

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on January 26, 2016.

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

Commissioners Roll Call

Lucy Nesheim –Present	Mark O'Day – Present
Don Samuelson - Present	Dolly Matten – Present
William Wroolie – Absent	

Utility Staff Present

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

Others in Attendance

Brainerd City Administrator	Jim Thoreen
Brainerd City Councilmember	Gary Scheeler
Prestige Plating	Ron Imgrund
Brainerd Dispatch	Spenser Bickett
Brainerd H/R Coordinator	Kris Schubert

Approval of Minutes and January 2016 Bills

Motion by Commissioner Samuelson and seconded by Commissioner Matten to approve the minutes of the December 29, 2015 regular monthly meeting and to approve payment of the January 2016 bills. There was a unanimous roll call vote in favor of the motion. Motion carried.

Public Forum

Ron Imgrund, owner of Prestige Plating, 108 Washington Street questioned the demand charges on his utility bill. He stated that for a small business like his the demand charge increase makes it hard to do business. He has tried starting machines at different times of the day to reduce his peak. Staff will put recorder on his demand meter to analyze daily demand for a one month period.

President's Report

Commission President O'Day stated that the contract with AEP Energy Partners, Inc. (AEP) was signed on January 4th. O'Day noted the following 2016 BPU committee assignments:

- Finance Committee – Bill Wroolie and Dolly Matten
- Human Resource Committee – Lucy Nesheim and Don Samuelson

Other Commissioners' Reports

Commissioners Nesheim and Matten attended the City of Brainerd 2015 Year in Review on January 25th.

BRainerd PUBLIC UTILITIES COMMISSION MEETING

January 26, 2016

City Administrator Report

Brainerd City Administrator Jim Thoreen reported that the City of Brainerd 2015 Year in Review was held last night and noted the significant items affecting BPU.

Discussions need to continue regarding Brainerd Regional Airport annexation into the City of Brainerd with the City extending water and sewer services to the Airport.

Ongoing discussions with the City of Baxter regarding annexation of property located in the 1st Assessment district north of Brainerd/Baxter and detachment of the BPU Service Center and WWTP property.

Secretary's Report

Secretary Wicklund reported the following significant items:

December 31, 2015 Financial Summary

Wicklund noted that BPU's share of PERA retirement benefits will need to be disclosed in the December 31, 2015 financial statements.

Landfill Leachate-Industrial Discharge Permit

Wicklund presented the Industrial Discharge Permit agreement for signature. The bi-annual agreement with Crow Wing County Solid Waste Department and BPU is for the transport and treatment of landfill leachate.

Motion by Commissioner Nesheim and seconded by Commissioner Matten to approve the Industrial Discharge Permit with Crow Wing County Solid Waste Department. There was a unanimous vote in favor of the motion. Motion carried.

Utility Rates Effective February 1, 2016

Wicklund provided the Commission an informational Utility Rate sheet effective February 1, 2016.

Status Update Airport Utilities Extension

Wicklund stated the Airport utilities extension bid opening is scheduled for February 9th and the City Council decision on February 22nd. Bonding for the project will depend on what options are chosen. The individual water accounts will be metered separately from the main Airport.

Superintendent's Report

Superintendent Magnuson reported on the following:

Water Department

- Leaks/Breaks/Complaints – 15th Street and Rosewood water main break repaired
- Filtration Plant – One bed is out of service for cleaning
- Projects
 - AMR – less than one page of customer accounts remain

Wastewater Treatment Department

- WWTF/Projects
 - Impellers manufacturer defect, information that other plants similar to ours located in Kentucky and Washington have same issue.

Electrical Department

- Outages/Interruptions/Complaints – No major outages to report, squirrels causing minor issues
- Projects
 - Northeast Brainerd – Work continues

BRAINERD PUBLIC UTILITIES COMMISSION MEETING

January 26, 2016

Hydro Department

- Projects – Turbine #6 from AmJet is almost completed and ready to be installed. Staff is working on electrical for the turbine.
- Hydro Physical Model/Study – Testing should be done. Recommendation to add one foot to the West Side, conduct soundings every two years instead of every five years.
- Sewer Freeze-up – The sewer line for the Hydro froze inside the Mill/Plant.

Administration Department

Vehicle Lease Proposal – Staff has been researching a purchase versus lease program for BPU fleet vehicles. Instead of buying one new truck and one used truck BPU could lease five new vehicles from Enterprise Fleet Management. At the end of the five year lease BPU would have the option to purchase the vehicles.

Motion by Commissioner Matten and seconded by Commissioner Nesheim to approve the vehicle lease program with Enterprise Fleet Management. There was a unanimous roll call vote in favor of the motion. Motion carried.

Solar – More interest in solar projects. Two potential projects include 40 kW array on a roof and 110 kW with batteries for a seasonal operation.

Old Business

None

New Business

Proposed Electric Economic Development Rate

Wicklund presented the proposed electric economic development rate (EDR) prepared by BPU rate consulting firm, Utility Financial Solutions, LLC. The objectives of offering the EDR rates for new electric load for existing or future BPU General Service Demand (GSD) and Large Light and Power (LLP) customers is as follows:

- Growth should be good for existing ratepayers and should not result in reduced operating margins.
- Development should be based on a customer's contribution margin toward the fixed costs of the system.
- Development should include a sunset period as the system still need to be expanded or replaced at some point in the future and the new load will need to have contributed toward the needed expansion.

All the components of the electric bill are calculated using the effective rates and then the discount rate is applied to the gross electric bill generate the net electric bill. The proposed EDR would be a declining rate method over five years. Every twelve months the EDR discount rate would change and at the end of the five years the discount would cease.

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING
January 26, 2016**

The following table shows the proposed EDR over the five year period.

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 create electric economic development rate for new GSD and LLP load generated by existing and new BPU customers using declining discount rate over five years. There was a unanimous roll call vote in favor of the motion. Motion carried.

Staff directed to contact BLAEDC regarding this new economic development tool and to also report back at next Commission meeting as to how many customers that new rate could have impacted the past five years.

Adjournment

Commissioner Nesheim motioned at 10:27 AM to adjourn the meeting seconded by Commissioner Matten. Meeting adjourned.