

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on December 29, 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  
Line Supervisor  
Accounting Supervisor

Todd Wicklund  
Scott Magnuson  
Sharon Jensen  
Trent Hawkinson  
Julie Batters

**Others in Attendance**

Brainerd City Administrator  
Public Power Energy Services, LLC  
Brainerd Dispatch  
Utility Financial Solutions, LLC  
Minnesota Power

Jim Thoreen  
Mike Kumm  
Spenser Bickett  
Dan Kasbohm  
Jason Risdall

**Approval of Minutes and December 2015 Bills**

**Motion by Commissioner Wroolie and seconded by Commissioner O’Day to approve the minutes of the November 24, 2015 regular monthly meeting and to approve payment of the December 2015 bills. There was a unanimous roll call vote in favor of the motion. Motion carried.**

**President’s Report**

Commission President Nesheim reported that she had attended the Brainerd City Council meeting on December 7<sup>th</sup>. The Utilities 2016 Capital and Operating budgets were approved.

**Other Commissioners’ Reports**

None

**City Administrator Report**

Brainerd City Administrator Jim Thoreen reviewed the City of Brainerd 2016 budget and levy and noted the significant items. There will be a 2015 year-end review scheduled in January 2016 including reports from all City Departments.

Commissioner Samuelson inquired if the Fire Department changes affected residential fire ratings for insurance purposes. Thoreen replied Brainerd has excellent staff and that the response times are good.

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING  
December 29, 2015**

**Secretary's Report**

Secretary Wicklund reported the following significant items:

November 30, 2015 Financial Summary

<i>(Amounts in Thousands)</i>	Eleven Month Period Ended November 30,					
	Electric		Water		Wastewater	
	2015	2014	2015	2014	2015	2014
Operating Revenue	\$ 17,036	\$ 16,629	\$ 2,070	\$ 1,931	\$ 2,203	\$ 2,149
Operating Expenses						
Purchased Power	10,389	11,523	-	-	-	-
Depreciation	1,390	1,250	595	477	1,270	1,265
Other Operating Expenses	3,311	2,395	1,308	1,268	1,631	1,639
Total Operating Expenses	15,090	15,168	1,903	1,745	2,901	2,904
Operating Income (Loss)	1,946	1,461	167	186	(698)	(755)
Nonoperating Revenue (Expense)	(324)	(424)	(28)	3	620	566
Transfers to City	(552)	(563)	-	-	-	-
Capital Contributions	-	-	-	-	-	-
Net Change in Net Assets	\$ 1,070	\$ 474	\$ 139	\$ 189	\$ (78)	\$ (189)
Meters in Service	7,946	7,943	4,660	4,645	4,609	4,599

2016 Proposed Commission Meeting Dates

Wicklund provided a schedule of proposed Commission meeting dates for 2016.

Summary of Hydro Generation

Wicklund provided a summary of the kWh production for the 5 generators at the Hydro dam for 2012 to 2015. Commissioner Matten inquired why generators #1 and #3 production was low in April and August. Wicklund stated they were out of service due to repairs and maintenance.

Status Update Airport Utilities Extension

Wicklund stated the Airport utilities extension plans were approved by the Brainerd City Council. Bidders now have the plans and bid opening is scheduled for February 9<sup>th</sup>. Financing of the project will be finalized when the bids come back.

Refund Request-418 4<sup>th</sup> Avenue.

Received a request from Amy Carson, 418 4<sup>th</sup> Avenue, for a wastewater treatment and collection refund. She was gone for 9 days on arriving home she found that a water pipe for the outside faucet had broken and water had been running into the backyard. Staff opinion is that the excess water did not enter the City's sanitary sewer system therefore the recommendation is to give a wastewater adjustment.

