The total amount collected annually is approximately \$60,000. As legislated by the State, these collections are split 50/50 between the State-run energy efficiency and low income programs. The energy efficiency programs are administered by Focus On Energy (FOE).

The customers of Waupun Utilities took excellent advantage of FOE's program offerings, extracting over **\$108,400** in 2013. This is a return of **3.6** on the \$30,000 delivered to FOE through the CTC collections!

These programs deliver energy and cost savings back to the customers. These are cost savings back into the customers' wallets that they can reinvest the best way they see fit. In addition, the FOE programs provide stimulus to the local economy through the trade allies that deliver the programs. The largest energy savings impacts came through three programs – Business Incentives, Small Business Direct Install and Chains & Franchises.

While this does lower the utility's energy sales to customers, it helps to free up some capacity in the Waupun Utilities distribution system. This allows the ability to take on future load additions, hopefully, without large infrastructure investments. Across all of the WPPI Energy members, energy efficiency savings can help delay the next power plant investment.

| Program                                    | Annual Energy Savings (kWh) | Demand Savings (kW) | Electric Incentive   |
|--|-----------------------------|---------------------|----------------------|
| Business Incentives                        | 321,859                     | 54                  | \$ 21,411.53         |
| Small Business                             | 363,728                     | 69                  | \$ 50,570.80         |
| Upstream Lighting and Appliance            |                             |                     | \$ 2,856.49          |
| Appliance Recycling                        | 59,913                      | 9                   | \$ 2,750.00          |
| Residential Rewards                        | 5,642                       | 2                   | \$ 2,520.00          |
| Assisted Home Performance with Energy Star | 881                         | 1                   | \$ 4,220.00          |
| Chains and Franchises                      | 357,364                     | 26                  | \$ 15,799.74         |
| Large Energy User                          | 71,960                      | 12                  | \$ 4,356.00          |
| Enhanced Rewards                           | 500                         | 0                   | \$ 720.00            |
| Lighting and Appliance                     |                             |                     | \$ 2,475.00          |
| Multifamily Energy Savings                 | 6,486                       | 0                   | \$ 742.00            |
| <b>Grand Total</b>                         | <b>1,188,333</b>            | <b>173</b>          | <b>\$ 108,421.55</b> |

This concludes my report for February 2014. Please contact me at 324-1991 or [rposthuma@wppienergy.org](mailto:rposthuma@wppienergy.org) with any questions or concerns.



TO: Waupun Utilities Commissioners  
FROM: Jared Oosterhouse, Business/Finance Manager  
DATE: February 5, 2014  
SUBJECT: December 2013 Financial Report

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The December 2013 financial report follows.

### **CONSTRUCTION AND PLANT ADDITIONS SUMMARY – 2013**

The attached construction and plant additions summary shows activity for December and year-to-date 2013. Total construction activity for budgeted line items for the year was \$41,000 over budget, primarily due to the AMI project.

Total plant additions were approximately \$22,000 below budget. Please see the schedule for line item differences.

### **2013 FINANCIAL HIGHLIGHTS**

#### **Sales**

Total electric sales were 2.05% below budget on lower sales to all customer classes. The electric utility sold 706,679 less kWh compared to 2012; however 2013 sales revenue increased slightly to \$10,207,000 compared to \$10,169,000 in 2012 mainly due to a full year of revenues with the electric rate increase that was placed into effect mid-year 2012.

Total sewer sales were 12.55% below budget mainly due to the 2013 rate reduction and a reduction in high-strength waste surcharges to the correctional facilities. 2013 sales revenues decreased \$282,000 to \$1,754,000 from \$2,036,000 in 2012. The public authority customer class accounted for \$241,000 of the decrease.

Total water sales were 1.52% below budget on all customer classes except for the industrial customer class. The water utility sold 2,700 less units of 100 cubic feet compared to 2012. 2013 sales decreased \$49,000 to \$1,761,000 from \$1,810,000 in 2012. The industrial sales decreased \$25,000 or 15% due to water conservation equipment being installed in 2013.

## **Income Statement**

The electric utility's operating income increased to \$511,000 in 2013 compared to \$270,000 in 2012. Operating expenses decreased \$197,000 mostly due to less distribution expense, 2013 management restructuring, and the electric crew beginning to contribute towards retirement and health insurance. Net income was \$275,000 or \$86,000 below budget. Net income was lower than budget due to the retirement of all electric meters that were in service as of 1/1/2013 which took place as a result of the AMI project. The net book value written off for the retired electric meters was \$190,000.

The sewer utility's operating income was \$323,000 or \$77,000 below budget. Operating revenues were \$251,000 below budget mostly due to reduced high-strength waste surcharges to the correctional facilities. Operating expenses were \$174,000 below budget on lower than expected WWTP operation, maintenance, and administrative and general expenses. Net income was \$173,000 or \$126,000 below budget, on investment income that was \$52,000 below budget.

The water utility's operating income decreased to \$675,000 in 2013 compared to \$839,000 in 2012. Operating expenses increased \$144,000 primarily due to the reverse osmosis membrane replacement project which cost \$195,000. This was to some extent offset by reductions in pumping expense, transmission and distribution expense, and administrative and general expense. Net income was \$317,000, or \$194,000 above budget, on investment income that was \$25,000 below budget.

