

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on February 23, 2016.

Commission President Mark O'Day called the meeting to order.

Commissioners Roll Call

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

Mark O'Day – Present
Dolly Matten – Present

Utility Staff Present

Secretary/Finance Director
Superintendent of Utilities
Recording Secretary
Accounting Supervisor

Todd Wicklund
Scott Magnuson
Sharon Jensen
Julie Batters

Others in Attendance

Brainerd City Administrator
Brainerd City Councilmember
Brainerd Dispatch

Jim Thoreen
Gary Scheeler
Spenser Bickett

Approval of Minutes and February 2016 Bills

Motion by Commissioner Samuelson and seconded by Commissioner Matten to approve the minutes of the January 26, 2016 regular monthly meeting and to approve payment of the February 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

None

City Administrator Report

Brainerd City Administrator Jim Thoreen noted that on March 10th staff from the City of Brainerd and Brainerd Public Utilities will be attending a course on Continuous Improvement. The course is sponsored by the State of Minnesota Enterprise Learning Management System and is no cost to public sector employees. This course will introduce employees to the world of continuous improvement through hands-on exercises and facilitated discussions that help participants "see" wastes within a process and remove wastes using Lean principles, methods and tools.

BRAINERD PUBLIC UTILITIES COMMISSION MEETING February 23, 2016

Special Council Meeting regarding Brainerd Regional Airport water and sewer expansion bids was held last night. The Council awarded the contract to local contractor Tom's Backhoe for Project areas 1-4. Staff recommendation was to award bid to the lowest bidder on Project Area 1 and to reject all bids on Project Areas 2, 3 and 4.

Secretary's Report

Secretary Wicklund reported the following significant items:

December 31, 2015 Financial Summary-Subject to Audit

Wicklund noted there is a new accounting standard (GASB No. 68) which requires pension liabilities to be recorded on each government entities financial statements at December 31, 2015. BPU will be required to record Minnesota Public Employees Retirement Association (PERA) pension liability amounts. The information just became available on the PERA website.

Electric Economic Development Rate

Wicklund was directed at the January meeting to report on how many customers would have been impacted by the Electric Economic Development Rate (EDR) in the past 5 years. The accounts that would have qualified for the EDR rates for BPU General Service Demand (GSD) and Large Light and Power (LLP) classes are as follows:

| | |
|----------|----------|
| 2011 – 3 | 2014 – 4 |
| 2012 – 4 | 2015 – 5 |
| 2013 – 2 | |

Wicklund noted that if BPU is approached by a very large load in the range of 5 to 10 megawatts a separate rate should be implemented for that type of customer.

The following table shows the EDR discount approved by the Commission at last month's board meeting:

| Year | GSD | LLP |
|------|-----|-----|
| 1 | 21% | 13% |
| 2 | 17% | 11% |
| 3 | 13% | 9% |
| 4 | 9% | 7% |
| 5 | 5% | 5% |

Motion by Commissioner Nesheim and seconded by Commissioner Samuelson to proceed with staff recommendation to make the electric economic development rate effective start date December 1, 2015. There was a unanimous vote in favor of the motion. Motion carried.

Capital Equipment Certificates

Wicklund presented a proposal to finance rather than purchase outright the new bucket truck and back-up generator for Central Station. Both items are over \$200,000 each and are in the 2016 capital budget. The City of Brainerd is planning on issuing G.O. Equipment Certificates of Indebtedness in a few weeks and BPU has the opportunity to finance these two capital items through this bond issue. The term is five years with average interest rate of 1.75 percent.

Motion by Commissioner Nesheim and seconded by Commissioner Matten to proceed with staff recommendation to purchase new Bucket Truck and Central Back-up Generator by equipment certificate. There was a unanimous vote in favor of the motion. Motion carried.

BRAINERD PUBLIC UTILITIES COMMISSION MEETING February 23, 2016

Councilmember Scheeler inquired about the bucket truck being replaced and if it would be available for purchase by the City of Brainerd. Staff will inform the City when a trade-in value has been determined.

AEP Site Visit

Vince Findley, AEP Energy Partners, will be here today to visit staff at 11:00 AM.

Status of Airport Utility Extension Project

Staff is researching options on the best course of action regarding the City Council decision to proceed with Project Areas 1 - 4 on the Airport utility extension project. Discussions included increasing utility rates, local option sales tax (LOST) collections and City of Baxter payments. Commissioners noted that it is a vital Regional project and not just benefiting the City of Brainerd. The bond sale is set for March 7th.

Commissioner Samuelson was asked for input on how best to contact the Legislature about potential bonding during the session starting in March. City Administrator Thoreen stated that he will be sending a letter to area legislators regarding the project.

Superintendent's Report

Superintendent Magnuson reported on the following:

Water Department

- Leaks/Breaks/Complaints – None
- Filtration Plant – Cleaning out one filter bed
- Projects
 - AMR – about 20 customer accounts remain
 - South 6th Street construction meeting this week

Wastewater Treatment Department

- WWTF/Projects
 - Impellers-still working to resolve failure with Manufacturer
 - MPCA – Waste Water Award will be given to Gregg Kropp at the WW Operators Conference in March.

Electrical Department

- Outages/Interruptions/Complaints – Recloser control at the Hydro failed last week. This recloser was installed 2 years ago. The replacement recloser lasted 1/2 day before it exploded. An older style spare recloser was re-installed and Staff is checking on warranty and/or insurance claim.
- Projects
 - Northeast Brainerd – Completed a lot of work this Winter
 - Prestige Plating – waiting for a recorder, all of them are currently being used.

Hydro Department

- Projects – lost one day of generation due to recloser failure
- Hydro Physical Model/Study – Testing is complete. Future design plans to finish apron repair have been submitted to FERC for their approval.
- FERC – Current 30 year license expires in 2023 and staff working with Barr Engineering is review new FERC guidelines that would streamline license renewal effort for hydro's with a capacity of less than 10 MW.
- AmJet - AmJet is getting close to testing the generator it would like to install at hydro however actual installation date is unknown at this time.

Administration Department

- Mandy Selisker – Cashier/Postal Specialist - probation complete 2/24/2016
- Brent Yaunick – Maintenance Electrician – probation complete 3/21/2016

BRAINERD PUBLIC UTILITIES COMMISSION MEETING
February 23, 2016

Old Business

None

New Business

None

Adjournment

Commissioner Samuelson motioned at 10:07 AM to adjourn the meeting seconded by Commissioner Matten. Meeting adjourned.