Attendees:
Jeff Stone, PSC; Kathy Butzlaff, PSC; Denise Schmidt, PSC; Bruce Schmidt, PSC; Sam Shannon, PSC; Bridget Gysbers, PSC; Andrew Cardon, PSC; Stephen Kemna, PSC; Dave Prochaska, PSC; Lawrie Kobza, MEG-Water; Mike Sullivan, Oak Creek Water Utility; Jeffrey Novak, Milwaukee Water Works; Vicki Hellenbrand, Baker Tilly; Dave Lawrence, WRWA; Donna Scholl, Waukesha Water Utility; Ed St. Peter, Kenosha Water; Pat Planto, SEH Engineers; Frank Miller, Cudahy Water/WWA; Tom Heikkinen, Madison Water Utility, Robin Pieper, Madison Water Utility; John Steinbrink Jr., Pleasant Prairie (on the phone)

1. Division Administrator Topics – Extreme cold weather issues - Jeff Stone, PSC

The group discussed the effects of extreme cold winter temperatures on water utility operations throughout Wisconsin. Eau Claire had a terrible winter; 500 service mains were frozen. The frost depth in northern Wisconsin was recorded at eight feet. Services in the south are just starting to thaw and Richland Center has finally lifted its run water order. WRWA members report that the number of frozen mains was way beyond normal. Cudahy’s budget is stretched to the limit with both its overtime and contractor budgets gone.

Counties are gathering information from utilities and other agencies to support a federal Emergency Disaster Declaration. Expenses related to the disaster must total at least $8.1 million statewide to qualify for FEMA assistance. State Emergency Management is collecting everything for the filing.

Rural development may have money available.

Jeff Stone wants to meet this summer to discuss lessons learned from the past winter.

- Create a best practices manual;
- Develop sample “run water” notices;
- Discuss the development and maintenance of a customer email list for use in emergencies.
- Encourage the creation of an “official” local utility email account. Dave Prochaska noted that official notices and orders are already sent via email. Email could be checked daily by utilities.
- The PSC could use the PSC185 rule revision process to add extreme weather condition provisions (Dave Lawrence).

2. Rate Case Update – Timeliness, workload – Kathy Butzlaff, PSC

The PSC has issued 25 rate orders to date in 2014. Fourteen cases are currently being processed, a relatively low number based on past history. The average case is taking 150 days. The most recent six took an average of 90 days. In general, routine cases with
complete filings are taking 90 days to process and more complicated ones just over 150 days. The PSC has also completed and authorized 21 Simplified Rate Cases (SRC) and 17 Construction Authorizations, a higher than normal number.

Milwaukee. Milwaukee has filed for a rate increase (SRC plus conventional). The PSC will set an “aggressive schedule” and hopes to complete it by the end of the year.

Green Bay and Racine. These communities have just filed applications.

Dealing with the impact of large customers on small towns. The PSC has recently received filings from small town utilities (Brokaw and Lena) that are being heavily affected by a single customer. The filings have motivated the PSC to look at the larger issues involved when a small utility is primarily serving one large water customer including:

- How can construction projects be “right-sized” to minimize the risk to ratepayers and serve the needs of customers that by law utilities have the “obligation to serve”?
- How can integrated resource planning improve small utility Construction Authorization cases with one single large customer?
- When is regionalization of a utility possible and when is it not practical for small, isolated water systems to merge with others?
- What impact could conservation measures implemented by private industry have on small utility operations?

Brokaw. Brokaw recently filed for a 145% rate increase. The village’s largest customer was until recently a large paper mill that went out of business pushing the utility into a financial crisis. The PSC is looking at various options including whether or not the utility should continue as a stand-alone operation.

Lena. Lena has requested a Construction Authorization for $3.7 million project for radium removal treatment. The town has one very large customer, the Saputo Cheese factory, which uses 90 percent of Lena’s water pumpage. The PSC is evaluating the risk of this capital project to residential ratepayers in light of the fact that one business customer is utilizing nearly all of the pumpage. How would Lena be able to handle loan payments if the cheese factory closed as the Brokaw paper mill did?

