



CITY OF MERRILL

Water & Sewage Utility

2401 River Street • Merrill, Wisconsin • 54452
Phone: 715.536.6561 • Fax: 715.539.2668

Smart Move

NOTICE

RE: Water and Sewage Committee Meeting to be held **Wednesday, July 24, 2013** at **5:00** p.m. in the basement conference room of City Hall.

Voting members: Alderperson John Burgener, Alderperson Kandy Peterson, and Alderperson Rob Norton

The following items will be on the agenda:

1. Review & approval of vouchers.
2. Consider water rate increase request study and PSC paperwork from utility rate consultant John Mayer.
3. Discussion & recommendation on potential water bill adjustment for Jim Janikowski @ 200 Lake St.
4. Discussion & recommendation on potential water bill adjustment for Steven Blake for property owned at 1005 S Center Ave.
5. Discussion & recommendation on generator equipment at the Wastewater Treatment Plant.
6. Operations Report.
7. Public Comment.
8. Next meeting.
9. Adjournment.

Reviewed by,

John Burgener
Committee Chairperson

The Merrill City Hall is accessible to the physically disadvantaged. If special accommodations are needed, please contact the Merrill City Hall at 536-6561.

PACKET: 05044 wu 7/12/13

VENDOR SET: 01

BANK : 4 UTILITY A/P

VL. NR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
003108	AIRGAS USA, LLC I-9910487870	AIRGAS USA, LLC	R	7/12/2013		20.29CR	137845	20.29
002555	AMERICAN WELDING & GAS INC. I-02279847	AMERICAN WELDING & GAS INC.	R	7/12/2013		8.50CR	137846	8.50
003126	B & M TECHNICAL SERVICES INC I-2404	B & M TECHNICAL SERVICES INC	R	7/12/2013		619.20CR	137847	619.20
001521	BAY TOWEL I-063013	BAY TOWEL	R	7/12/2013		576.11CR	137848	576.11
002411	BECHER-HOPPE ASSOC INC I-063013	BECHER-HOPPE ASSOC INC	R	7/12/2013		19,035.00CR	137849	19,035.00
002809	CARQUEST OF MERRILL I-10846-128571	CARQUEST OF MERRILL	R	7/12/2013		23.18CR	137850	23.18
000381	CITY OF MERRILL I-SEWAGE RPL ACCOUNT	CITY OF MERRILL	R	7/12/2013		15,000.00CR	137851	15,000.00
000206	DIGGERS HOTLINE I-1356501 PP2	DIGGERS HOTLINE	R	7/12/2013		947.20CR	137852	947.20
002871	KATE DREWEK I-REIMBURSEMENT	KATE DREWEK	R	7/12/2013		36.33CR	137853	36.33
003364	ENVIRONMENTAL EXPRESS I-1000312987	ENVIRONMENTAL EXPRESS	R	7/12/2013		92.62CR	137854	92.62
000232	FABCO EQUIPMENT, INC. I-C 207846	FABCO EQUIPMENT, INC.	R	7/12/2013		1,254.59CR	137855	1,254.59
000212	FASTENAL COMPANY I-063013	FASTENAL COMPANY	R	7/12/2013		609.34CR	137856	609.34
000632	FERGUSON ENTERPRISES #331 I-063013	FERGUSON ENTERPRISES #331	R	7/12/2013		3,399.87CR	137857	3,399.87
002661	FRONTIER I-063013	FRONTIER	R	7/12/2013		126.96CR	137858	126.96