**Motion by Commissioner Wroolie and seconded by Commissioner Matten to approve the staff recommendation for wastewater adjustment of \$179.48 for Amy Carson. There was a unanimous vote in favor of the motion. Motion carried.**

## **BRAINERD PUBLIC UTILITIES COMMISSION MEETING December 29, 2015**

### **Superintendent's Report**

Superintendent Magnuson reported on the following:

#### **Water Department**

- Leaks/Breaks/Complaints - Customer side service breaks and one complaint from South Brainerd.
- Filtration Plant – plant running with no problems noted
- Projects
  - AMR – less than 100 AMR's to install
  - Wellhead Protection Update – Handed out the Wellhead protection program evaluation report submitted to the MN Department of Health. Noted that storm water projects including Little Buffalo Creek and 17 rain gardens in the DWSMA. Grant money is available in March.

#### **Wastewater Treatment Department**

- WWTF/Projects
  - Working with Siemens on the propellers that have failed. Manufacturer defect due to bubbles in the water causing cavitation/wearing away. Spares have been ordered.

#### **Electrical Department**

- Outages/Interruptions/Complaints – No major outages to report
- Projects
  - Northeast Brainerd – Work continues
  - Tree trimming
  - APPA Lineworkers Rodeo – MMUA and Shakopee Public Utilities are co-sponsors of the 2016 APPA Lineworkers Rodeo, April 2<sup>nd</sup> at Canterbury. BPU crews helped set poles this fall and two Journeyman and two Apprentice Lineworkers will compete.

#### **Hydro Department**

- Projects –
  - Water level is going down and the River is freezing over.
- Hydro Physical Model/Study – Testing should be completed with reporting to FERC in February.

#### **Administration Department**

Staff updates:

- Water Service Worker – Andy Moody promoted to this position effective January 4, 2016
- Six Month Probation Completed
  - Cory Henningson – December 30, 2015
  - Mike Zabinski – January 6, 2016
  - Dylan Ferrari – January 8, 2016
- Maintenance Mechanic – Jason Eastman hired starting December 14, 2015

Commission President Nesheim called a 5 minute recess at 10:12 AM.

#### **Public Forum**

None

#### **Old Business**

None

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING**  
**December 29, 2015**

**New Business**

**2016 Rate Study Recommendations**

2016 Rate Study Recommendations

Dan Kasbohm, Utility Financial Solutions, LLC, reviewed the electric, water and wastewater treatment rate design process including projections and proposed rates recommendations. The Commission discussed and approved the following electric, water and wastewater rate adjustments effective February 1, 2016.

**Motion by Commissioner O'Day and seconded by Commissioner Woolie approved the electric, water and wastewater rates effective February 1, 2016. There was a unanimous roll call vote in favor of the motion. Motion carried.**

<b><i>Electric Department</i></b>							
<b><i>Current Rates</i></b>							
Class	Monthly Charge	All kWh	First 2500 kWh	Excess of 2500 kWh	All kW	First 8 kW	Excess of 8 kW
Residential	14.30	0.0688	-	-	-	-	-
General Service	23.25	0.0731					
General Service Demand	33.50		0.0736	0.0349			16.25
LLP - Secondary	120.00	0.0275			18.50		
LLP - Primary	120.00	0.0269			17.50		
Duel Fuel	2.50	0.0474					
Off Peak Energy	2.50	0.0422					
Notes:							
1. The Power Cost Adjustment will be at \$0.015 per kWh.							
<b><i>New Rates</i></b>							
Class	Monthly Charge	All kWh	First 2500 kWh	Excess of 2500 kWh	All kW	First 8 kW	Excess of 8 kW
Residential	14.75	0.0707	-	-	-	-	-
General Service	23.75	0.0771					
General Service Demand	34.00		0.0780	0.0355			16.75
LLP - Secondary	120.00	0.0287			19.00		
LLP - Primary	120.00	0.0279			17.90		
Duel Fuel	3.50	0.0488					
Off Peak Energy	3.50	0.0442					
Notes:							
1. The Power Cost Adjustment will be at \$0.0125 per kWh.							

