



**CITY OF RIVER FALLS WISCONSIN
UTILITY ADVISORY BOARD AGENDA
CITY HALL – COUNCIL CHAMBERS
July 15, 2019**

The regular meeting of the River Falls Utility Advisory Boards was called to order by Utility Advisory Board Chair Adam Myszewski at 6:30 p.m.

Utility Advisory Board Present:

Adam Myszewski, Scott Morrissette, Kevin Swanson, Mark Spafford, Tim Thum, Kellen Wells-Mangold, and Patrick Richter (arrived at 7:04 p.m.)

Staff Present:

Utility Director Kevin Westhuis; Utility Administrative Assistant Lanae Nelson; Finance Director/Controller Sarah Karlsson; and Assistant to the City Administrator Brandt Johnson

Approval of Minutes:

Regular Meeting Minutes: 06-17-2019

MSC Morrissette/Swanson approve minutes. Unanimous.

PUBLIC COMMENTS:

Chair Myszewski opened the floor for comments.

Patricia LaRue, 489 Marcella Court spoke about the proposed increase in electrical charges.

CONSENT AGENDA:

Acknowledgment of the following minutes:

West Central Wisconsin Biosolids Facility Commission: 05-16-2019

POWERful Choices Committee Meeting: 06-20-2019

MSC Morrissette/Swanson approve minutes. Unanimous.

NEW BUSINESS:

Resolution No. 2019-08 – Electric Cost of Service Study

Utility Director Westhuis introduced WPPI Energy Rate Analyst II Mallory Kleven. Kleven presented the proposed electric rate application from the electric cost of service study which includes a potential rate increase. The last rate increase was in 2008 with a four percent increase; prior to 2008, 2001 was the last time a rate increase was implemented. The factors that are considered in this increase: are ensuring financial stability of the Electric Utility, recovery of fixed costs through fixed charges, rate class allocations (who pays what and why) and the impact on the customer's utility bills.

Kleven and Westhuis reviewed the steps in the:

- Rate application process
- Parts of the Electric Rate application
- Power Cost Adjustment Clause (PCAC)
- RFMU Proposed Electric Rate Adjustment
- Proposed Tariff & Rate Design Changes
- Class Comparison of Present Revenue to Cost of Service Results
- Proposed Rate Design by Rate Class

Kleven expressed that the average RFMU residential customer monthly bill increase would be 12.3 percent. She gave the example that a residential customer who uses 695 kWh's would see a \$9.98 increase. The average RFMU commercial customer's monthly bill increase would be 10.3 percent; a commercial customer that uses 1,939 kWh's would see a \$21.99 increase.

There was some discussion by the board. Morrissette, Kleven and Finance Director/Controller Karlsson had further discussion on the RFMU Proposed Electric Rate Adjustment, PILOT and other revenue and expenses. Spafford asked if the hydroelectric and the solar panels were built into the cost of this proposal. Westhuis, Kleven, and Karlsson said that the FERC Studies were included in the specific year that they are implemented. Morrissette would like to proceed with the approval of the recommendation to go to City Council to endorse and approve the electric rate application to the Public Service Commission (PSC).

MS Morrissette/Thum moved to approve the resolution. As there was no further discussion, Myszewski asked for a vote. The resolution passed unanimously.

Resolution No. 2019-09 – Federal Energy Regulatory Commission (FERC) Studies and Funding Sources
Westhuis presented the overview of the Federal Energy Regulatory Commission (FERC) Studies and Funding Sources. He expressed the need to adopt a resolution recommending the City Council authorize the City Administrator to proceed with the funding FERC mandated studies as a part of the hydroelectric relicensing project and the authority to proceed with TRC consulting through the remainder of the relicensing process should the City decide to continue with this firm.

Westhuis said that City recently completed the first year of the five-year relicensing process with the stakeholder study request to FERC, that the City will need to complete in the next two years. There are nine proposed studies that were requested to FERC. FERC added an additional mussel study. The estimated total cost of the FERC mandated studies is \$420,000, and the proposed timeline is to have the studies done by early 2021. The estimated total cost of the FERC mandated studies and the licensed consulting from TRC from today to the license issuance is \$662,500.