Village and Town of Jackson. The Village plans to extend service to the town and deal with the contamination caused by a pipeline spill.

Van Woods Estates. This is a very small family-owned water utility in southeastern Wisconsin with 40 customers. The utility has maintained its operations and records poorly in recent years and the owners are thinking of getting out of the business and turning it into a co-op. Many people in the area are installing private wells. The DNR has received 17 well permit applications. The PSC, DNR, and DOJ recently met with Van Woods to discuss the situation. The PSC’s primary concern is to ensure that the people on the current system are taken care of.
3. **Administrative Rule Update** – *Bruce Schmidt, PSC*

*Retention of meters survey.* The PSC has finished collecting the results of the meter retention survey requested by the Commission and the data is being reviewed. Jeff Ripp had completed a draft report before he left and staff expects to finish it by end of April and submit it to the Commission.

*Rulemaking PSC185 (1-AC-233)* – The PSC is accepting comments, suggestions, and ideas related to the water utility services rules. The PSC’s goal is to modernize the chapter and make water industry rules consistent with the service rules in other regulated industries. A rough draft of the customer service piece has been completed.

The group discussed the importance of addressing cold weather emergencies in this rulemaking. The chapter could include rules specifically for weather emergencies and include procedures to deal with customers who do not comply with “run water” orders, etc.

4. **Annual Reports Update** - *Bridgot Gysbers, PSC*

All but 22 water utilities have filed their annual reports. The PSC has granted extensions to an additional 28. Staff is making reminder calls and will send out 30-day-late letters to utilities and their consultants on May 1 and 60-day-late letters to mayors, city councils, etc. on July 1.

Eighty annual reports filed in 2014 included multi-family classifications.

The improvements to the web filing system have been delayed due to staff retirement. The PSC expects that it will be two years before improvements to the annual report filing system via the web is completed.

5. **Water Loss 2014 – What to expect from PSC** - *Bruce Schmidt, PSC*

This year’s Annual Report (for 2013) will not be affected by this winter’s water loss, which occurred later.

A handout was provided with some of the reporting anomalies received:

- **Applewood Hill Water Utility:** Negative 19.1% water loss reported in 2013 (26.9% reported in 2012);
- **Barron Water Utility:** Negative 3.4% water loss reported in 2013 (negative 2.6% reported in 2012);
- **Beaver Brook S.D. No. 1:** 100% accountability reported 2010-2013

PSC staff is working with utilities with large reported non-revenue water issues first.

Due to the extreme winter weather conditions and the need for utilities to take action to deal with frozen laterals (such as run water orders), the PSC is not going to get overly concerned about high non-revenue water reports for the 2014 report.
6. **Infrastructure Surcharge Working Group Update - Vicki Hellenbrand, Baker Tilly**

The working group has prepared a proposal for the review of PSC staff and needs guidance on how to present the report to the Commission.

The report covers the following requests and suggestions:

1. Allow the rate of return adder to support infrastructure replacement;
2. Clarify Commission reporting requirements;
3. Clarify how utilities should show additional fees on bills – an adder or a surcharge;
4. Clarify how to qualify for a simplified rate case if there is an adder (right now wouldn’t qualify for SRC);
5. Create greater flexibility in the way accumulated funds can be spent;
6. Create a way to ensure money isn’t being spent on unrelated items;
7. Require first time infrastructure surcharge requestors to establish need in a full rate case; and
8. Allow the adder to be used to fund infrastructure by accumulating cash or helping to fund debt service.

7. **Other Utility Items - All**

The PSC has not yet replaced Jeff Ripp.

Jeff Stone is looking for a meeting with interested utilities/parties to discuss extreme winter weather operations based on recent experiences. Probable date could be in late June 2014.

**Next Meeting: July 14, 2014.**

Jeff will send out a meeting agenda prior to the meeting. Jeff requests that discussion topics should be sent to him for inclusion in the agenda.

- notes edited by Mary Cardona