PACKET: 05044 wu 7/12/13

VENDOR SET: 01

BANK : 4 UTILITY A/P

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
000215	GENERAL CHEMICAL PERFORMANCE PRODUCTS LLC I-90574236	GENERAL CHEMICAL PERFORMANCE P	R	7/12/2013		5,195.93CR	137859	5,195.93
003164	HEARTLAND COOPERATIVE SERVICES I-063013	HEARTLAND COOPERATIVE SERVICES	R	7/12/2013		107.67CR	137860	107.67
000224	HYDRITE CHEMICAL CO I-01603184	HYDRITE CHEMICAL CO	R	7/12/2013		1,146.40CR	137861	1,146.40
000228	J & H BERGE, INC I-535561	J & H BERGE, INC	R	7/12/2013		103.76CR	137862	103.76
000313	LINCOLN CO TREASURER'S OFFICE I-8711	LINCOLN CO TREASURER'S OFFICE	R	7/12/2013		349.73CR	137863	349.73
000041	MERRILL ACE HARDWARE I-063013	MERRILL ACE HARDWARE	R	7/12/2013		459.00CR	137864	459.00
000328	MERRILL WATER UTILITY I-W MAIN ST LS	MERRILL WATER UTILITY	R	7/12/2013		28.67CR	137865	28.67
003093	MMG OCCUPATIONAL MEDICINE I-87189	MMG OCCUPATIONAL MEDICINE	R	7/12/2013		26.00CR	137866	26.00
000540	NAPA AUTO PARTS I-063013	NAPA AUTO PARTS	R	7/12/2013		50.66CR	137867	50.66
000336	NIENOW ELECTRIC, INC I-063013	NIENOW ELECTRIC, INC	R	7/12/2013		180.00CR	137868	180.00
000337	NORTH CENTRAL LABORATORIES I-063013	NORTH CENTRAL LABORATORIES	R	7/12/2013		664.51CR	137869	664.51
001891	NORTHERN LAKE SERVICE INC I-234721	NORTHERN LAKE SERVICE INC	R	7/12/2013		1,065.60CR	137870	1,065.60
000351	OFFICE OF STATE TREASURER I-REV. BOND. REDEMP	OFFICE OF STATE TREASURER	R	7/12/2013		10,000.00CR	137871	10,000.00
001392	PACE ANALYTICAL SERVICES INC I-063013	PACE ANALYTICAL SERVICES INC	R	7/12/2013		909.00CR	137872	909.00

PACKET: 05044 wu 7/12/13

VENDOR SET: 01

BANK : 4 UTILITY A/P

VL	OR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
000362		PETERSON BROS. SAND							
		I-6367	PETERSON BROS. SAND	R	7/12/2013		486.00CR	137873	486.00
000566		PITNEY BOWES							
		I-2344283-JN13	PITNEY BOWES	R	7/12/2013		232.53CR	137874	232.53
000586		QUILL CORPORATION							
		I-063013	QUILL CORPORATION	R	7/12/2013		175.30CR	137875	175.30
000377		REINDL PRINTING INC							
		I-126937	REINDL PRINTING INC	R	7/12/2013		2,015.00CR	137876	2,015.00
001811		SGS ENVIRONMENTAL CONTRACTING LLC							
		I-24014	SGS ENVIRONMENTAL CONTRACTING	R	7/12/2013		4,875.00CR	137877	4,875.00
000575		SIEMENS INDUSTRY INC							
		I-063013	SIEMENS INDUSTRY INC	R	7/12/2013		2,070.00CR	137878	2,070.00
000580		STAINLESS SPECIALISTS							
		I-23963	STAINLESS SPECIALISTS	R	7/12/2013		1,600.00CR	137879	1,600.00
002533		STRAND & ASSOCIATES INC							
		I-0098372	STRAND & ASSOCIATES INC	R	7/12/2013		108.54CR	137880	108.54
000266		TRANTOW DO IT CENTER							
		I-063013	TRANTOW DO IT CENTER	R	7/12/2013		246.00CR	137881	246.00
000578		USA BLUE BOOK							
		I-063013	USA BLUE BOOK	R	7/12/2013		635.33CR	137882	635.33
000284		VIP ALL-VALUE							
		I-086209	VIP ALL-VALUE	R	7/12/2013		23.99CR	137883	23.99
000299		WAL-MART COMMUNITY/GEMB							
		I-063013	WAL-MART COMMUNITY/GEMB	R	7/12/2013		109.88CR	137884	109.88
000656		WISCONSIN PUBLIC SERVICE							
		I-WWTP, LS, WELLS, T	WISCONSIN PUBLIC SERVICE	R	7/12/2013		9,339.28CR	137885	9,339.28

* * T O T A L S * *	NO#	DISCOUNTS	CHECK AMT	TOTAL APPLIED
REGULAR CHECKS:	41	0.00	83,952.97	83,952.97
HANDWRITTEN CHECKS:	0	0.00	0.00	0.00
PRE-WRITE CHECKS:	0	0.00	0.00	0.00
DRAFTS:	0	0.00	0.00	0.00
VOID CHECKS:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
CORRECTIONS:	0	0.00	0.00	0.00
REGISTER TOTALS:	41	0.00	83,952.97	83,952.97

TOTAL ERRORS: 0

TOTAL WARNINGS: 0

PACKET: 05044 wu 7/12/13

VENDOR SET: 01

BANK : 4 UTILITY A/P

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
--------	-------------	------	---------------	---------------	----------	--------	--------------	-----------------

