



**Utility Commission
Meeting Agenda
Wednesday, August
7, 2019 at 8:15 AM
Immediately After City
Council Meeting
Civic Center ED Lab**



	Page
1. CALL TO ORDER	
2. ROLL CALL	
3. ADOPTION OF AGENDA	
4. APPROVAL OF MINUTES	
a. Minutes from July 10, 2019	
5. APPROVAL OF BILLS AND DISBURSEMENTS - JULY 2019	
a. Check Register JULY 2019	2 - 5
6. PUBLIC COMMENT	
7. 2018 AUDITOR REPORT	
a. 2018 Auditor Report Memo	6 - 22
8. WPPI MEMBER GOVERNING BODY VISIT	
a. WPPI Governing Body Presentation Memo	23
9. DEPARTMENT REPORTS	
10. COMMUNICATION AND MISCELLANEOUS	
11. ADJOURNMENT	

New Richmond Utilities

JULY 2019

Check Register

Check #	Date	Amount	Vendor Name	Description
002476	7/2/2019	61,258.42	CITY OF NEW RICHMOND	PAYROLL JULY 5, 2019
002477	7/11/2019	1,407.02	SPEEDWAY	JUNE GAS BILL
002478	7/12/2019	23,472.00	LOCAL GOVERNMENT INVESTMENT POOL	JUN19 WATER IMPACT & SAC COLL
002479	7/19/2019	24,731.26	WI DEPT OF REVENUE	JUN19 SALES TAX
002480	7/5/2019	6,954.72	US BANK CORPORATE PAYMENT SYSTEM	WWTP JUN PCARD INVOICES
002481	7/17/2019	8,589.47	CITY OF NEW RICHMOND	MONTHLY BILL
002482	7/17/2019	20,025.00	CITY OF NEW RICHMOND	2ND QTR ADMIN
002483	7/17/2019	1,201.37	CITY OF NEW RICHMOND	REIMBURSE WAGE BRADBURY, DRILL
002484	7/17/2019	52.75	CITY OF NEW RICHMOND	REIMBURSE WAGE HARLE
002485	7/17/2019	1,760.08	CITY OF NEW RICHMOND	REIMBURSE WAGE J MILLER
002486	7/17/2019	483.89	CITY OF NEW RICHMOND	REIMBURSE WAGE J BRINKMAN
002487	7/17/2019	14,442.14	CITY OF NEW RICHMOND	REIMB 2ND QTR WAGE AILTS
002488	7/17/2019	6,738.41	CITY OF NEW RICHMOND	REIMBURSE 2ND QTR WAGE BANNINK
002489	7/17/2019	19,145.95	CITY OF NEW RICHMOND	REIMB 2ND QTR WAGE DARROW
002490	7/17/2019	11,689.84	CITY OF NEW RICHMOND	REIMBURSE 2ND QTR WAGE REESE
002491	7/17/2019	2,506.87	CITY OF NEW RICHMOND	REIMBURSE 2ND QTR WAGE THOMPSON
002492	7/17/2019	14,820.35	CITY OF NEW RICHMOND	REIMBURSE 2ND QTR WAGE WELLS
002493	7/17/2019	5,964.70	CITY OF NEW RICHMOND	INSURANCE
002494	7/17/2019	5,000.00	CITY OF NEW RICHMOND	RENT
002495	7/17/2019	25,644.35	CITY OF NEW RICHMOND	STORM WATER
002496	7/17/2019	18,084.14	CITY OF NEW RICHMOND	RECYCLING
002497	7/17/2019	19,294.50	CITY OF NEW RICHMOND	REIMBURSE 2ND QTR WAGE WENDT
002498	7/17/2019	234.00	COMMERCIAL TESTING LABORATORY	COLIFORM BACT
002499	7/17/2019	622.00	HYDRODESIGNS	CROSS CONNECT INSPECT & REPORT
002500	7/17/2019	2,121.92	INFOSEND, INC	MAY BILLING & POSTAGE
002501	7/17/2019	5,644.49	NEW RICHMOND UTILITIES	KIME CTC COLLECTIONS
002502	7/17/2019	2,020.00	TJADER & HIGHSTROM	DIRECTIONAL BORE BOX SMOKE SHO
002503	7/17/2019	26.00	WISCONSIN STATE LAB OF HYGIENE	FLUORIDE
002504	7/19/2019	61,754.54	CITY OF NEW RICHMOND	PAYROLL 7-19-19
002505	7/19/2019	51,125.00	LOCAL GOVERNMENT INVESTMENT POOL	LGIP#5,8 & 10 JUL19 INVESTMENT
002506	7/19/2019	88,420.00	LOCAL GOVERNMENT INVESTMENT POOL	LGIP#7, 9 & 11 JUL19 INVESTMENT
002507	7/29/2019	624,998.56	WISCONSIN PUBLIC POWER INC	JUNE PURCHASED POWER
002508	7/25/2019	45,675.00	CITY OF NEW RICHMOND	TAX EQUIVALENT
002509	7/25/2019	106.25	CITY OF NEW RICHMOND	BENEFIT EXTRAS MO FSA, HRA ADM
002510	7/25/2019	666.64	CITY OF NEW RICHMOND	EMPLOYER HSA CONTRIBUTION
002511	7/25/2019	21,333.17	CITY OF NEW RICHMOND	HEALTH INSURANCE
002512	7/25/2019	45.91	CITY OF NEW RICHMOND	LIFE INSURANCE
002513	7/25/2019	451.71	CITY OF NEW RICHMOND	LONG TERM DISABILITY INSURANCE
002514	7/25/2019	369.67	CITY OF NEW RICHMOND	SHORT TERM DISABILITY
002515	7/25/2019	2,205.21	INFOSEND, INC	JUNE BILLING & POSTAGE
002516	7/25/2019	750.00	MUNITECH INC	TEST FIRE LINE METER ASSEMBLIE
002517	7/25/2019	16,805.00	TJADER & HIGHSTROM	DIRECTIONAL BORES
002518	7/29/2019	0.00	TELEMETRY AND PROCESS CONTROLS	VOID CHECK
002519	7/29/2019	342.50	TELEMETRY AND PROCESS CONTROLS	SCADA EFFLUENT FLOW METER
036386	7/2/2019	147.07	COLLEEN SCHMIT	CR REF ACCT# 612300-20
036387	7/3/2019	400.00	BOND TRUST SERVICES CORP	BOND PAYING AGENT FEE - BOND
036388	7/5/2019	208.13	BALDWIN TELCOMM	JUNE PHONE BILL
036389	7/11/2019	333.84	FRONTIER COMMUNICATIONS	JUNE PHONE BILL
036390	7/11/2019	331.91	KWIK TRIP	JUNE FUEL BILL
036391	7/11/2019	610.72	SHORT ELLIOTT HENDRICKSON INC	STREET/UTILITY PROJECTS