## **Balance Sheets – Years Ended December 31, 2013 and 2012**

The electric balance sheet decreased \$179,000 to \$12,445,000 from \$12,624,000 in 2012. Unrestricted cash increased \$225,000 on lower expenses and electric crew labor incurred for the water AMI project. Plant decreased \$314,000 on \$577,000 in additions and \$1,067,000 in retirements and depreciation. Accounts payable decreased \$494,000 due to no major capital projects in progress at the end of the year. 2012 accounts payables included payables for the AMI project. Retained earnings increased by \$264,000 from operating results and municipal capital contributions.

The sewer balance sheet decreased \$158,000 to \$20,219,000 from \$20,377,000 in 2012. Total unrestricted cash and investments increased \$524,000 from operating results, \$82,000 payment received from the electric utility, and less capital expenditures. Plant decreased \$542,000 on \$114,000 in additions and \$677,000 in depreciation. Retained earnings increased \$240,000 from operating results and municipal capital contributions.

The water balance sheet decreased \$93,000 to \$17,690,000 from \$17,783,000 in 2012. Total unrestricted and restricted cash decreased \$142,000, mainly from the AMI project. Accounts payable decreased \$297,000 due to no major capital projects in progress at the end of year. Plant increased \$255,000 on \$857,000 in additions and \$568,000 in depreciation. Retained earnings increased \$282,000 from operating results and municipal capital contributions.

## **Cash and Investments**

The monthly metrics dashboard for cash and investments provide a comparison of cash and investment balances, and graphs that present long-term investments by maturity, type, and rating.

Total cash and investments increased \$562,000 in 2013. The long-term investments held at Baird decreased \$41,000, or 0.97%. We received interest and distributions of \$162,000, incurred portfolio management fees of \$27,000, and recorded an unrealized negative market adjustment of \$176,000.

## **GENERAL INFORMATION**

### **Year-end Close and Audit Preparation**

The financial audit is scheduled for February 10-12, 2014. The financial statements are complete and the remaining regulatory reports will be completed in the coming weeks.

This concludes my report. Please do not hesitate to contact me at 324-7923 or [joosterhouse@wppienergy.org](mailto:joosterhouse@wppienergy.org) with any questions or comments.



TO: Waupun Utilities Commissioners  
FROM: Steve Schramm  
DATE: February 6, 2014  
SUBJECT: Monthly Operation Report

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### **Water Treatment Facility:**

The water treatment facility is performing well.

There was one call-in to report this month. On January 2<sup>nd</sup>, an operator was called out for a "RO2 Booster Pump Fail". The pump failure was due to low suction pressure caused by air entrainment. Once the air was released from the volute, the treatment facility was put back into operation.

The average daily pumpage is 960,000 gallons. This is approximately 120,000 gallon higher than normal pumpage for the month of January. This is a direct correlation to having all three levels of bleeders turned on.

### **Wastewater Treatment Facility:**

The wastewater treatment facility is performing well.

There one call-in to report this month. On January 8<sup>th</sup>, the digester heat exchanger failed to fire upon start up. After trouble shooting, a faulty contact relay was identified as the problem. The relay was replaced and the heat exchanger was returned to service.

Staff continues working on routine maintenance, and pump repairs; this is in preparation for spring snow melt and rains.

### **Distribution and Collection System Crew:**

There was one call-in to report this month. On Saturday February 1<sup>st</sup>, the crew responded to a service freeze up at 500 South Madison St. After several unsuccessful attempts with the jet deicer, excavation was required. Once the service was exposed, it was unthawed, and water service was restored.

There were two water main breaks this past month, bring the total to three for the season. The first one occurred on January 30<sup>th</sup>, at the intersection of Brandon and West Franklin Streets. It was an 8" radial break that was repaired. Approximately 402,000 gallons of unaccounted water was lost during this break. A total of 8 customers were without water, for approximately 2 hours. The second one occurred on February 3<sup>rd</sup>, in front of 618 Rock River Avenue. It was a 6" radial break that was repaired. Approximately 26,000 gallons of unaccounted water was lost during this break. A total of 4 customers were without water, for approximately 1 hour.

There were two additional service freeze ups. The first one occurred on January 30<sup>th</sup>, at 123 Taylor Street. The service required excavation, as the jet deicer was blocked by an obstruction. Once the service was exposed, the obstruction was identified as a kinked line. The kink appeared to be caused by a contractor during street reconstruction. The service was repaired and water restored to the home owner. The second frozen service occurred on January 31<sup>st</sup>, at 523 Bronson Street. The jet deicer was unable to pass through the curb stop, therefore excavation was needed. Repairs were made, and water service was restored.

Between weather related problems, the crew's focus remains to be preventative maintenance on the collection system. This entails flushing and televising sanitary sewers.

This concludes my report. Please do not hesitate to contact me with your questions or concerns at 324-7920 or [sschramm@wppienergy.org](mailto:sschramm@wppienergy.org).

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