** POSTING PERIOD RECAP **

FUND	PERIOD	AMOUNT
62	7/2013	27,306.60CR
63	7/2013	56,646.37CR
=====		
ALL		83,952.97CR

REQUEST TO INCLUDE ITEM ON AGENDA

Board or Committee: Water & Sewage Committee

Date of Meeting: July 24th, 2013

Request by: Kathy Unertl, Finance Director

Describe below the item(s) you wish to have put on the agenda:
(please attach any pertinent information)

Consider water rate increase request study and PSC paperwork from utility rate consultant John Mayer

As was highlighted in the 2012 Water Fund audit presentation by Schenck representatives on May 14th, 2013, the water rate of return was below 3.0%.

Fiscal bottom-line: Need to pay for the debt service (Safe Drinking Water Loan Program) which funded the major water treatment improvements.

Date: July 8th, 2013

JOHN A. MAYER
UTILITY RATE CONSULTANT
8585 N. REGENT ROAD
MILWAUKEE, WISCONSIN 53217-2360

Voice / Fax: (414) 352-9026
E-Mail: JohnMayer@wi.rr.com

VIA E-MAIL

Wednesday, July 03, 2013

Mr. David Johnson, City Administrator
CITY OF MERRILL
E-mail: David.Johnson@ci.merrill.wi.us
1004 East First Street
Merrill, WI 54452

Proposal to: Prepare a Water Rate Increase Request for submission to the **Public Service Commission of Wisconsin** (PSCW)

Dear Mr. Johnson:

I have prepared this proposal to make the necessary studies and prepare the required documents to request a water rate increase request for the Merrill Water Utility before the Public Service Commission of Wisconsin (PSCW). The last rate full rate increase for the water utility was approved by the PSCW with a mailing date of December 30, 2010 which increased water rates 13.4%. Subsequent to that there was one SRC (Simplified Rate Case) increase effective on 08/01/2012 for 3.2%. The SCR increase last year and this proposed increase are needed to pay for the manganese removal construction project which is understood to be materially completed.

QUALIFICATIONS

I am familiar with the practices and procedures of the PSCW with respect to water cost-of-service and rate design studies. I have prepared water rate studies for numerous Wisconsin municipalities similar to Merrill on over 300 occasions during the past 34 years, and in 1987, 1995, 2003, and 2010 I did similar studies for the Merrill Water Utility.

SCOPE-OF-SERVICES

A. Verification of Billable Units of Service

This is the single most important step in the development of rates since the recommended user charges **must** generate the revenues needed to run the utility. **For me to complete this task, the following data needs to be readily available from the Utility's records:**

1. Schedule showing the number of customers billed by meter size, by customer class (Residential, Commercial, Industrial, Public Authority, & Resale), for each month during the most recent 12-month period, for both City and non-City customers.
2. Schedule showing the volume of water sold to each customer class, in each of the rate steps (rate blocks), for each month during the most recent 12-month period.

3. Schedule showing the number of customers billed *Public Fire Protection* by meter size, by customer class, for each month during the most recent 12-month period.
4. Schedule showing the number of *Private Fire Connections* by pipe diameter.
5. Schedule showing general water service (GWS) revenue by customer class, by month, and direct charge public fire protection (PFP) revenue by customer class, by month.

It is my intention to work closely with Utility personnel in order to make the task of gathering the above customer billing information as easy as possible.

Upon gathering the above information, I will verify the **billable units of service** by applying the present tariff to those billable units and comparing the calculated revenue to book revenue. Working with the Utility I will attempt narrow any discrepancy to within 0.5% for each customer class.

B. Gather Water System Plant Investment Statistics

1. The Utility needs to provide a listing of the dollar amount of new construction, and the dollar amount of retirements, by plant account, that will be completed and recorded as "plant-in-service" for calendar 2013 and a similar estimation for 2014. Additions and retirements need to be separated into "utility-financed" and "contributed" components. Effectively I need to forecast pages W-8 and W-9 for the 2013 and 2014 PSC Annual Report.
2. Update plant investment, by uniform system of accounts, for completed or anticipated plant additions through the end of the "test year".
3. Project annual "depreciation expense" based on this updated plant investment.

C. Review Financial Information

1. Examine the PSCW Annual Reports 2008-2012.
2. Estimate O&M expense for 2013 and 2014.
3. Review outstanding debt issues and incorporate any anticipated new borrowing or refinancing.
4. Determine revenue requirement using the "utility basis" as well as the "cash basis", and establish a level of revenue to provide for adequate debt service coverage.