036392	7/11/2019	155.57	VERIZON WIRELESS	JUNE CELL PHONE BILL
036393	7/17/2019	1,110.69	AMERIPRIDE LINEN & UNIFORM SERVICES	WWTP UNIFORM SERVICE
036394	7/17/2019	3,010.00	BAKER TILLY VIRCHOW KRAUSE LLP	FINANCIAL STATEMENT AUDIT
036395	7/17/2019	5,574.84	BORDER STATES ELECTRIC SUPPLY	JR LOCK KEYS
036396	7/17/2019	77.00	CLEAR CHOICE BUSINESS SOLUTIONS LLC	MAPS, LAMINATE, PUT INTO BOOKS
036397	7/17/2019	1,365.03	CORE & MAIN LP	THRUST RING, GASKET, O-RING
036398	7/17/2019	3,623.22	COUNTRYSIDE PLUMBING & HEATING	WELL# 5 BACKFLOW INSPECTION
036399	7/17/2019	132.04	CRESCENT ELECTRIC SUPPLY COMPANY	RED WARNING RIBBON
036400	7/17/2019	21.60	FORUM COMMUNICATIONS COMPANY	WATER REPORT AD
036401	7/17/2019	1,098.10	FRESCO INC	MEDIUM & SMALL FAST PATCHES
036402	7/17/2019	240.00	GTI PARTS & SERVICES INC	OIL CHANGE
036403	7/17/2019	1,750.00	HARTUNG XOATINGS LLC	CLEAN OUT NORTH TOWER & INSPEC
036404	7/17/2019	94.00	HI-LINE UTILITY SUPPLY CO	TRI PENTA WRENCH & PENTA SOCKE
036405	7/17/2019	790.33	STUART C IRBY CO	CREDIT BACK ON FREIGHT CHG
036406	7/17/2019	699.84	J.H. LARSON COMPANY	METER HUB CLOSING PLATE
036407	7/17/2019	14,550.00	J & S GENERAL CONTRACTING	REPAIR WATER MAIN, EXCAVATE
036408	7/17/2019	2,707.52	METERING & TECHNOLOGY SOLUTIONS	100W ERT ENCODER, CABLES
036409	7/17/2019	450.00	MEYER EXCAVATING LLC	EXCAVATE WTR LINE 253 N 2ND ST
036410	7/17/2019	145.10	MID-AMERICAN RESEARCH CHEMICAL	WASP & HORNET KILLER
036411	7/17/2019	1,051.31	MUNSON PLUMBING SERVICE LLC	TEMPORARY WTR HOOKUPS KNOWLES
036412	7/17/2019	82.68	MY RECEPTIONIST, INC	ANSWER SERVICE JUN 26 - JUL 23
036413	7/17/2019	56.00	NEW RICHMOND NEWS	SUBSCRIPTION
036414	7/17/2019	79.10	RESCO	INSULATOR SPOOL
036415	7/17/2019	318.75	SHAUN BIRD	SHARED COST SVC CALL, BACKHOE
036416	7/17/2019	1,347.50	TRILOGY CONSULTING, LLC	2018 UTILITY RATE STUDY
036417	7/17/2019	417.65	WATER CONSERVATION SERVICE INC	LEAK LOCATE S KNOWLES AVE
036418	7/17/2019	350.00	WISCONSIN CENTRAL LTD	SIGNAL WIRE LOCATION
036419	7/17/2019	1,300.00	WISCONSIN CENTRAL LTD	RAILROAD FLAGGER
036420	7/17/2019	520.00	WISCONSIN RURAL WATER ASSN	MEMBERSHIP RENEWAL
036421	7/17/2019	306.48	XCEL ENERGY	MAY GAS BILL
036422	7/17/2019	25,275.00	QUALITY FLOW SYSTEMS, INC.	KSB PUMP, OPERATING SERVICE
036423	7/25/2019	17.90	ALAN T BALDWIN	CR REF ACCT# 1291900-27
036424	7/25/2019	371.00	AMERICAN WATER WORKS ASSN	MEMBERSHIP RENEWAL NOTICE
036425	7/25/2019	409.00	BAKKEN-YOUNG PROPERTIES LLC	REFUND OF EMBEDDED COSTS
036426	7/25/2019	685.00	B & B ELECTRIC INC	3 WALL PACKS SKU-EWFCO3A-F50Z
036427	7/25/2019	72.07	BONNIE C ARNOLD	CR REF ACCT# 1095800-22
036428	7/25/2019	178.64	BORDER STATES ELECTRIC SUPPLY	DEAD-ENDS
036429	7/25/2019	3,892.14	BRAHMS HOSPITALITY LLC	REFUND OF EMBEDDED COSTS
036430	7/25/2019	107.29	C & J BUILDERS	CR REF ACCT# 1846400-22
036431	7/25/2019	5,287.62	CORE & MAIN LP	CURB BOX REPAIR LIDS
036432	7/25/2019	95.08	DAKOTA T HUBBARD	CR REF ACCT# 561300-35
036433	7/25/2019	163.81	DANIELLE J THOMPSON	CR REF ACCT# 845000-39
036434	7/25/2019	3,660.00	DERRICK CONSTRUCTION COMPANY	REFUND OF EMBEDDED COSTS
036435	7/25/2019	243.76	ELIZABETH BOTTOLFSO	CR REF ACCT# 605400-20
036436	7/25/2019	19,457.89	ENERGIS HOLDINGS, LLC	5 YR SUBSTATION MAINTENANCE
036437	7/25/2019	78.76	FAMILY LAW PLLC	CR REF ACCT# 1263500-22
036438	7/25/2019	409.00	FEDERAL FOAM TECHNOLOGIES	REFUND OF EMBEDDED COSTS
036439	7/25/2019	325.91	FRANK NORTON	CR REF ACCT# 1238000-20
036440	7/25/2019	1,139.34	GENERAL REPAIR SERVICE	DIAPHRAGM, FLAP VALVE, WEAR
036441	7/25/2019	19.53	GLENN L THOMPSON	CR REF ACCT# 302700-25
036442	7/25/2019	1,281.00	GMTZ	REFUND OF EMBEDDED COSTS
036443	7/25/2019	499.19	HI-LINE UTILITY SUPPLY CO	GROUND CLAMP, CABLE
036444	7/25/2019	96.75	HYREL L HENKE	CR REF ACCT# 1618200-33
036445	7/25/2019	136.06	KEVIN MEISSNER	CR REF ACCT# 1027200-21
036446	7/25/2019	141.81	KRISTEEN M THOMAS	CR REF ACCT# 1520300-24
036447	7/25/2019	50.45	MARY E KIDA	CR REF ACCT# 209900-21

036448	7/25/2019	13.76	MARY A SIMONDS	CR REF ACCT# 1520100-25
036449	7/25/2019	104.95	MICHAEL STREY	CR REF ACCT# 931700-25
036450	7/25/2019	692.79	PATRICK & AMY HINGER	CR REF ACCT# 423700-34
036451	7/25/2019	136.22	RICHMOND HEIGHTS RENTALS	CR REF ACCT# 1022500-32
036452	7/25/2019	39.11	SABRINA & STEVE JERLOW	CR REF ACCT# 1483500-21
036453	7/25/2019	2,846.54	SHORT ELLIOTT HENDRICKSON INC	2018 ANTENNA PROJECTS
036454	7/25/2019	324.10	SIMON ELECTRIC CONST CO INC	SERVICE CALL WWTP
036455	7/25/2019	460.34	STEWART TITLE	CR REF ACCT# 904600-22
036456	7/25/2019	85.41	WEICHERT WORKFORCE MOBILITY INC	CR REF ACCT# 1004100-24
036457	7/25/2019	32,603.77	WEST CENTRAL WIS BIOSOLIDS FAC	BIOSOLIDS
036458	7/25/2019	55.26	WILLIAM I SOMMERFELDT	CR REF ACCT# 338700-20
036459	7/25/2019	30.00	WWOA	REGISTRATION STEVE SKINNER
036460	7/25/2019	287.66	XCEL ENERGY	JUNE GAS BILL
36461	7/30/2019	<u>31,876.75</u>	JOHNSON FORD	2019 FORD F250 PU

Total **\$1,398,091.48**

Total Checks & Wires

MEMO



Prepared for: Utility Commission
Staff Contact: Rae Ann Ailts, Finance Director
Meeting: Utility Commission - 07 Aug 2019
Subject: 2018 Auditor Report

BACKGROUND INFORMATION:

Kim Shult, of Baker Tilly, will present the 2018 Auditor's report to the Utility Commission. Attached to this memo is the presentation which will be given during the meeting.

