

STOUGHTON UTILITIES COMMITTEE REGULAR MEETING MINUTES

Thursday, October 17, 2024 – 5:15 p.m.

Stoughton, WI

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Location: Edmund T. Malinowski Board Room, Stoughton Utilities Administration Office
600 South Fourth Street, Stoughton, Wisconsin
Optional Virtual Participation: GoToMeeting ID 270-173--021

Members Present: Citizen Member Carl Chenoweth, Alderperson Greg Jensen, Alderperson Regina Hirsch, Alderperson Daniel Payton, Mayor Tim Swadley, Citizen Member Dustin Thoren (Vice-Chair)

Excused: None

Absent: Citizen Member David Erdman (Chair)

Others Present: Stoughton Utilities Assistant Director Brian Hoops, Stoughton Utilities Finance Manager Shannon Statz, Stoughton Utilities Director Jill Weiss

Call to Order: Vice Chairperson Thoren called the regular Stoughton Utilities Committee Meeting to order at 5:15 p.m. Jenson, Payton, Swadley, and Thoren were present in person. Chenoweth and Hirsch attended virtually.

Verification of Quorum: The vice-chair verified that a quorum of the committee membership was present.

Certification of Compliance with Open Meetings Law: Hoops certified that the meeting had been properly noticed in compliance with open meetings law.

Public Comments: There were no public comments.

Utilities Committee Consent Agenda: Stoughton Utilities staff presented and discussed the Stoughton Utilities Committee consent agenda items.

Highlighted was Stoughton's participation in Wisconsin's mutual aid response to Florida to assist with restoration efforts following Hurricane Milton. Three Stoughton Utilities lineworkers – Andy Ruder, Chad Mason, and Mike Nawrocki – left last Wednesday, October 9, and are expected to return tomorrow, October 18.

Swadley informed the committee that Sustain Dane will be having an event next Wednesday, October 23 at Mershon's Cidery at 6:00 p.m. He will be giving a presentation to attendees, and Stoughton Utilities staff assisted with the presentation materials. Slipstream is also earlier in the day next Wednesday to discuss energy conservation opportunities. Discussion followed.

Motion by Jenson, the motion seconded by Payton, to approve the following consent agenda items as presented:

- a. Minutes of the September 30, 2024 Regular Utilities Committee Meeting
- b. Stoughton Utilities Payments Due List Report
- c. Stoughton Utilities Financial Summary
- d. Stoughton Utilities Statistical Report
- e. Stoughton Utilities Activities Report
- f. Communications

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The motion carried unanimously 6 to 0.

Status of the Utilities Committee recommendation(s) to the Stoughton Common Council: Stoughton Utilities staff informed the committee that there were no items recently approved and/or placed on file by the Stoughton Common Council. Items from the September 30, 2024 meeting of the Utilities Committee will be presented to the Stoughton Common Council at its October 22, 2024 meeting. Discussion followed.

Stoughton Utilities Proposed 2025 Budget: Stoughton Utilities staff presented and discussed current financial projections that were used to create the proposed 2025 electric, water, and wastewater budgets. Information about the current financial health of the utility was presented, as well as rate forecasts and comparisons.

Staff explained that the 2025 budget assumes a reduction in sales in all three utilities. The forecasts used for preparation of the budget suggest that while the utility may see slight increases in consumption in 2024, trends indicate that all three utilities should expect continued conservation.

Staff discussed proposed 2025 utility staff wage adjustments and shared that the budget includes a 3% across-the-board increase for all employees in 2025, referring back to last month's budget preview when discussion occurred regarding engaging a third-party firm to conduct a review of the previously approved market-based wage review methodology and wage structure.

Staff presented the anticipated future rate increases and debt issuances for each utility and informed the committee that they are the result of a continued aggressive water and sewer main replacement program and construction of a new facility. Current rate projections indicate a total increase of \$49.50 per month at the end of a five-year period for the average residential customer living within the City of Stoughton. Staff shared that these increases are in line with increases that have been and continue to be implemented across Dane County, and presented a rate comparison of current electric, water, and wastewater rates of Stoughton and its surrounding communities. Within the rate comparison, staff highlighted where the utility's current and next-year projected rates fell in comparison, demonstrating that the proposed rates remain competitive. Discussion followed.

Thoren questioned the timing of future rate increase projections and asked if they could be leveled out with smaller annual increases as opposed to biannual increases. Staff stated that they had raised this inquiry with the Public Service Commission of Wisconsin (PSCW) and had been told that their preliminary answer is that rate increases are applied only with consideration of the application test year and leveling of rate increases is unlikely. All information presented in the budget is based on current projections that are subject to change as PSCW rate applications are filed, reviewed, and approved.

Swadley informed the committee that it may be a good time to bring discussions regarding the land in Mandt Park adjacent to the Wastewater Treatment Facility and having the wastewater utility purchase a land-rights guarantee to ensure space for future plant expansion always remains available.

Motion by Chenoweth, the motion seconded by Jensen, to approve the Stoughton Utilities proposed 2025 budget appropriations in the sum of \$20,840,639 and for purposes herein set forth by the same, and recommend approval to the Stoughton Common Council at their October 22, 2024 and November 5, 2024 meetings. The motion carried unanimously 6 to 0.

Filing for Regulatory Review of Water Utility Rates: Stoughton Utilities staff informed the committee that the 2024 operating budget previously approved by the committee had projected an 8% rate increase in 2024

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resulting from a simplified rate filing planned to be submitted to the Public Service Commission of Wisconsin (PSCW) in early 2024, with an additional 9% rate increase planned for 2025. However, the water utility's 2023 rate of return was too high to apply for a simplified filing in 2024. As a result, the full rate filing to the PSCW for implementation in 2025 is projected to include rate recovery for 2024 and 2025 operating expenses, resulting in a rate increase of 23%. Staff informed the committee that the current average residential monthly water bill, including fire protection, is \$32.41 for 4,000 gallons of consumption. Staff requested that the committee review the projected rate increase and direct staff to file for review with the PSCW.

Motion by Jenson, the motion seconded by Payton, to direct staff to file an application with the Public Service Commission of Wisconsin for a regulatory rate review and adjustment. The motion carried unanimously 6 to 0.

Utilities Committee Future Agenda Items: Stoughton Utilities staff informed the committee that current agenda items originally planned for the November meeting are not time-sensitive and if scheduled, a meeting would be very brief. It was recommended that the committee plan to cancel the November meeting unless new business arises. The committee was agreeable. As a result, the next meeting will occur in December and include a summary of recent residential customer satisfaction surveys, presentation of a proposed out-of-state mutual aid billing policy, and a review of wastewater rates with a recommendation for an adjustment for 2025. Discussion followed.

Adjournment: Being no further business before the committee, motion by Jenson, seconded by Payton, to adjourn the meeting at 5:57 p.m. The motion carried unanimously 6 to 0.

Respectfully submitted,

Brian R. Hoops

Assistant Stoughton Utilities Director