D. PSCW Electronic Filing, Reports, & Meetings

1. Gather, assemble, enter, and complete the PSCW's **electronic application form** which includes all the information required to request a water rate increase before the PSCW. The printout of this electronic form will be included as a separate section in the bound report following the **Executive Summary**.
2. Prepare an **Executive Summary** report document that will discuss the rate recommendation and the reasons that the increase is needed at this time. This section will also contain schedules showing the change between the present and estimated proposed rates, the dollar effect on customers at various levels of water usage under those rates, and bill comparisons with nearby and/or similar size communities.

3. Provide the Utility: 1) ten (10) copies of the **Executive Summary**, 2) two (2) bound copies of the "full report" which contains the Executive Summary, the **Rate Increase Application** that will be filed electronically with the PSCW, and numerous financial schedules supporting the rate study, 3) one unbound *master copy* so that the Utility can easily reproduce additional copies as desired, and 4) electronic PDF copies of both the Executive Summary and full bound report. (I can provide as many hard copies as needed, but the expense estimate is based on the above.)
4. Attend one meeting to explain the results of the study and the effect of the proposed rates on customers of the water utility. (I would be happy to attend as many meetings as desired but the price proposal was prepared based on the need for one meeting.)
5. Upon authorization, electronically file the **Rate Increase Application** with the PSCW and will be available to answer any questions that the staff might have.

E. PSCW Conferences, Additional Requests, & Telephonic Hearing

1. Respond to any PSCW requests they might have regarding the clarification of the data submitted, and work with the utility to provide any additional information the PSCW feels necessary. (4 hrs)
2. Testify during the "telephonic hearing" on behalf of the Water Utility. (1 hr)

PROFESSIONAL FEE ESTIMATE

The professional hours for the 1987, 1995, 2003 and 2010 water studies were 77.0, 86.0, 73.0, and 75.5 hours respectively.

The fee estimate for professional services for the items A through E (item E at 5 hrs) is as follows:

PSCW Water Rate Increase Request	70.0 hrs @ \$110/hr =	\$7,700
Out-of-Pocket Expenses		<u>500</u>
Total Cost for Water Rate Study		\$8,200

Item "E" includes tasks over which I have no control and consequently it is impossible to predict the time required. While I do not anticipate any difficulties from the PSCW Staff, that potential always exists. Typically item "E1" consist of a couple telephone calls with the Staff to clarify items included in the filing. Item "E2" is the "telephonic hearing", which is now the standard method for water rate hearings by the PSCW, and typically takes about a half-hour. The proposal includes 4 hours for item "E1" and 1 hour for item "E2".

The professional fee estimate above is the same as was charges for the 2010 rate study. The above fee estimate is a **not to exceed** amount **unless additional authorization is requested**. It is always possible that the time to complete the project takes longer than the estimate due to unforeseen circumstances or difficulties. An unusual request from the PSCW Staff that takes a significant amount of time is one example. If any additional time over 70 hours is required to complete items A through E ("in-scope" items) due to unforeseen requests or problems, I may submit a request for additional compensation. If I do, any request for additional compensation will be at \$55.00/hour which is one-half of the above hourly rate. This effectively shares the burden of any difficulties. Any requests for tasks not delineated in A through E would be considered "out-of-scope" items and would be billed at our listed hourly rate.

Out-of-pocket expenses for travel, telephone, photocopying and other expenses directly related to the specific assignment will be billed on a dollar-for-dollar basis and are in addition to the professional fee.

The "telephonic hearing" typically consists of a 20-minute conference call between the Utility, the PSCW, and the Consultant. The utility must be able to meet certain requirements, however, such as: 1) a wheelchair accessible room able to accommodate at least a dozen people and equipped with a speaker telephone, 2) the availability of a fax machine and copier during the hearing but not necessarily in the same room. Copies of the utility's and PSCW exhibits must be made available for any persons attending the hearing and desiring a copy. The Merrill City Hall Council Chambers is where, I believe, that last telephonic hearing was held.

AVAILABILITY / ESTIMATED PROJECT COMPLETION

It is my understanding that the utility would like the rate study completed and filed with the PSCW as soon as possible. After the rate application is filed with the PSCW, it needs to be review by staff prior to scheduling a telephonic hearing. Their review, according to the PSCW's web site, typically takes 120-150 days.

It is my intent to begin the rate studies as soon as I am notified to proceed, and file the water rate increase request with the PSCW as soon as authorized by the City. Typically I provide a listing of the data needed immediately after receiving authorization so that the utility can begin to assemble the information I need to begin the studies.