ATTACHMENTS:

[New Richmond - 2018 Utility Commission Presentation](#)

City of New Richmond Utilities

Report to the Commission

August 7, 2019

Presented By:

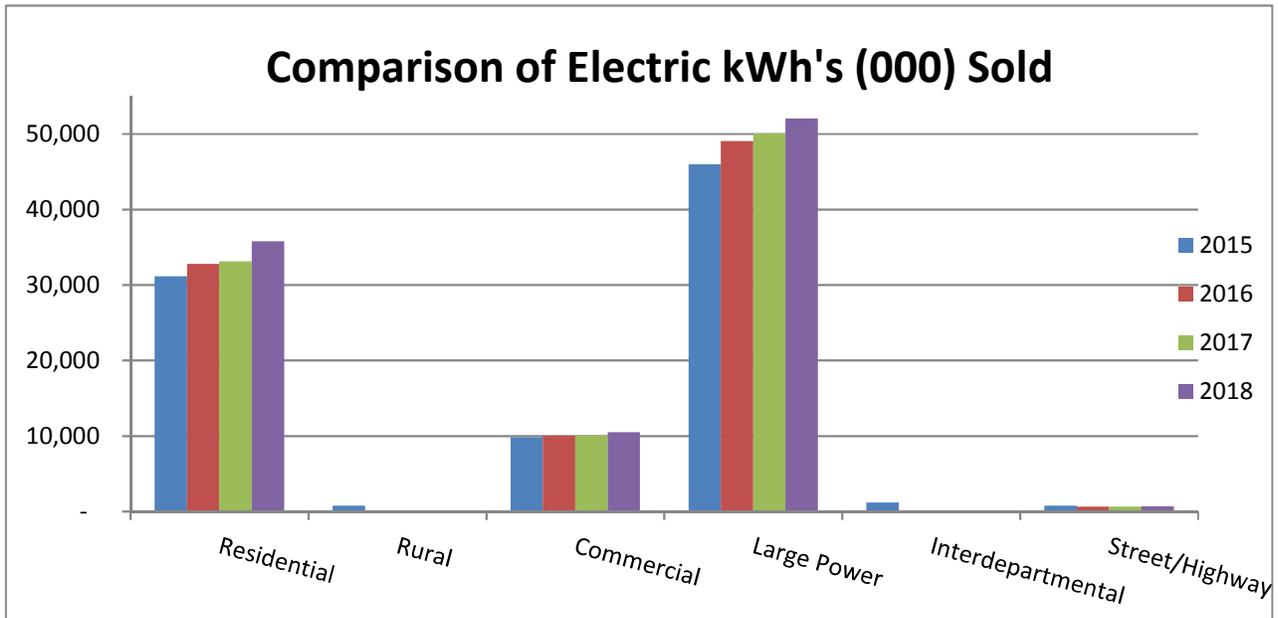
Baker Tilly Virchow Krause, LLP

Kimberly M. Shult, CPA, Partner

Kimberly.Shult@bakertilly.com

Note: Actual data was derived from current and prior years audited financial statements and unaudited PSC annual reports.

City of New Richmond Utilities

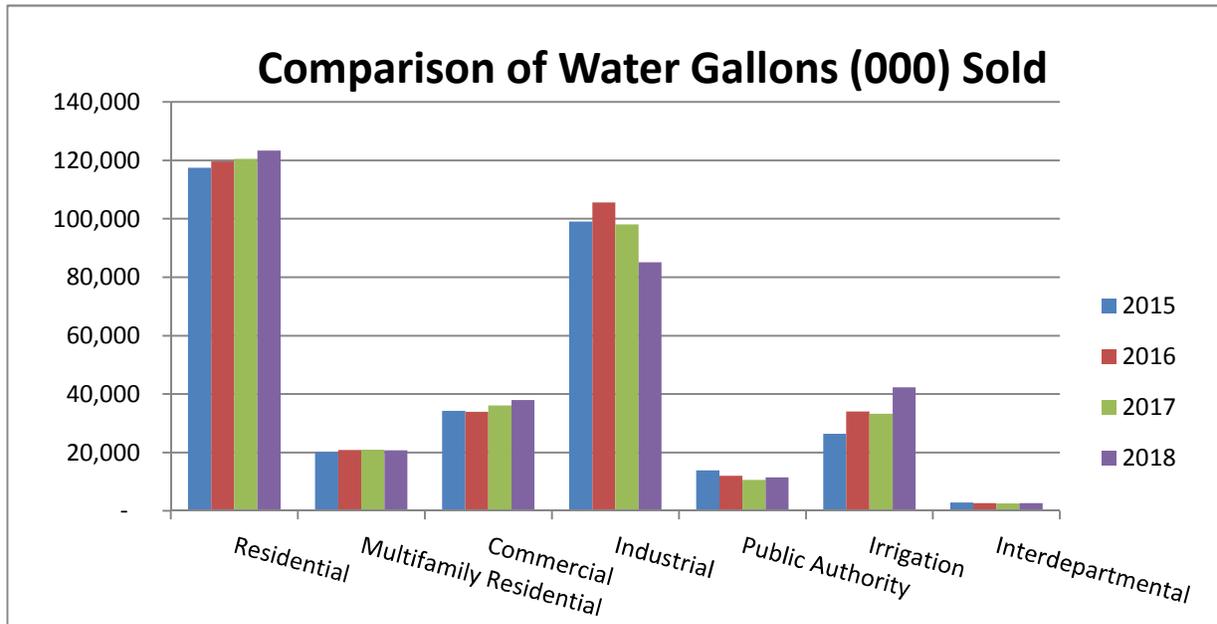


	2015	2016	2017	2018
Residential	31,160	32,790	33,113	35,784
Rural	769	-	-	-
Commercial	9,811	10,025	10,062	10,473
Large Power	45,999	49,049	50,070	52,045
Interdepartmental	1,186	-	-	-
Street/Highway	766	648	644	656
Total	89,691	92,512	93,889	98,958

What it means....

Electric sales have been consistent, increasing a total of 10% from 2015 to 2018.

City of New Richmond Utilities

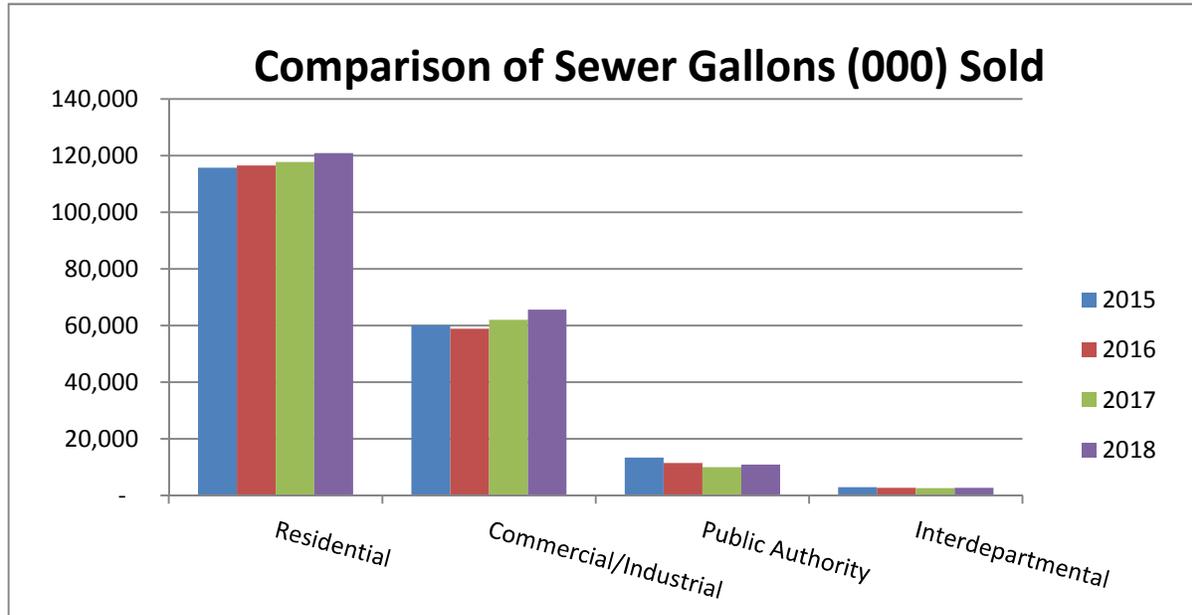


	2015	2016	2017	2018
Residential	117,474	119,679	120,477	123,382
Multifamily Residential	20,138	20,818	20,894	20,677
Commercial	34,275	33,937	36,086	37,979
Industrial	99,057	105,631	98,081	85,137
Public Authority	13,817	12,018	10,599	11,458
Irrigation	26,422	34,045	33,262	42,333
Interdepartmental	2,825	2,670	2,505	2,621
Total	314,008	328,798	321,904	323,587

What it means....

