

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on February 24, 2015.

Commission President Lucy Nesheim called the meeting to order.

Commissioners Roll Call

Lucy Nesheim – Present	Mark O’Day – Present
Don Samuelson - Present	Dolly Matten – Present
William Wroolie – Via skype from Embassy Suites, 1900 Diagonal Road, Alexandria VA 22314	

Utility Staff Present

Secretary/Finance Director	Todd Wicklund
Superintendent of Utilities	Scott Magnuson
Recording Secretary	Sharon Jensen

Others in Attendance

Brainerd City Administrator	Patrick Wussow
Brainerd City Councilmember	Gary Scheeler
Brainerd Dispatch	Jessie Perrine
Public Power Energy Services	Mike Kumm
Utility Customer	Jeff Czczok
Utility Customer	Steve Wolff

Approval of Minutes and February 2015 Bills

Motion by Commissioner Samuelson and seconded by Commissioner Matten to approve the minutes of the January 27, 2015 regular monthly meeting, February 2, 2015 special meeting, February 6, 2015 reconvened special meeting and to approve payment of the February 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 MMUA Winter Legislative Conference and that she found the presentations to be very educational.

Other Commissioners’ Reports

Commissioner Wroolie presided over the MMUA Winter Legislative Conference as he is the current President.

City Administrator Report

City Administrator Wussow informed the Commission that at the most recent Brainerd City Council meeting a committee was created to review the finances of BPU’s Hydro facility. The committee will consist of Councilmembers Scheeler, Koep, and Bevans.

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Secretary's Report

Secretary Wicklund reported the following significant items:

December 31, 2014 Financial Summary (Subject to Year-End Adjustments)

	Twelve Month Period Ended December 31,					
	Electric		Water		Wastewater	
<i>(Amounts in Thousands)</i>	2014	2013	2014	2013	2014	2013
Operating Revenue	\$ 18,196	\$ 17,269	\$ 2,086	\$ 2,161	\$ 2,335	\$ 2,312
Operating Expenses						
Purchased Power	12,270	12,881	-	-	-	-
Depreciation	1,390	1,358	537	493	1,382	1,412
Other Operating Expenses	2,981	2,474	1,348	1,364	1,784	1,743
Total Operating Expenses	16,641	16,713	1,885	1,857	3,166	3,155
Operating Income (Loss)	1,555	556	201	304	(831)	(843)
Nonoperating Revenue (Expense)	(420)	(306)	(41)	(5)	813	361
Transfers to City	(612)	(650)	-	-	-	-
Capital Contributions	-	-	-	-	-	-
Net Change in Net Assets	\$ 523	\$ (400)	\$ 160	\$ 299	\$ (18)	\$ (482)
Meters in Service	7,931	7,861	4,629	4,651	4,582	4,603

2014 Audit

Wicklund stated that Clifton Larson Allen auditors will be on site mid-April.

Status Update of Power Supply RFP Process

Mike Kumm, Public Power Energy Services (PPES) updated the Commission on the Power Supply Request for Proposals (RFP). Mr. Kumm reported that approximately 25 inquiries were made about the RFP data with approximately 10 to 12 responding. The proposals will be evaluated and the "short list" will be invited to make presentations on March 4th. Mr. Kumm requested two Commissioners participate in hearing the presentations which will be an all-day process. Each presentation will be approximately 1 hour where BPU and presenters will have a dialog on future power needs, costs and expectations. Mr. Kumm further said that at the conclusion of the RFP process the Commissioners will have the following options to consider when evaluating the next power supply provider:

- Continue to utilize Minnesota Power (MP) as power supplier
- Starting July 1, 2019 switch to new power provider when the current contract ends with MP
- Negotiate with MP to start savings sooner than July 1, 2019
- Continue to utilize MP for 50 percent of BPU's load and utilize a different power provider for the remaining 50 percent

Wicklund asked what the notification date was for the current MP contract. The date is June 30, 2016 three years before the contract ends. The RFP process has already encouraged MP to change the contract on the Hydro generation.

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Mr. Kumm said there will be 5-6 presentations on March 4th and MP indicated they want to see if they can match the alternative source. Commissioners O'Day and Matten volunteered to represent the Commission.

Mr. Kumm also said that BPU could have the ability to invest in transmission in the future. Investing in transmission would act as a hedge against increasing MISO transmission costs. Currently the regulated return on transmission investments is 12 percent. Some municipalities in Minnesota are transmission owners. Commissioner O'Day noted that BPU's investment policy would need to be reviewed if transmission ownership is considered.

Superintendent's Report

Superintendent Magnuson reported on the following:

Water Department

- Leaks/Breaks/Complaints –
 - Water main break at 1400 block 9th Avenue crews had it fixed by noon.
 - First water service freeze-up was on M St over the week-end also noted that Brainerd Glass service on Washington Street froze later this year. There was also one service on S 6th Street which froze also over the week-end. Not the widespread freeze-ups like last year but staff is cautioning customers to use water daily.
- Projects - AMR residential and commercial accounts, crew worked last night at Perkins.

Wastewater Treatment Department

- WWTF/Projects
 - Discussed MPCA chemical parameters tested at wastewater treatment plant during 2014. The test results were compared to parameter limit and all test results were within parameter limits.
 - Basic Lift Station maintenance ongoing

Electrical Department

- Outages/Interruptions/Complaints
 - Minor residential outage
 - 528 Feeder-Crews are driving the lines/inspecting and found a broken insulator and that the cross arm was burned. Crews fixed what could have resulted in a major outage.
- Projects
 - NE Brainerd/Lum Park
 - Winter tree trimming

Hydro Department

- Apron Repair – February 9th concrete pour on the east side one more small pour around the sump pump and then demobilization will start. The FERC inspector will be at the site later today.
- Electric Conversion – Transformer was disconnected from the "Mill" site.

Admin Department

- GIS Map System – System interactive map
 - Electric–will include calling capabilities for outages
 - Water–start working on water map as there is a retirement in department this fall

Public Forum

President Nesheim recognized Jeff Czczok a BPU customer who discussed significance of reaching 8,000 electric customers, payment to Park Construction, mediation hearing with Park Construction, and recording of future BPU Commission meetings.

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Old Business

None

New Business

Councilmember Scheeler informed the Commission of City Administrator Wussow retirement in June. Commission President Nesheim thanked Wussow and said he has been a positive influence during his employment.

Motion by Commissioner O'Day and seconded by Commissioner Samuelson to meet in closed session for the purpose to consider the payment dispute issues 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 roll call vote in favor of the motion. Motion carried at 10:09 AM.

Those present at the closed session included the four BPU Commissioners present and one Commissioner by skype, Wicklund, Magnuson, Wussow, Scheeler, and Attorney Jim Strommen.

The Commission reconvened into open session at 11:24 AM.

Adjournment

Motion by Commissioner O'Day and seconded by Commissioner Matten to adjourn the meeting at 11:25 AM. Meeting adjourned.