Should further information be desired, I would be more than happy to respond to your request.

Sincerely,

/s/ John A. Mayer

John A. Mayer
Utility Rate Consultant

JAM/cb3

PROPOSAL ACCEPTED BY: _____
TITLE: _____
DATE: _____

Water Utility Leak Adjustment Policy

At the discretion of the City Engineer, a one-time per property, per owner, adjustment for verified leaking toilets and broken pipes may be made when the overage is 50% over the average usage. **Verification shall be by Utility Personnel or by a Licensed Plumber.** The adjustment shall be calculated as follows:

Water: $(\text{usage} - \text{average usage}) \times \text{lowest water rate}$

Sewer: $(\text{usage} - \text{average usage}) \times \text{sewer cost}/2$

July 16, 2013

Mr. David Johnson, Administrator
City of Merrill
1004 East First Street
Merrill, WI 54452

Subject: Wastewater Treatment Plant Engine Generator Equipment

Dear Mr. Johnson:

Recently enacted EPA emission regulations for emergency engine generators state that if the emergency generator is also used for "peak shaving" purposes (similar to a contract with WPSC where WPSC is able to operate your generator when under high electrical network demand loads), the generator is not considered an emergency generator and must meet Tier 4 air emissions for reciprocating engines. The rule applies to engines fueled by diesel fuel. This requires expensive exhaust gas treatment and extensive performance testing. Natural gas fueled engine generators do not need to meet tier 4 air emissions.

We requested proposals for engine generators using natural gas and diesel fuel when operating as emergency engine generators. Additionally we requested equipment proposals to meet peak shaving applications. Only one proposal was received from Cummins N Power, LLC for the engine generator equipment equipped as an emergency engine generator. Attached is the proposal summary. We had contacted two other potential bidders. Total Power of Green Bay is in the process of replacing their project estimator and was not able to prepare a proposal. FABCO Equipment of Green Bay did not have sufficient time to prepare a proposal. FABCO Equipment indicated that they had the capability of offering equipment meeting non-peak shaving (strictly emergency use) and peak shaving (electric utility use during peak electrical demand hours). If you operate the generator in a non-peak shaving method, all of the typical generator manufacturers can offer units.

The existing "peak shaving" contract at the wastewater treatment plant for the 170 KW engine generator offers a payment of \$133.20 per month. This amounts to \$1598.40 per year. The total present worth of this payment (for 20 years at 4% interest) is \$21,700. We believe this payment would not offset the costs of equipment designed for peak shaving applications or offset the cost of the natural gas fueled engine generator.

COPY

We recommend award of the proposal for an emergency use diesel fuel engine generator to Cummins N Power LLC in the amount of \$106,000.00. This would require the City to cancel the contract with WPSC for WPSC peak shaving operation of the engine generator. The City will also need to apply to the DNR for a Type A air permit. If you concur, we will prepare the award documents.

Sincerely,

A handwritten signature in black ink, appearing to read "Kenneth J. Ligman". The signature is fluid and cursive, with a large initial "K" and "L".

Kenneth J. Ligman
Senior Project Manager

KJL/pmw
Enclosure
Cc Kim Kriewald, Utilities Superintendent

PROPOSAL SUMMARY
 Procurement of Equipment for Merrill WWTP
 Engine Generator Equipment
 Proposals Due June 27, 2013

Proposal Submitter	Base Bid-Natural Gas		Mandatory Alternate - Diesel Fuel	
	Non-Peak Shaving	Peak Shaving	Non-Peak Shaving	Peak Shaving
Cummins N Power DePere, WI	\$153,400		\$106,900	

July 17, 2013

TO: Water & Sewage Committee

FROM: Kim Kriewald, Utility Superintendent

RE: Operations Report

Water & Sewer Operations & Water Recycling Operations aka Wastewater Operations

East Main Street Project from Cleveland Street – dead end – water & sewer portion complete. Concrete work on that project will be done in August followed by blacktop.

System cleaning of sanitary sewers is continuing.

Root cutting/treating some problem areas.

Waiting for information about the generator bids for the Wastewater Treatment Plant/ air permitting, etc.

General maintenance at wells and treatment plants is ongoing.

Continuing routine meter changes.

Checking of mainline gates continues.

Respectfully submitted,

Kim Kriewald
Utilities Superintendent

ah

A handwritten signature in black ink, appearing to be 'Kim Kriewald', written over the typed name and title.