Water volume increased 0.5% from last year but has increased 3.1% since 2015. The increase is primarily due to irrigation usage, which increased 27.3% from last year, and increased 60.2% since 2015.

City of New Richmond Utilities

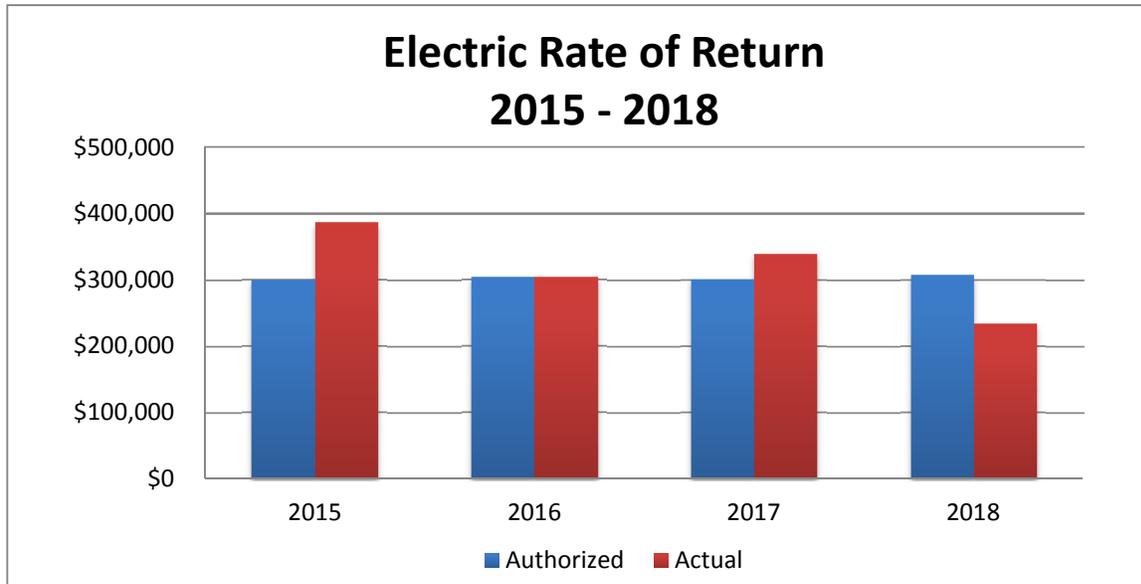


	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Residential	115,689	116,488	117,769	120,896
Commercial/Industrial	60,124	58,888	61,971	65,638
Public Authority	13,381	11,448	9,995	10,835
Interdepartmental	<u>2,835</u>	<u>2,697</u>	<u>2,515</u>	<u>2,621</u>
Total	<u>192,029</u>	<u>189,521</u>	<u>192,250</u>	<u>199,990</u>

What it means....

Sewer volumes have remained fairly consistent overall, increasing 4.1% from 2015 to 2018. Residential customer volumes increased by 4.5% during this time while interdepartmental and public authority volumes decreased 7.5% and 19.0%, respectively.

City of New Richmond Utilities



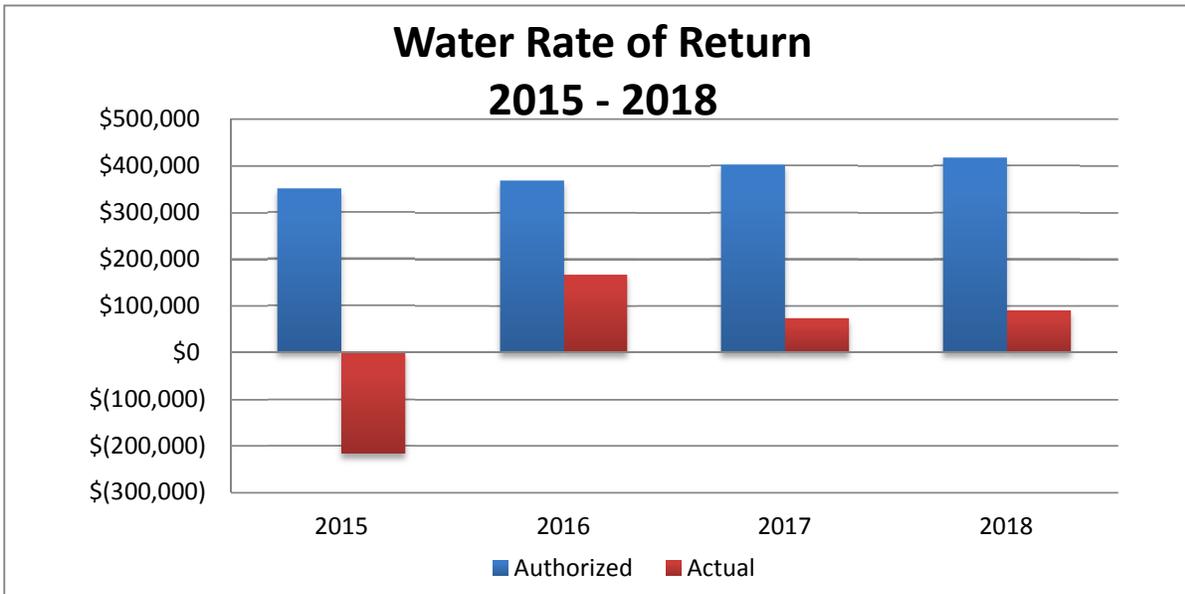
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Net Investment Rate Base	\$ 4,801,826	\$ 4,847,985	\$ 4,816,747	\$ 4,915,282
Authorized Return	<u>6.25%</u>	<u>6.25%</u>	<u>6.25%</u>	<u>6.25%</u>
Authorized Operating Return	<u>\$ 300,114</u>	<u>\$ 302,999</u>	<u>\$ 301,047</u>	<u>\$ 307,205</u>
Actual Operating Income	<u>\$ 385,575</u>	<u>\$ 303,670</u>	<u>\$ 339,349</u>	<u>\$ 233,487</u>
Actual Return	<u>8.03%</u>	<u>6.26%</u>	<u>7.05%</u>	<u>4.75%</u>
Difference	<u>\$ 85,461</u>	<u>\$ 671</u>	<u>\$ 38,302</u>	<u>\$ (73,718)</u>

What it means...

Rate of return is a key indicator of financial results in a regulated utility. Any growth in plant requires that rates cover the cost of providing service or the utility will weaken financially in the long run. Current rates were put into effect December 1, 2013.

It is important to point out that the operating income reported here will not match what is reported in the financial statements due to PSCW ratemaking rules.