The proposed studies in the revised study plan are:

- Hydrologic & Hydraulic Evaluation
- Water Quality Study
- Lake George Shoreline Habitat Assessment
- Aquatic Invasive Species Survey
- Wetland, Riparian, and Terrestrial Resources Survey
- Riverine Habitat Evaluation below Powell Falls
- Recreation Facility Inventory and Recreation Use Assessment
- Cultural Resources: Archaeological Resources Survey and Historic Architectural Resources Survey
- Decommission Plan
- Mussel Study

There was some discussion from the board regarding the cost of the studies and the impact to the stakeholders and the ratepayers. Myszewski asked if the stakeholders did not request a study, would FERC require us do a study? Westhuis said yes; FERC does have a minimum number of studies that are needed for dam removal and that is why it is important to have stakeholder meetings. Spafford explained the importance of the studies and the overview of steps of that process. Morrissette, Swanson and Wells-Mangold expressed that the stakeholders need to help with the cost of the studies that they requested, and that ratepayers should not have to pay the cost. Richter would like to have Public Private Partnerships (PPP) to help with the cost. Westhuis shared there is a financial cost sharing program that the City can utilize that will help with the cost by having a partnership with the U.S. Army Corps of Engineers (USACE). The program is called Planning Assistance to State (PAS), and we are working on an official agreement with USACE that could result in up to a 50/50 cost share on the studies. The partnership

would allow us to potentially realize a savings of \$115,000 to \$200,000 from the \$662,500 estimated cost of the studies and consulting work.

Westhuis reviewed the cost to relicense and decommission Powell Falls. The FERC issued license will be approximately \$462,500 - \$547,500, which is in addition to the \$158,000 in costs that have been spent in the first 18 months of relicensing work. That amount does include a possible cost reduction from the USACE of \$115,000 to \$200,000 if the City receives support from them.

Westhuis reviewed the hydroelectric dams net revenue projections. The operations of the dams may pay for the license and decommission plan. The estimated cost total of relicensing is around \$705,000 and the potential revenues of the hydroelectric dams are \$681,000, considering operations of both hydros through 2025.

MS Morrissette/Swanson moved to approve the resolution. Myszewski asked for any further discussion.

Motion by Spafford for a friendly amendment to the resolution, requesting the UAB be updated on a monthly basis of all the money spent on the FERC studies. Westhuis asked Karlsson if the request was possible. Karlsson said yes.

Morrissette noted there should be a second prior to further discussion. **Myszewski asked if there was a second for this discussion. Richter seconded the amendment. Myszewski asked if there was further discussion on the amendment. Morrissette and Swanson accepted the amendment. As there was no further discussion, Myszewski asked for a vote on the amendment proposed by Spafford. Amendment passed unanimously.**

Myszewski asked for a vote on the resolution as amended. It passed 6-1 with Swanson, Richter, Morrissette, Thum, Spafford and Myszewski in favor and Well-Mangold voting against.

REPORTS:

Finance Report

Finance Director/Controller Sarah Karlsson gave a brief overview of the finance report; which was included in the packet.

Utility Dashboards

The 2019 June utility dashboards of Electric, Water, Wastewater Treatment Plan and POWERful Choices! were included in the UAB packet for review.

Monthly Utility Report

The 2019 June monthly utility reports were in the UAB packet for review.

ANNOUNCEMENTS:

Westhuis gave a reminder that there is a private residential road closure in the Sterling Ponds area this week that has been posted on the RFMU social media.

Morrissette invited the public to the Cookout Conversation on Thursday, July 18, on the Kinni Trail near the Winter Street Bridge. The event is from 6 – 7:30 p.m. for free food, conversation and a fun event for the community.

ADJOURNMENT:

MSC Thum/Richter move to adjourn. Unanimous.

Myszewski announced meeting adjourned at 7:47 p.m.

Reported by: Utility Administrative Assistant Lanae Nelson


Lanae Nelson, Utility Administrative Assistant