MINUTES OF A MEETING OF THE WATER UTILITY COMMISSION OF THE
CITY OF CU DAHY, WISCONSIN HELD AT CITY HALL 5050 S. LAKE DRIVE ON
THURSDAY FEBRUARY 21, 2013

The meeting was called to order at 4:00 P.M. by Chairman Miller with the following members in attendance: Mr. Kramer, Mr. Kober, Mr. O'Connell and Mr. Hanson. Superintendent Miller and Director of Public Works Lange also present.

APPROVE MINUTES OF THE DECEMBER 13, 2012 MEETING

Moved by Mr. O'Connell, second by Mr. Hanson to approve the minutes of the December 13, 2012 meeting.

All voting in favor.

DISCUSSION ON CAPITAL PLANNING AND WATER RATES

Discussion continued from the last meeting regarding the current water rates and capital replacements. Most of the discussion centered on water main age and the cost to replace water mains in the system and the ability to fund the replacements through cash each year versus bonding to replace mains. There was also discussion on the age of the current water main system and what sort of replacement schedule should be budgeted for.

Vicki Hellenbrand from Baker Tilly attended the meeting via conference phone to discuss cash flow projections and answer questions about capital replacements and how to fund water main projects. Ms. Hellenbrand presented the commission with four different scenarios on capital funding levels and showed what size rate increase would be required for each one.

Ms. Hellenbrand explained two other items that have an effect on cash flow; depreciation and the PILOT or the Tax Equivalent payment. There were several questions from the Commission regarding the differences in government PSC accounting and the accounting rules in private industry. Following this discussion Ms. Hellenbrand left the meeting.

Discussion continued regarding capital replacements. Director Lange presented a draft 10 year capital plan showing the required capital if the water, sewer and storm utilities all coordinated main replacements during road reconstructions.

The Commission directed Superintendent Miller to gather more information for the next meeting including of maximum rate of return allowed by the Public Service Commission and a comparison of local water rates.

SUPERINTENDENT UPDATES

Superintendent Miller gave a quick overview of operations including main breaks to date and water usage trends.

ADJOURNMENT

There being no further business, it was moved by Mr. Kramer, second by Mr. Hanson to adjourn.

All voting in favor (5:26 PM)

Ken Kramer, Secretary

Attest: Bill Miller