City of New Richmond Utilities



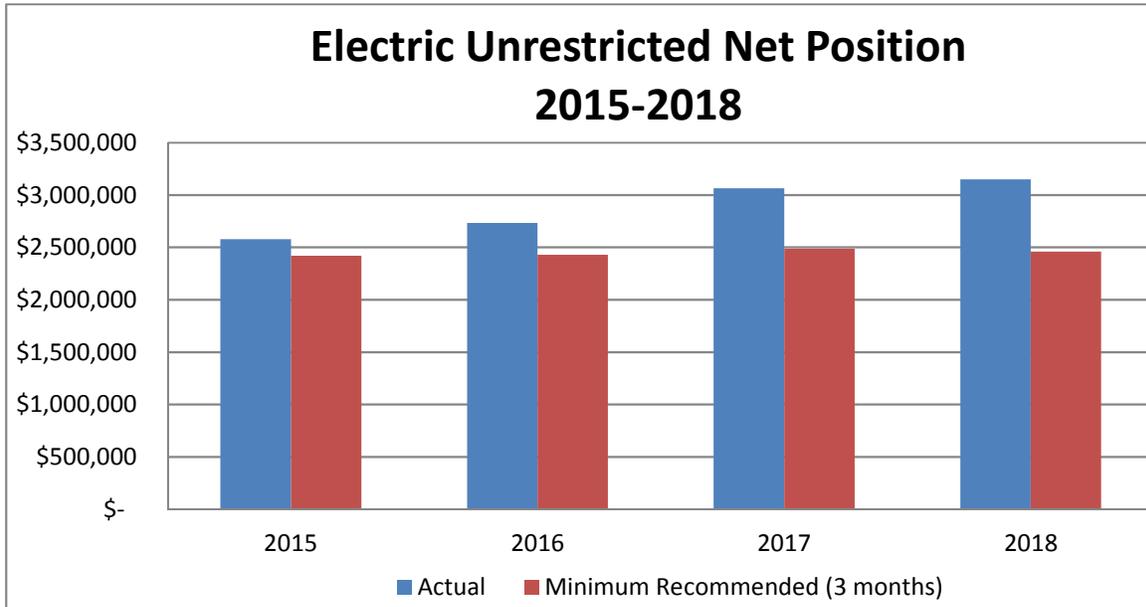
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Net Investment Rate Base	\$ 5,370,623	\$ 5,652,507	\$ 6,179,812	\$ 6,406,332
Authorized Return	<u>6.50%</u>	<u>6.50%</u>	<u>6.50%</u>	<u>6.50%</u>
Authorized Operating Return	<u>\$ 349,090</u>	<u>\$ 367,413</u>	<u>\$ 401,688</u>	<u>\$ 416,412</u>
Actual Operating Income	<u>\$ (216,959)</u>	<u>\$ 167,994</u>	<u>\$ 73,697</u>	<u>\$ 90,316</u>
Actual Return	<u>-4.04%</u>	<u>2.97%</u>	<u>1.19%</u>	<u>1.41%</u>
Difference	<u>\$ (566,049)</u>	<u>\$ (199,419)</u>	<u>\$ (327,991)</u>	<u>\$ (326,096)</u>

What it means...

Rate of return is a key indicator of financial results in a regulated utility. Any growth in plant requires that rates cover the cost of providing service or the utility will weaken financially in the long run. Current rates were implemented on July 1, 2014.

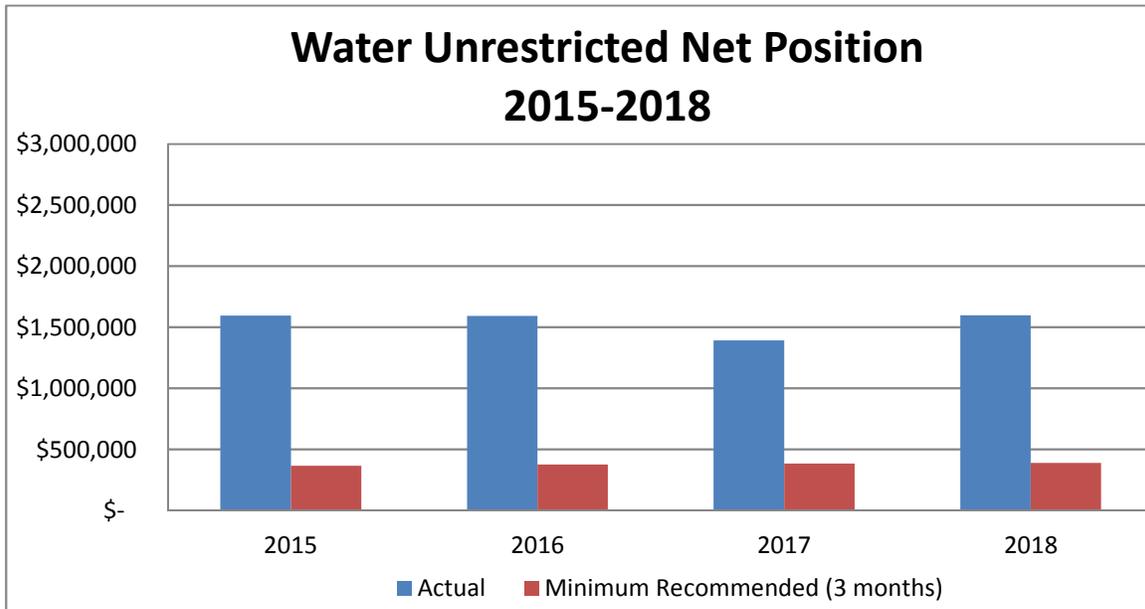
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City of New Richmond Utilities



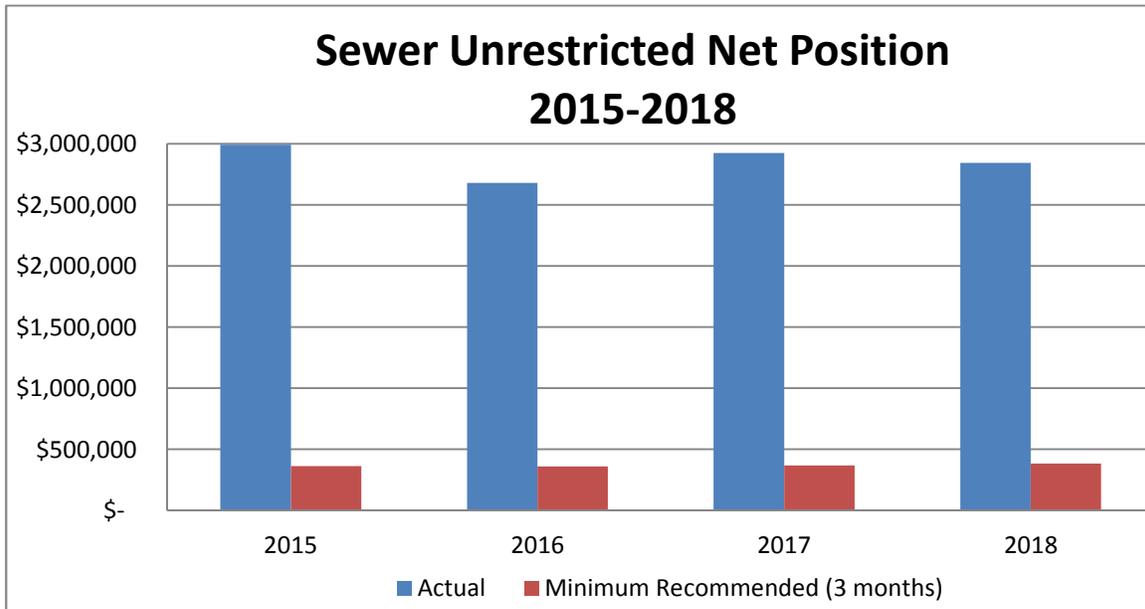
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Funding Benchmark				
Estimated Monthly Revenues	<u>\$ 806,913</u>	<u>\$ 809,606</u>	<u>\$ 828,579</u>	<u>\$ 819,439</u>
Actual Unrestricted Net Position	<u>\$ 2,578,557</u>	<u>\$ 2,730,758</u>	<u>\$ 3,064,579</u>	<u>\$ 3,149,928</u>
Months Billings on Hand	<u>3.20</u>	<u>3.37</u>	<u>3.70</u>	<u>3.84</u>

