**BEFORE THE**

**PUBLIC SERVICE COMMISSION OF WISCONSIN**

Application of the Village of Paddock Lake,

Kenosha County, Wisconsin, to Construct Docket 4510-CW-103

Water System Improvements

**DIRECT TESTIMONY OF JON CAMERON**

**ON BEHALF OF THE VILLAGE OF PADDOCK LAKE**

**Q. Please state your name.**

A. My name is Jon Cameron.

**Q. By whom are you employed and in what capacity?**

A. I am employed by Ehlers & Associates as a Senior Municipal Advisor/Vice President. I have been employed by Ehlers since September, 2013.

**Q. What is your educational background?**

A. I received a Bachelor’s Degree in 2003 from the University of Wisconsin-Milwaukee in Criminal Justice, and in 2005 received a Master’s Degree in Public Administration also from the University of Wisconsin-Milwaukee.

**Q. What are your professional qualifications?**

A. I have been employed as a Municipal Advisor and then as a Senior Municipal Advisor since September 2013. I have obtained the Series 50 License to engage in municipal advisory services through the Municipal Securities Rulemaking Board (MSRB) and am a Certified Independent Public Municipal Advisor through the National Association of Municipal Advisors. During my career at Ehlers I have provided independent municipal advise to several municipalities, including the Village of Paddock Lake on the planning for, and issuance of municipal securities, as well as assistance with post issuance compliance services. In addition, as part of my responsibilities with Ehlers I am responsible for completing and filing rate applications with the Wisconsin Public Service Commission (PSC) for a number of our client municipalities. Ex.-Direct-Cameron-1.

**Q. Have you been retained by the Village of Paddock Lake with respect to this project?**

A. Yes.

**Q. What is the purpose of your testimony?**

A. I am providing testimony in support of the Village of Paddock Lake’s application to construct water system improvements, and specifically on the topic of financing for this project.

**Q. Are the opinions you express in this testimony to a reasonable degree of professional certainty?**

A. Yes.

**Q. What long-term debt obligations does the water utility currently have?**

A. The Water Utility is currently responsible for a portion of the Village’s 2012 GO Corporate Purpose Bonds, Series 2012A. As of the beginning of 2018, the Utility’s outstanding balance on its portion of the debt issuance was $1,055,000.

**Q. What options does the Village have for transferring this long-term debt?**

A. The Village currently pays the water portion of the debt through the general property tax levy and could continue to do so through the remaining life of this debt issuance. The debt is general obligation in nature, and as such the Village is obligated to issuing an irrepealable tax to fund the annual debt service payment. Assuming the water utility would at some point increase water rates to a level to allow for the utility to start paying on this debt, the Village could annually abate the portion of the debt allocated to the water utility. The Village Board however can continue choose to not abate the water utility portion of the debt and have it be paid through the general property tax levy.

**Q. How would the Village choosing to have the utility’s portion of the 2012 debt be paid by the general property tax levy impact the water utility?**

A. The water utility’s share of the annual debt service payment (principal and interest) is approximately $115,000 per year through 2027. If this would continue be funded by the property tax levy through the life of the debt, the water utility could rely on a lower return on net investment rate base and achieve net positive cash flow on an annual basis sufficient to operate the water utility.

**Q. Does this conclude your direct testimony?**

A. Yes.

[END]