

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on December 20, 2016.

Commission Vice President Dolly Matten called the meeting to order.

**Commissioners Roll Call**

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

Mark O'Day – Absent  
Dolly Matten – Present

**Utility Staff Present**

Secretary/Finance Director  
Superintendent of Utilities  
Recording Secretary  
Accounting Supervisor  
Technology Supervisor  
Line Supervisor

Todd Wicklund  
Scott Magnuson  
Sharon Jensen  
Julie Batters  
Scott Sjolund  
Trent Hawkinson

**Others in Attendance**

Brainerd City Administrator  
City Finance Director  
Brainerd City Council Member  
City HR Coordinator  
Utility Financial Solutions, LLC  
Brainerd Dispatch

Jim Thoreen  
Connie Hillman  
Gary Scheeler  
Kris Schubert  
Dan Kasbolm  
Spenser Bickett

**Approval of Minutes and December 2016 Bills**

**Motion by Commissioner Wroolie and seconded by Commissioner Nesheim to approve the minutes of the November 29, 2016 regular monthly meeting and to approve payment of the December 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 Technical & Operations Conference in St Cloud and had participated in some of the union negotiation meetings. Commissioner Nesheim also stated that she had attended some of the union negotiation meetings.

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING  
December 20, 2016**

**City Administrator Report**

City Administrator Jim Thoreen stated that a reception was held for outgoing Councilmembers Borkenhagen, Koep and Scheeler and incoming Council members Lambert, Stunek and Badeaux before the Council meeting last night. The new council members will be attending a Leadership Conference for newly elected officials and tours of all City and Utility facilities will be offered.

The City adopted the 2017 budget and approved one union contract. Negotiations with the remaining six are progressing.

City Administrator Thoreen stated that City Attorney Joe Langel will represent Brainerd's detachment request to the Office of Administrative Hearings Municipal Boundary Adjustment Unit. The City of Baxter has retained an attorney also. The Adjustment Unit has not set the hearing date however it is anticipated that it will be held in early January in Brainerd.

**Secretary's Report**

November 30, 2016 Summary of Utility Operations

<i>(Amounts in Thousands)</i>	Eleven Month Period Ended November 30,					
	Electric		Water		Wastewater	
	2016	2015	2016	2015	2016	2015
Operating Revenue	\$ 16,924	\$ 17,036	\$ 2,118	\$ 2,070	\$ 2,315	\$ 2,203
Operating Expenses						
Purchased Power	11,436	10,389	-	-	-	-
Depreciation	1,484	1,390	635	595	1,285	1,270
Other Operating Expenses	3,270	3,311	1,336	1,308	1,626	1,631
Total Operating Expenses	16,190	15,090	1,971	1,903	2,911	2,901
Operating Income (Loss)	734	1,946	147	167	(596)	(698)
Nonoperating Revenue (Expense)	(302)	(324)	(42)	(28)	710	620
Transfers to City	(627)	(552)	-	-	-	-
Capital Contributions	-	-	-	-	-	-
Net Change in Net Assets	\$ (195)	\$ 1,070	\$ 105	\$ 139	\$ 114	\$ (78)
Meters in Service	7,979	7,946	4,753	4,660	4,637	4,609

Review of November 2016 Financial Information

Minnesota Power capacity charges increased \$1.1 million or 17.4% from prior year while energy charges decreased \$320,000 or 14.0% from prior year.

MMUA Legislative Conference

Wicklund reported that MMUA has scheduled the Legislative Conference for January 31 – February 1, 2017 at the Embassy Suites, St. Paul. Any Commissioners wanting to attend should contact him.

2017 Commission Meeting Dates

Reviewed the 2017 Commission meeting dates, the January meeting will be moved to the 24<sup>th</sup> due to the conflict with the Legislative Conference.

## **BRAINERD PUBLIC UTILITIES COMMISSION MEETING December 20, 2016**

### After Hours Reconnects

Wicklund noted that staff is discussing the current after-hours reconnect policy. Many MMUA members have discontinued reconnecting accounts after hours in part for safety and cost. Staff will prepare a draft for Commission review at the January meeting.

### Facilities Tour

Commissioners Nesheim and Matten expressed interest in attending the tour of facilities as discussed by City Administrator Thoreen.