City of New Richmond Utilities



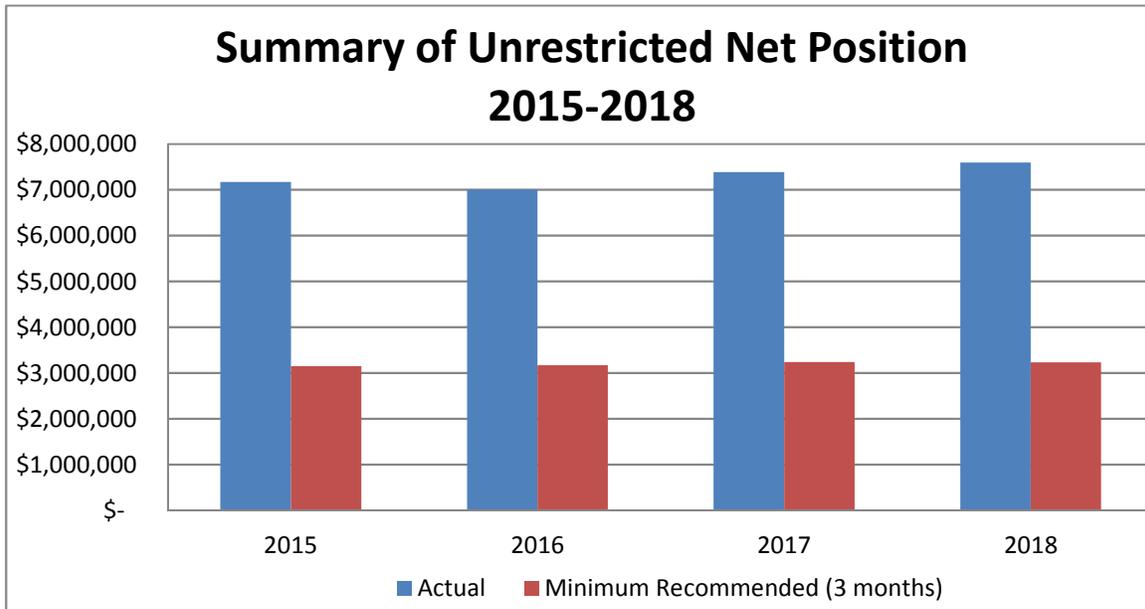
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Funding Benchmark				
Estimated Monthly Revenues	<u>\$ 121,798</u>	<u>\$ 125,610</u>	<u>\$ 127,663</u>	<u>\$ 129,832</u>
Actual Unrestricted Net Position	<u>\$ 1,594,589</u>	<u>\$ 1,590,836</u>	<u>\$ 1,392,478</u>	<u>\$ 1,596,691</u>
Months Billings on Hand	<u>13.09</u>	<u>12.66</u>	<u>10.91</u>	<u>12.30</u>

City of New Richmond Utilities



	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Funding Benchmark				
Estimated Monthly Revenues	<u>\$ 120,755</u>	<u>\$ 120,458</u>	<u>\$ 122,475</u>	<u>\$ 127,663</u>
Actual Unrestricted Net Position	<u>\$ 2,992,619</u>	<u>\$ 2,680,541</u>	<u>\$ 2,925,144</u>	<u>\$ 2,844,837</u>
Months Billings on Hand	<u>24.78</u>	<u>22.25</u>	<u>23.88</u>	<u>22.28</u>

City of New Richmond Utilities

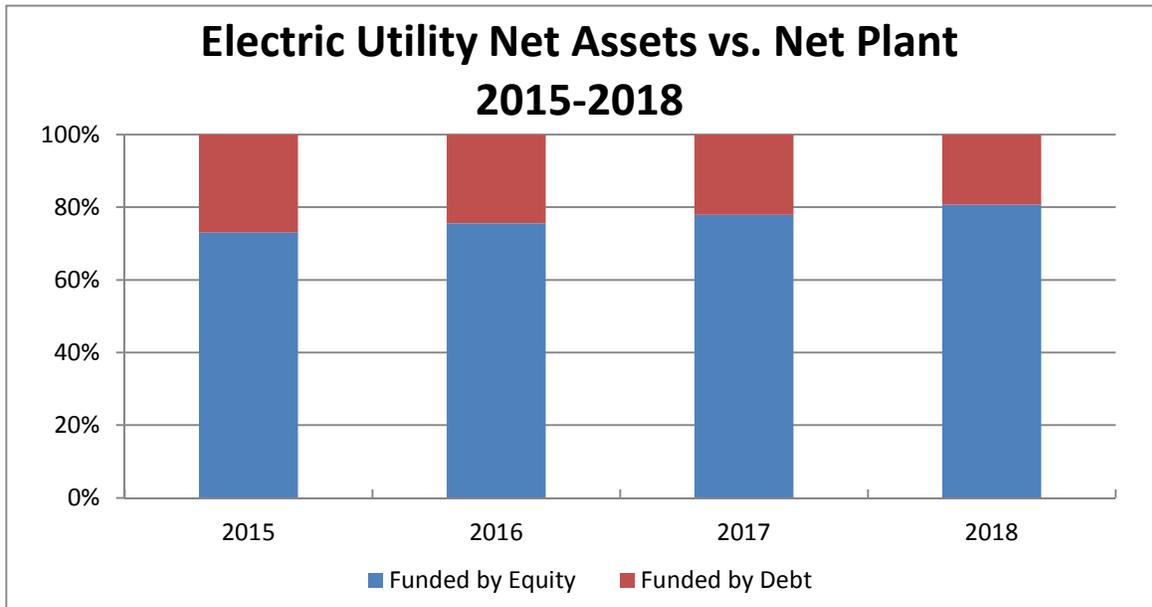


	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Funding Benchmark				
Estimated Monthly Revenues	<u>\$ 1,049,465</u>	<u>\$ 1,055,673</u>	<u>\$ 1,078,716</u>	<u>\$ 1,076,934</u>
Actual Unrestricted Net Position	<u>\$ 7,165,765</u>	<u>\$ 7,002,135</u>	<u>\$ 7,382,201</u>	<u>\$ 7,591,456</u>
Months Billings on Hand	<u>6.83</u>	<u>6.63</u>	<u>6.84</u>	<u>7.05</u>

What it means....

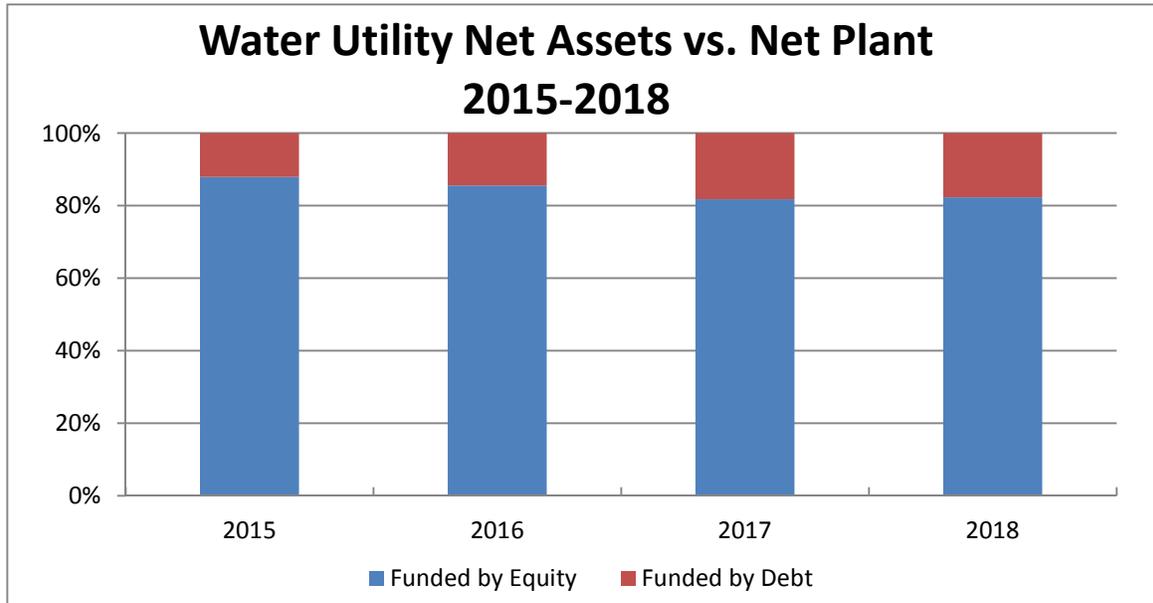
A utility should maintain funds to cover its operations in a normal business operation cycle plus a contingency. In addition, utilities should have available for capital improvements. These funding levels facilitate budgeting since there will be less concern for business cycle fluctuations. The GFOA recommended target is 3 months revenue in reserve.