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING  
December 29, 2015**

<b><i>Water and Wastewater Treatment Departments</i></b>						
<b>(In Inches) Meter Size</b>	<b>Water</b>		<b>Wastewater Treatment</b>			
	<b>Monthly Customer Charge</b>		<b>Monthly Charge -</b>			
			<b>Debt Service</b>		<b>Customer</b>	
	<b>Current</b>	<b>New</b>	<b>Current</b>	<b>New</b>	<b>Current</b>	<b>New</b>
5/8 and 3/4	\$ 11.90	\$ 15.20	\$ 10.00	\$ 9.00	\$ 10.00	\$ 11.40
1	36.50	40.25	13.00	11.70	10.25	12.35
1 1/2	53.00	58.00	18.00	16.20	10.50	13.30
2	99.00	105.00	22.00	19.80	10.75	14.25
3	164.00	173.00	31.00	27.90	11.00	16.20
4	250.00	263.00	39.00	35.10	11.25	18.65
6	420.00	443.00	55.00	49.50	11.50	21.60
8	790.00	833.00	70.00	63.00	11.75	22.55
Hydrants	5.80	6.15	-	-	-	-
<b><u>All Meters</u></b>						
Improvement Fee*	3.00	-			-	-
Per 1,000 Gallons	\$ 2.35	\$ 2.50			\$ 2.50	\$ 2.65
Note: The proposed monthly charges also need to include the \$0.53 Minnesota Department of Health charge to accommodate the mandatory State charge that has been placed on each water meter in the State since July 1, 1992. Water and wastewater treatment customers outside the City limits will be charged 200 percent of the applicable rate.						
*The \$3 water improvement fee is now combined with the monthly customer charge.						

**Agreement Proposal AEP (American Energy Partners, Inc.)**

Mike Kumm, Public Power Energy Services, LLC (PPES) reviewed the alternate power supplier agreement proposal from AEP. Mr. Kumm discussed the objectives of reviewing power supply options by the Commission which were to look for a stable, lower cost power supply option to serve BPU customers and to select the lowest cost supplier. Effort was made to negotiate a lower cost supply with Minnesota Power (MP) by sharing the load with MP. This effort was not successful. In the end, one supplier, AEP, met all of the Commissions objectives. Anticipated total saving by entering into an agreement with AEP will be in the range of \$7 million to \$10 million over the best offer provided by MP. The term of the AEP agreement will be July 1, 2019 through May 31, 2025. Minor agreement language is being finalized with AEP and is being reviewed by legal counsel for both parties and it is anticipated the agreement would be signed on January 4, 2016.

**Motion by Commissioner O'Day and seconded by Commissioner Matten to enter into agreement with American Energy Partners (AEP) and authorize Brainerd Public Utilities officials to sign the agreement as revised by BPU legal counsel and subject to finalizing by BPU legal counsel and BPU staff . There was a unanimous roll call vote in favor of the motion. Motion carried.**

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING  
December 29, 2015**

**Election of 2016 Officers**

Commission President Nesheim called for nominations for BPU Commission President at which time Commissioner Wroolie nominated Commissioner O'Day. Nominations closed.

**Nomination of Commissioner O'Day for Commission President in 2016 was made by Commissioner Wroolie. There was a unanimous vote in favor of the motion. Motion carried.**

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

**Nomination of Commissioner Matten for Commission Vice President in 2016 was made by Commissioner O'Day. There was a unanimous vote in favor of the motion. Motion carried.**

**Replacement of 2000 John Deere Backhoe**

Superintendent Magnuson asked for Commission approval to list the 2000 John Deere backhoe to sell instead of trading it in on the new backhoe.

**Motion by Commissioner Wroolie and seconded by Commissioner O'Day authorized staff to sell the 2000 John Deere Backhoe instead of trade-in if the amount is more. There was a unanimous vote in favor of the motion. Motion carried.**

**Adjournment**

**Commissioner Wroolie motioned at 10:57 AM to adjourn the meeting seconded by Commissioner O'Day. Meeting adjourned.**