

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on August 30, 2016.

Commission President Mark O'Day 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  
Brainerd Dispatch

Jim Thoreen  
Gary Scheeler  
Spenser Bickett

**Approval of Minutes and August 2016 Bills**

**Motion by Commissioner Wroolie and seconded by Commissioner Nesheim to approve the minutes of the July 26, 2016 regular monthly meeting and to approve payment of the August 2016 bills. There was a unanimous roll call vote in favor of the motion. Motion carried.**

**Public Forum**

None

**President's Report**

None

**Other Commissioners' Reports**

Commissioner Wroolie reported that he had attended MMUA's pre-meeting and 2017 planning session in Plymouth and the 2016 summer conference at Cragun's.

**City Administrator Report**

Brainerd City Administrator Jim Thoreen reported that the Airport utilities extension project is going smoother and watermain is tested as far as Pine Shores. The actual Airport water and sewer utility project has been let and the pre-construction meeting is September 20<sup>th</sup>. Annexation discussions of Airport property and BPU property are in the hands of the Brainerd Council.

BPU Commission compensation will remain as it is. Health insurance premiums will not change for 2017 and labor negotiations will be starting soon. Commissioner O'Day stated that he would like the BPU Commission to have some input for their bargaining units.

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING  
August 30, 2016**

The City of Brainerd 2017 preliminary budget is scheduled to be adopted at the September 19<sup>th</sup> Council meeting.

**Secretary's Report**

July 31, 2016 Summary of Utility Operations

	Seven Month Period Ended July 31,					
	Electric		Water		Wastewater	
	2016	2015	2016	2015	2016	2015
<b>(Amounts in Thousands)</b>						
Operating Revenue	\$ 10,665	\$ 10,720	\$ 1,331	\$ 1,298	\$ 1,459	\$ 1,386
Operating Expenses						
Purchased Power	7,177	6,422	-	-	-	-
Depreciation	919	863	395	372	811	803
Other Operating Expenses	2,035	2,211	844	837	1,032	1,062
Total Operating Expenses	10,131	9,496	1,239	1,209	1,843	1,865
Operating Income (Loss)	534	1,224	92	89	(384)	(479)
Nonoperating Revenue (Expense)	(180)	(224)	2	(19)	421	357
Transfers to City	(394)	(347)	-	-	-	-
Capital Contributions	-	-	-	-	-	-
Net Change in Net Assets	\$ (40)	\$ 653	\$ 94	\$ 70	\$ 37	\$ (122)
Meters in Service	7,977	7,934	4,796	4,767	4,629	4,606

Budget Billing Policy/Guidelines

Wicklund reviewed the budget billing policy/guidelines as prepared by staff. Participation eligibility includes the following:

- 12 month billing history at current residence
- account is current and good payment history
- remain in program for 12 months
- pay full budget amount each month

Budget billing accounts will be calculated at the end of March and at the end of September of each year.

**Motion by Commissioner Wroolie and seconded by Commissioner Matten to approve the budget billing policy as presented. There was a unanimous vote in favor of the motion. Motion carried.**

Cost of Service/Rate Design Proposal-UFS

Wicklund stated he has been in contact with Utility Financial Solutions, LLC (UFS) regarding a rate study proposal for this fall. The proposal from UFS includes cost of service (COS) and rate design (RD). Since the last COS study in 2012 many changes have occurred including the closing of Wausau Paper, Hydro generation being added, and the need to identify costs for customer solar. The proposal is \$14,650 (COS) and \$22,300 (RD) for a total cost of \$36,950.

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING  
August 30, 2016**

**Motion by Commissioner Nesheim and seconded by Commissioner Samuelson to approve the Cost of Service and Rate Design from Utility Financial Solutions in the amount of \$36,950. There was a unanimous roll call vote in favor of the motion. Motion carried.**

Public Power Energy Service, LLC (PPES)

Wicklund stated that Mike Kumm, PPES continues to work on getting the final piece of capacity for the year July 1, 2019 to June 30, 2020.

**Superintendent's Report**

Superintendent Magnuson reported on the following:

**Water Department**

- Leaks/Breaks/Complaints – Two customer water service breaks
- Filtration Plant – One bed is at 50% and still able to keep up with demand
- Projects
  - Hydrant maintenance
  - Standpipe/Gate valve maintenance
  - Assisting Contractor on Airport project

**Wastewater Treatment Department**

- WWTF/Projects
  - Still too wet for sludge application
  - Wastewater impellers on all four pumps have failed and have been rebuilt or replaced over the last several months. Local machinist has coated the two newly purchased replacement impellers.

**Electrical Department**

- Outages/Interruptions/Complaints
  - Storm on August 4<sup>th</sup> at 2:30 AM resulted in 3,500 customers being affected with a significant majority being restored by 6:00 AM. The southwest Brainerd area received more damage and power was on by noon.
  - Cutout failure near BMC
  - Three incidents involving squirrels - checking into squirrel guards
- Projects
  - NE Brainerd – planning to change out pole line on E Street in order to add a 4<sup>th</sup> circuit
  - Well No. 8 – Conversion
  - Central Station- preparing for Generator

**Hydro Department**

- Projects
  - Electric system upgrades and preparation for the installation of backup generator
  - Amjet – conducting electric testing through late September and possible installation late October. Diver is scheduled to complete final measurements.

**Administration Department**

- Verizon contract – The modifications were made to the contract. Verizon will purchase the poles and spares.

**Motion by Commissioner Woolie and seconded by Commissioner Matten to approve Verizon contract as presented. There was a unanimous vote in favor of the motion. Motion carried.**

- Interstate Transport & Broadband – will use Verizon agreement as a template

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING**  
**August 30, 2016**

- Railroad crossings/leases – BPU has eight contracts with Burlington Northern, staff is researching the old contracts and goal is to eliminate a few of them. The Legislature approved lifetime maximum for each lease is \$1,250.

**Old Business**

None

**New Business**

None

**Motion by Commissioner Wroolie and seconded by Commissioner Nesheim to meet in closed session for the purpose to discuss potential litigation on hydroelectric dam apron repair project pursuant to Minnesota Statutes Section 13D.05, subdivision 3(b), for attorney – client privilege. There was a unanimous roll call vote in favor of the motion. Motion carried at 9:49 AM.**

Those present at the closed session included the five BPU Commissioners present, Wicklund, Magnuson, Scheeler, and by telephone Attorney Jim Strommen.

The Commission reconvened into open session at 10:04 AM.

**Adjournment**

**Motion by Commissioner Wroolie and seconded by Commissioner Matten to adjourn the meeting at 10:05 AM. Meeting adjourned.**