

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on April 28, 2015.

Commission President Lucy Nesheim called the meeting to order.

Commissioners Roll Call

Lucy Nesheim – Present
Don Samuelson - Present
William Wroolie – Present

Mark O'Day – Present
Dolly Matten – Present

Utility Staff Present

Secretary/Finance Director
Superintendent of Utilities
Recording Secretary

Todd Wicklund
Scott Magnuson
Sharon Jensen

Others in Attendance

Brainerd City Administrator
Brainerd City Councilmember
Kennedy & Graven

Patrick Wussow
Gary Scheeler
James Strommen (arrived @ 9:30)

Approval of Minutes and April 2015 Bills

Motion by Commissioner Wroolie and seconded by Commissioner Matten to approve the minutes of the March 24, 2015 regular monthly meeting, minutes of the reconvened meeting of March 27, 2015, minutes of the reconvened meeting of April 2, 2015 and to approve payment of the April 2015 bills. There was a unanimous roll call vote in favor of the motion. Motion carried.

President's Report

None

Other Commissioners' Reports

Commissioner Wroolie reported he and Commissioner Matten had participated in a conference call with James Strommen, Attorney, Kennedy & Graven, to discuss the payment dispute with Park Construction.

City Administrator Report

City Administrator Wussow updated the Commission about scheduling conflicts regarding meeting with local State Representatives and Civic leaders. A tour the hydro dam was to be included, a new date will be scheduled after the close of the current Legislative session.

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Secretary's Report

Secretary Wicklund reported the following significant items:

March 31, 2015 Financial Summary

| <i>(Amounts in Thousands)</i> | Three Month Period Ended March 31, | | | | | |
|--------------------------------|------------------------------------|----------|--------|--------|------------|----------|
| | Electric | | Water | | Wastewater | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Operating Revenue | \$ 4,781 | \$ 4,342 | \$ 517 | \$ 474 | \$ 577 | \$ 574 |
| Operating Expenses | | | | | | |
| Purchased Power | 2,761 | 3,096 | - | - | - | - |
| Depreciation | 354 | 330 | 160 | 125 | 344 | 345 |
| Other Operating Expenses | 889 | 659 | 323 | 342 | 471 | 481 |
| Total Operating Expenses | 4,004 | 4,085 | 483 | 467 | 815 | 826 |
| Operating Income (Loss) | 777 | 257 | 34 | 7 | (238) | (252) |
| Nonoperating Revenue (Expense) | (100) | (55) | (5) | 1 | 138 | 142 |
| Transfers to City | (156) | (162) | - | - | - | - |
| Capital Contributions | - | - | - | - | - | - |
| Net Change in Net Assets | \$ 521 | \$ 40 | \$ 29 | \$ 8 | \$ (100) | \$ (110) |
| Meters in Service | 7,920 | 7,862 | 4,624 | 4,633 | 4,570 | 4,585 |

Graphical Information

Wicklund reviewed graphs he provided to the Commission about the increase in the number of service orders (move-ins and move-outs) in 2014 compared to 2011. Graphs regarding the Hydro generation were also reviewed. Hydro generation for 2015 provides approximately 30 percent of residential kWh energy consumption or approximately 2,000 residential households.

Status Update of Power Supply Review Process

Wicklund reported that staff is working with Minnesota Power on drafting a new electric service agreement that would be effective January 1, 2016. The expectation is for significant savings to be realized by BPU sooner than waiting until current agreement expires on June 30, 2019.

2014 Financial Fieldwork Audit

Wicklund stated CliftonLarsonAllen 2014 audit fieldwork was completed on April 17th. The auditors expect to make presentation at the May 26th Commission meeting.

Superintendent's Report

Superintendent Magnuson reported on the following:

Water Department

- Leaks/Breaks/Complaints
 - Crew had a potential 16 inch water main leak between the High School and South Campus that turned out to be a connection that was loose.
 - Baxter purchased 2 million gallons of water recently which was a good test run for the Water plant with summer demand starting soon.

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- Projects
 - Flushing water system/hydrants
 - Water tower maintenance and painting at the former BRHSC will begin in May. The paint is in better condition than the Downtown Tower was Magnuson noted that currently there is no wording on the Tower, he will ask for a cost estimate.
- Airport Utilities Extension – Magnuson is representing BPU on the Airport Extension Committee. He stated that work will be on both sides of the highway and will include a water booster station and one lift station. Councilmember Scheeler said that they are meeting with Baxter regarding the funding for the project.
- Fluoride Levels – Received a Public Affairs Advisory from the US Department of Health and Human Services regarding the final recommendation for optimal fluoride level. The recommendation is for a single level of 0.7 milligrams of fluoride per liter of water this level replaces the previous range from (0.7 to 1.2 milligrams per liter) issued in 1962. BPU fluoride level is 1.0.

Wastewater Treatment Department

- WWTF/Projects
 - Sludge hauling was to begin today.

Electrical Department

- Outages/Interruptions/Complaints
 - Low voltage complaints as Crews were performing maintenance at the Downtown Sub.
 - Osprey nest building caused the Friday night outage. A branch fell on the 35 kV line and burned off a jumper. Crews have taken the two 35 kV lines offline until a more permanent solution can be found.
- Projects
 - Norgard lift station- completed/converted
 - Northeast Brainerd – ongoing thru the Summer
 - Downtown Sub – Utilities Plus along with 2 Line workers completed maintenance by installing new gaskets and changing oil.

Councilmember Scheeler inquired about Charter Communications and removal of old poles. He asked Magnuson to check with Charter on the status.

Hydro Department

- Generators – two generators are running at 70% and two are running at 80%
- Slide gates – updating of 5 slide gates
- Sign – Newly painted signs for the two canoe portages was recently completed by BPU staff
- MMUA – The April 2015 MMUA Resource has an article featuring the Hydro dam.

Admin Department

- Surplus Sale – Staff is compiling a list of surplus items for Commission approval in May. Four vehicles and numerous poles will be offered for sale.
- Retirement – John Lundberg, Lineworker, retirement date is June 30, 2015. He has worked at BPU for 41 years and his last work day is May 19th. Magnuson noted that there are potentially several more retirements this year.

Public Forum

None

Old Business

None

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New Business

None

Motion by Commissioner Wroolie and seconded by Commissioner Matten to meet in closed session for the purpose to consider the payment dispute issues with Park Construction related to the hydroelectric dam apron repair project pursuant to Minnesota Statutes Section 13D.05, subdivision 3(b), for attorney – client privilege. There was a unanimous voice vote in favor of the motion. Motion carried at 9:55 AM.

All individuals mentioned above were present at the closed session.

The Commission reconvened into open session at 11:15 AM.

Motion by Commissioner Matten and seconded by Commissioner O'Day to approve Settlement Agreement and Release effective as of April 24, 2015, with Park Construction in the amount of \$675,000. There was a unanimous roll call vote in favor of the motion. Motion carried.

Adjournment

Motion by Commissioner O'Day and seconded by Commissioner Wroolie to adjourn the meeting at 11:17 AM. Meeting adjourned.