City of New Richmond Utilities



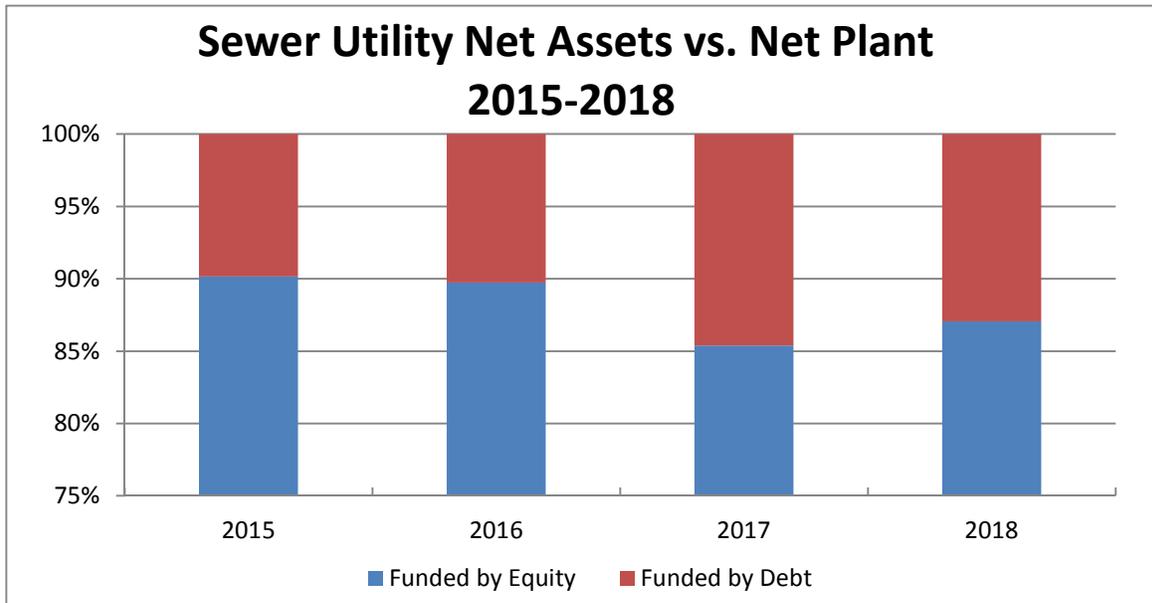
	2015	2016	2017	2018
Net Investment in Capital Assets	\$ 4,293,477	\$ 4,480,796	\$ 4,587,098	\$ 4,821,771
Net Property, Plant, and Equipment	\$ 5,882,156	\$ 5,927,323	\$ 5,886,934	\$ 5,969,075
Percent of Net Plant Funded by Equity	<u>73%</u>	<u>76%</u>	<u>78%</u>	<u>81%</u>
Percent of Net Plant Funded by Debt	<u>27%</u>	<u>24%</u>	<u>22%</u>	<u>19%</u>

City of New Richmond Utilities



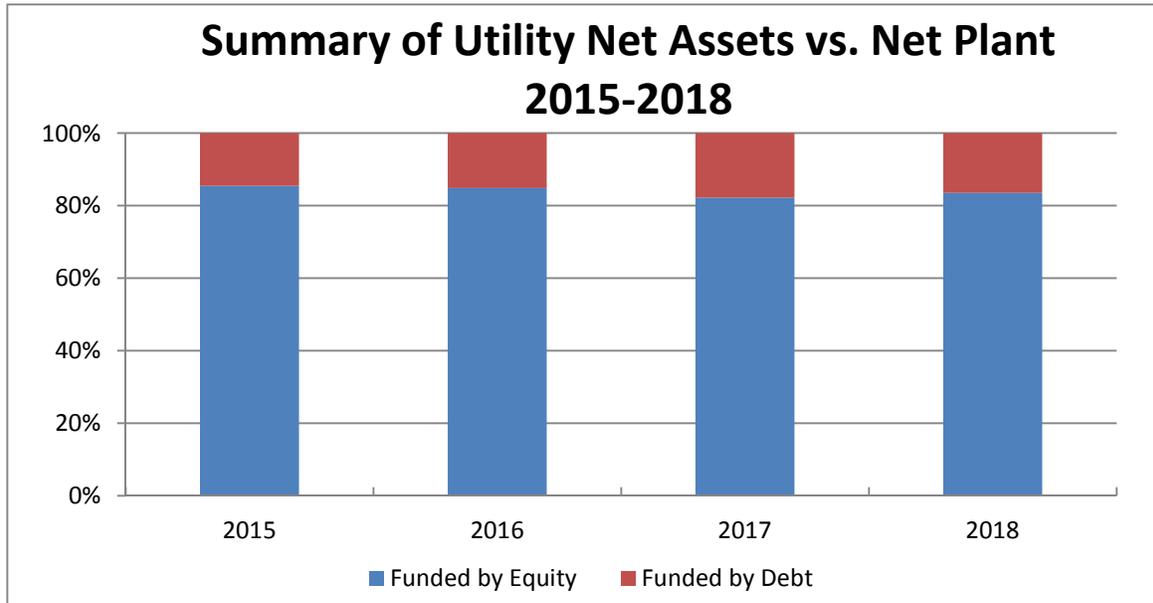
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Net Investment in Capital Assets	<u>\$ 10,532,394</u>	<u>\$ 10,623,724</u>	<u>\$ 10,647,848</u>	<u>\$ 10,596,519</u>
Net Property, Plant, and Equipment	<u>\$ 11,983,743</u>	<u>\$ 12,416,087</u>	<u>\$ 13,019,151</u>	<u>\$ 12,874,575</u>
Percent of Net Plant Funded by Equity	<u>88%</u>	<u>86%</u>	<u>82%</u>	<u>82%</u>
Percent of Net Plant Funded by Debt	<u>12%</u>	<u>14%</u>	<u>18%</u>	<u>18%</u>

City of New Richmond Utilities



	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Net Investment in Capital Assets	<u>\$ 8,370,993</u>	<u>\$ 8,309,095</u>	<u>\$ 8,110,147</u>	<u>\$ 8,063,378</u>
Net Property, Plant, and Equipment	<u>\$ 9,284,202</u>	<u>\$ 9,260,152</u>	<u>\$ 9,498,323</u>	<u>\$ 9,262,747</u>
Percent of Net Plant Funded by Equity	<u>90%</u>	<u>90%</u>	<u>85%</u>	<u>87%</u>
Percent of Net Plant Funded by Debt	<u>10%</u>	<u>10%</u>	<u>15%</u>	<u>13%</u>

