

Water and Light Advisory Board  
February 19, 2014

A meeting of the Water and Light Advisory Board was held Wednesday, February 19, 2014 at 8:00 a.m. in Water and Light Conference Room 4A, 701 E. Broadway. The meeting was attended by:

John Conway, Chair  
Tom O'Connor, Member  
Hank Ottinger, Member  
Dick Parker, Vice Chair  
Jack Clark, Member  
Tad Johnsen, Water and Light Director  
Jim Windsor, Utility Financial Manager  
Ruby Ray, Rate Analyst  
Christian Johanningmeier, Power Production Superintendent  
Luke Dolan, Rate Analyst  
Tracy Frevert, Senior Administrative Support Assistant

**PHILOSOPHY/METHODOLOGY FOR WATER AND ELECTRIC RATE STRUCTURE(S)**

Tad Johnsen and John Conway facilitated an electric rates discussion with keeping conservation in mind. Mr. Johnsen summarized three cost categories: base charge, energy charge and demand charge. Mr. Conway noted that the Comprehensive Annual Financial Report (CAFR) is on the City's website and contains financial information for the past 10 years. Mr. Conway suggested that each Board member express his comments and/or concerns.

Dick Parker:

- keep costs down for low income customers
- H.E.L.P. and C.A.S.H. programs combine with voluntary opt out
- establish low usage rate below the current 750 kWh
- evaluate who pays for the base cost
- determine where to make rates and how to set them with regards to energy conservation

Tom O'Connor:

- minimize costs for low income customers – subsidy tied to efficiency is a consideration
- examine distribution of usages throughout Water and Light
- examine the imbalances between the different rates
- do not take rates to the 1/1000 of a penny
- effect of electric vehicles on the system

Hank Ottinger:

- analyze the equity of rates
- determine an effective way to send price signals

Jack Clark:

- encourage energy conservation
- reduce costs on which rates are based – would like discussion at next Board meeting on costs and payments for extending electric transmission lines

John Conway:

- assess excess capacity – how much, where and when to use it and charge for it
- determine whether or not to budget revenues to pay for capital projects
- ascertain where the rate requirements are – charter, bond ordinance, purchase power agreements
- keep the cash reserve policy in balance each fiscal year
- determine how often a cost of service study should be done, and whether it should include a competitive aspect of similar size utilities
- review debt services coverage annually
- effect of increased usage coupled with additional new customers on rates – will the increased revenues offset the O & M budget annual increases
- review extension policies
- consider fire flow and domestic flow – how costs are recovered
- perform system modeling

Tom O'Connor requested that Board get a copy of the service manual. Jack Clark suggested discussing connection fees at a future meeting. John Conway would like the Board to hold an in depth discussion before the next proposed water or electric rate increase.

### **FUTURE BOARD MEETING SCHEDULE**

Tad Johnsen distributed a proposed meeting schedule, moving the next regularly scheduled meeting to March 20 due to some schedule conflicts.

### **VISITOR COMMENTS**

No visitor comments.

The meeting adjourned at 9:55 a.m.

Respectfully submitted,