### **Superintendent's Report**

Superintendent Magnuson reported on the following:

#### Water Department

- Leaks/Breaks/Complaints – A couple of freeze-ups on customer side and issues with some trailer parks were noted
- Filtration Plant – Waiting for conductor, tentative start-up is 2<sup>nd</sup> week of January
- Projects
  - Business 371/South 6<sup>th</sup> Street – meeting with MNDOT regarding 2018 project
  - Airport Extension – substantially complete
  - Airport Booster Station is operational and water is available at Airport, the sewer hook-ups will be in the Spring
  - Lift Station- used for one hour then program operating pump failed, training is scheduled for next week
  - Removing substation at Central Station

#### Wastewater Treatment Department

- WWTF/Projects
  - Plant is running well
  - Training on the new Lift Stations
  - Phosphorus Removal – Since new plant in operation five years ago phosphorus loading has decreased 80%

#### Electrical Department

- Outages/Interruptions/Complaints
  - None to report
- Projects
  - NE Brainerd/West of Mill Avenue- work continues
  - Well 8 Conversion going well
  - Tree trimming and brushing

#### Hydro Department

- Projects
  - Gates temporarily could not close due to ice and high water due to snowmelt
  - Doors at pier houses – 3 new doors were installed
  - Barr Engineering – Work Order No. 5 received from Barr Engineering. This work order describes scope of services to be performed supporting the hydro in the next five years. Total estimated costs for performing the nine tasks described amount to \$379,000. Some of the significant tasks include apron project, general assistance with FERC (license due in 2023 process has begun), and engineering construction oversight.

**Motion by Commissioner Wroolie and seconded by Commissioner Nesheim to approve Barr Engineering Work Order No. 5 for \$379,000. There was a unanimous roll call vote in favor of the motion. Motion carried.**

## **BRAINERD PUBLIC UTILITIES COMMISSION MEETING December 20, 2016**

### **Administration Department**

- Line Worker Tyler Malloy – Six month probation completed
- BPU operating and capital budgets for 2017 were approved at the December 5, 2016 City Council meeting

### **Old Business**

Councilmember Scheeler stated that he had enjoyed working with the Commission and BPU staff during the past four years. The Commissioners thanked him for his service.

### **New Business**

#### **2017 Rate Study Recommendations**

Dan Kasbohm, Utility Financial Solutions, LLC, reviewed the electric, water and wastewater treatment rate design process including cost of service and financial projection analysis for 2017. The following recommendations for each department are as follows:

#### **Electric Department**

- Overall 2017 rate adjustment of 3.9%
- Allow +/- 2% bandwidth (1.9% - 5.9%)
- Adjust PCA TO \$0.0145
- \$1.00 customer charge increase for Dual - Fuel and Off - Peak rates
- Implement PCA adjustments in August

#### **Water Department**

- Overall 2017 rate adjustment of 4.9%
- Allow +/- 4% bandwidth (0.9% to 8.9%)
- Move rates towards 2017 cost of service results

#### **Wastewater Treatment Department**

- Overall 2017 rate adjustment of 2.5%
- Allow +/- 2.5% bandwidth (0.0% to 5.0%)
- Continue to decrease debt service charge

The Commission discussed the various recommendations and Commissioner Wroolie requested that Mr. Kasbohm design the new rates for Commission review at their next meeting and that for water department the proposed rates should also be calculated using a bandwidth of 3% as well as the recommended 4%.

**Motion by Commissioner Wroolie and seconded by Commissioner Nesheim to design the electric, water and wastewater treatment rates proposed for Commission approval. There was a unanimous roll call vote in favor of the motion. Motion carried.**

#### **Election of 2017 Officers**

Commission Vice President Matten called for nominations for BPU Commission President at which time Commissioner Wroolie nominated Commissioner Matten. Nominations closed.

**Nomination of Commissioner Matten for Commission President in 2017 was made by Commissioner Wroolie. There was a unanimous vote in favor of the motion. Motion carried.**

Commission Vice President Matten called for nominations for the office of Vice President at which time Commissioner Nesheim nominated Commissioner Wroolie. Nominations closed.

**Nomination of Commissioner Wroolie for Commission Vice President in 2017 was made by Commissioner Nesheim. There was a unanimous vote in favor of the motion. Motion carried.**

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING  
December 20, 2016**

Commission Vice President Matten called for a short break at 10:10 AM.

**Motion by Commissioner Wroolie and seconded by Commissioner Nesheim to meet in closed session for the purpose to discuss union negotiations strategies with IBEW Local No. 31 and USW pursuant to Minnesota Statutes Section 13D.03, subd. 1(b). There was a unanimous vote in favor of the motion. Motion carried at 10:12 AM.**

Those present at the closed session included Commissioners Matten, Nesheim, and Wroolie and Magnuson, Wicklund, City Administrator Thoreen, and Human Resource Coordinator Schubert.

The Commission reconvened into open session at 10:42 AM.

There was discussion regarding salary adjustments for 2017 and 2018 for supervisors and BPU department heads.

**Motion by Commissioner Wroolie and seconded by Commissioner Nesheim to recommend 2017 and 2018 salary adjustments for supervisors and BPU department heads based on market study prepared from MMUA salary and wage information. There was a unanimous roll call vote in favor of the motion.**

**Motion by Commissioner Wroolie and seconded by Commissioner Nesheim to adjourn the meeting at 11:10 AM. Meeting Adjourned.**