City of New Richmond Utilities

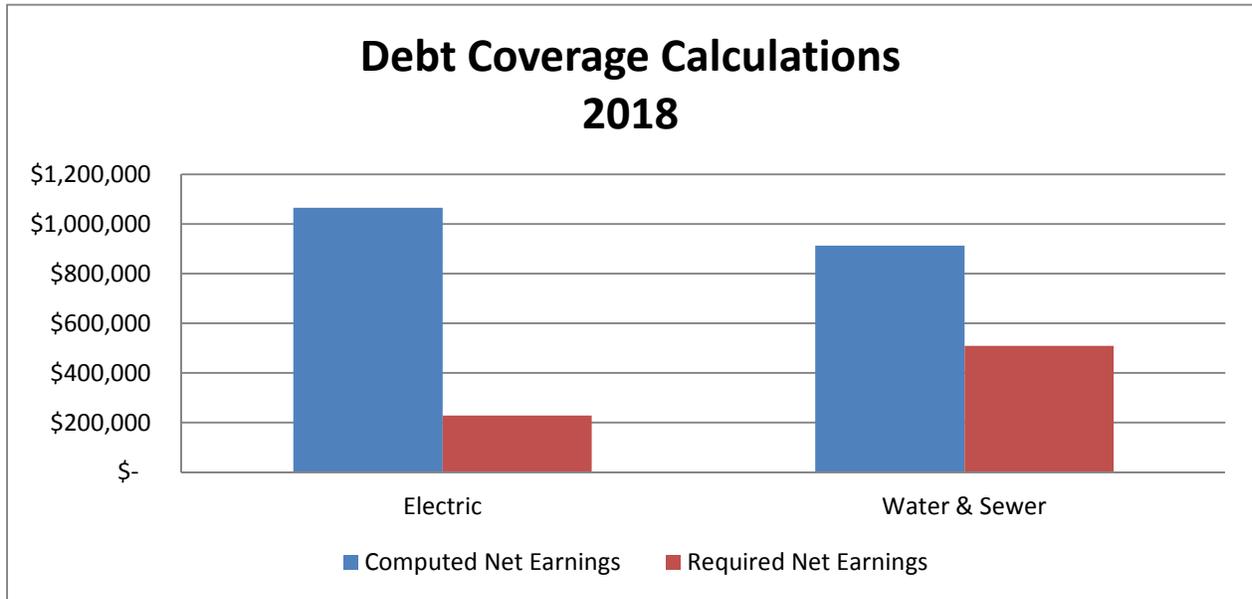


	2015	2016	2017	2018
Net Investment in Capital Assets	\$ 23,196,864	\$ 23,413,615	\$ 23,345,093	\$ 23,481,668
Net Property, Plant, and Equipment	\$ 27,150,101	\$ 27,603,562	\$ 28,404,408	\$ 28,106,397
Percent of Net Plant Funded by Equity	<u>85%</u>	<u>85%</u>	<u>82%</u>	<u>84%</u>
Percent of Net Plant Funded by Debt	<u>15%</u>	<u>15%</u>	<u>18%</u>	<u>16%</u>

What it means....

Obtaining financing for capital improvements is normally a necessity for capital intensive utilities. Management should keep their related debt to a manageable level as this allows you to be less aggressive seeking rate relief and provides more options to address unanticipated expenses. Normal utility target is 50% or more equity and 50% or less debt.

City of New Richmond Utilities

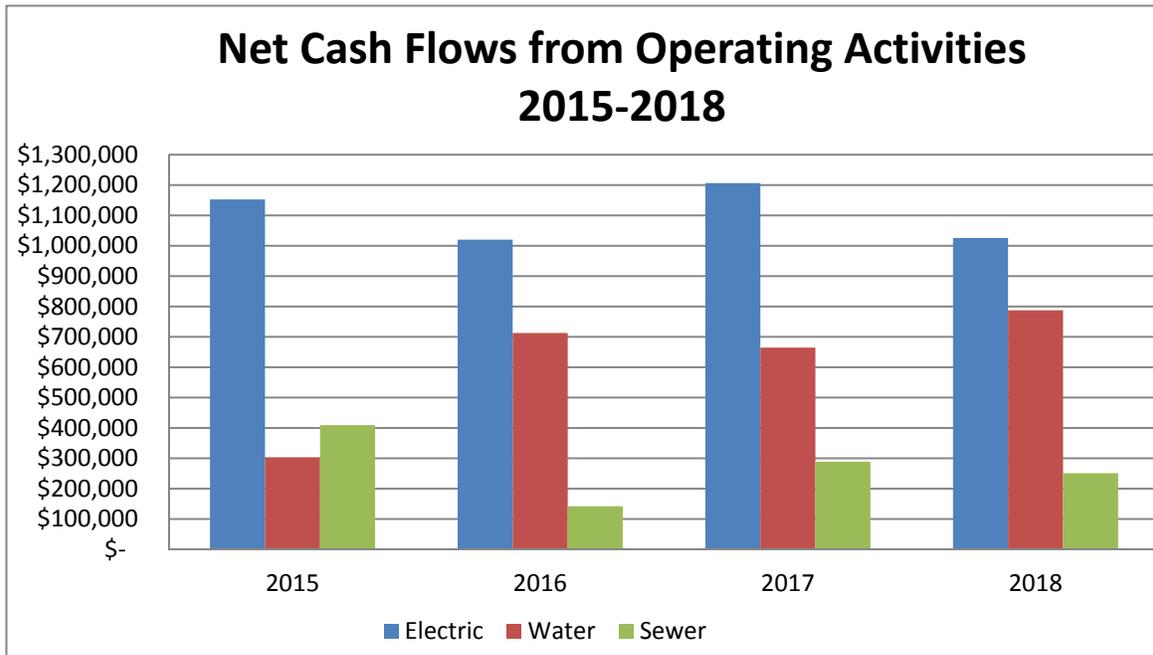


	<u>Electric</u>	<u>Water & Sewer</u>
Accrual based Revenues	\$ 9,833,269	\$ 3,089,934
Accrual Operating Expenses	(9,415,335)	(3,088,133)
Add back: Depreciation	<u>648,078</u>	<u>911,039</u>
Computed Net Earnings	<u><u>\$ 1,066,012</u></u>	<u><u>\$ 912,840</u></u>
Current Year Revenue		
Bond Debt Service	182,230	406,812
Coverage Factor	<u>1.25</u>	<u>1.25</u>
Required Net Earnings	<u><u>\$ 227,788</u></u>	<u><u>\$ 508,515</u></u>
Difference	<u><u>\$ 838,224</u></u>	<u><u>\$ 404,324</u></u>
Coverage	<u><u>5.85</u></u>	<u><u>2.24</u></u>

What it means....

The bond resolutions require that earnings from the system be 1.25 times the revenue bond annual debt service based on the bond year. The coverage requirement was met in 2018.

City of New Richmond Utilities



	2015	2016	2017	2018
Electric Operations	<u>\$ 1,152,776</u>	<u>\$ 1,020,196</u>	<u>\$ 1,206,485</u>	<u>\$ 1,025,699</u>
Water Operations	<u>\$ 302,442</u>	<u>\$ 712,780</u>	<u>\$ 664,598</u>	<u>\$ 787,487</u>
Sewer Operations	<u>\$ 409,371</u>	<u>\$ 142,112</u>	<u>\$ 288,811</u>	<u>\$ 251,102</u>

What it means....

Cash flow from operations should be sufficient not only to recover operating costs, but also to provide for debt service, transfers to the municipality for property tax equivalent and routine plant additions.

MEMORANDUM

TO: Debbie Powers
CC: Weston Arndt; Rae Ann Ailts
FROM: Stacie Running
DATE: July 24, 2019
SUBJECT: **WPPI Governing Body Presentation**

Tom Hanrahan from WPPI Energy will be joining the August 7, 2019 Utility Commission meeting for a Member Governing Body presentation. The title of the presentation is “The Power of Great Places” and will focus on what this means for New Richmond as a member-owner of WPPI Energy. The presentation will highlight some recent accomplishments WPPI members have achieved by collaborating through joint action, note some current WPPI and industry developments that may be of interest to our local leaders, and discuss ways that WPPI can support member’s local efforts and priorities. Tom will also be able to discuss any other issues/questions that we would like addressed. The presentation will be about twenty minutes in length, plus time for questions/conversation.

If you have any questions or concerns, please contact me.

Sincerely,

Stacie Running
Energy Services Representative
WPPI Energy
715/721-0040