

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on July 29, 2014.

Commission President Donald Samuelson called the meeting to order.

**Commissioners Roll Call**

Lucy Nesheim – Present  
Don Samuelson - Present  
William Wroolie – Via Phone

Mark O'Day – Present  
Donald Sievek – Present

**Utility Staff Present**

Secretary/Finance Director  
Recording Secretary

Todd Wicklund  
Sharon Jensen

**Others in Attendance**

Brainerd City Administrator  
Brainerd City Councilmember  
Barr Engineering

Patrick Wussow  
Gary Scheeler  
Adele Braun

**Approval of Minutes and July 2014 Bills**

**Motion by Commissioner O'Day and seconded by Commissioner Nesheim to approve the minutes of the June 24, 2014 regular monthly meeting and to approve payment of the July 2014 bills. There was a unanimous roll call vote in favor of the motion. Motion carried.**

**Public Forum**

Utility Customer Waiver Requests

Brainerd Chamber of Commerce requested BPU waive wastewater charges due to when turning on the "Lion Head" water fountain this May an outside faucet also was turned on without staff knowing it and the faucet had been running non-stop. BPU staff opinion is that excess water did not enter the City's sanitary sewer system therefore the recommendation is to give a wastewater adjustment in the amount of \$162.90.

Northern Pacific Center requested BPU waive wastewater charges due to burst water pipes that did not thaw until May. Water was bubbling out of the ground and the water was shut off and the line was replaced. BPU staff opinion is that excess water did not enter the City's sanitary sewer system therefore the recommendation is to give a wastewater adjustment in the amount of \$197.20.

**Motion by Commissioner Nesheim and seconded by Commissioner O'Day to approve staff recommendation for wastewater adjustments for Brainerd Chamber of Commerce for \$162.90 and Northern Pacific Center for \$197.20. There was a unanimous roll call vote in favor of the motion. Motion carried.**

**President's Report**

None

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**Other Commissioners' Reports**

Commissioner Nesheim stated that she and Commissioner Wroolie had met in Grand Rapids with some of the other municipals located in northeast Minnesota who are also wholesale customers of Minnesota Power (MP). The discussion dealt with current contract with MP and other options available to purchasing power after current contract expires. Also attending the meeting were Superintendent Magnuson and Finance Director Wicklund.

**City Administrator Report**

City Administrator Patrick Wussow apologized for scheduling BPU so far down on the City Council agenda on July 7<sup>th</sup>.

City Councilmember Scheeler mentioned the Brainerd City Council proposed \$1 per customer user fee for the historic water tower repair. At the July 21<sup>st</sup> City council meeting they discussed means to raise the funds needed for the repair of the water tower on South 6<sup>th</sup> and Washington and proposed that BPU could collect the funds by adding a charge to utility bills. Scheeler inquired if the Commissioners had any input on the tower repair. Scheeler stated that \$45,000 will be spent for engineering costs to examine the current condition and proposed repairs.

**Secretary's Report**

Secretary Wicklund reported the following significant items:

Summary of Utility Operations – June 30, 2014

<i>(Amounts in Thousands)</i>	Six Month Period Ended June 30,					
	Electric including Hydro		Water		Wastewater	
	2014	2013	2014	2013	2014	2013
Operating Revenue	\$ 8,438	\$ 8,583	\$ 1,001	\$ 1,012	\$ 1,160	\$ 1,122
Operating Expenses						
Purchased Power	6,087	6,346	-	-	-	-
Depreciation	646	607	250	239	690	691
Other Operating Expenses	1,278	1,220	679	697	919	900
Total Operating Expenses	8,011	8,173	929	936	1,609	1,591
Operating Income (Loss)	427	410	72	76	(449)	(469)
Nonoperating Revenue (Expense)	(111)	(100)	3	2	270	275
Transfers to City	(305)	(336)	-	-	-	-
Capital Contributions	-	-	-	-	-	-
Net Change in Net Assets	\$ 11	\$ (26)	\$ 75	\$ 78	\$ (179)	\$ (194)
Meters in Service	7,856	7,828	4,748	4,759	4,589	4,597

BPU Net Position by Department

Wicklund reviewed BPU financial position by department noting the addition of the Hydro Dam.

Minnesota Power

Reviewed BPU electric cumulative percentage change for Electric Department revenue and purchased power from 2006 to present. MP rates have increased 66% since 2006 while BPU electric customer rates of increased 47% for the same period. MP has made significant investments in renewable energy projects primarily wind power and has also invested significant amounts into upgrading current coal generating facilities located in Minnesota. MP will meet by the end of 2014 the State of Minnesota renewable

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mandate which requires investor owned utilities to have 25% of energy generated coming from a renewable source by the year 2025. Meeting this mandate 11 years early has come at a high cost to municipals who purchase wholesale power from MP since our portion of these capital costs are passed onto municipal customers like BPU on an annual basis.

### Power Cost Adjustment

Power Cost Adjustment (PCA) proposed increase – Staff recommendation is to increase the current PCA of \$.010 per kWh to \$.021 per kWh effective August 1, 2014. The increase is due to significant MP rate increase of 8.7% which was effective July 1, 2014 and that BPU has spent down cash reserves in recent years to offset prior year MP rate increases.

**Motion by Commissioner Wroolie and seconded by Commissioner O'Day to approve and ratify the power cost adjustment to \$.021 effective August 1, 2014. There was a unanimous roll call vote in favor of the motion. Motion carried.**

### Hydro-Apron Modification Project Bids

Adele Braun, Barr Engineering, reviewed the three bids received for the Brainerd Hydroelectric Spillway Apron Modifications Project. The bids were as follows:

- Park Construction Company                 \$2,356,672.70
- E.C.I, Inc.   \$2,481,254.00
- Gerace Construction                         \$2,756,950.00

Barr Engineering determined that all three bids were qualified. Spillway apron modification bids were 17% higher than the upper estimate of \$2,020,000. The primary differences are associated with the surface water control systems and dewatering systems that are required to occur in three phases rather than two and it is later in the construction season. FERC requires that the project be completed by November 28, 2014.

**Motion by Commissioner O'Day and seconded by Commissioner Wroolie to accept the low bidder, Park Construction in the amount of \$2,356,672.70 for the Brainerd Hydroelectric Spillway Apron Project. There was a unanimous roll call vote in favor of the motion. Motion carried.**

Councilmember Scheeler mentioned that he heard the MN Department of Natural Resources has funds earmarked for public dams.

**Motion by Commissioner O'Day and seconded by Commissioner Nesheim to authorize Barr Engineering to follow-up on grant application process with DNR for the Hydro Dam. There was a unanimous vote in favor of the motion. Motion carried.**

### **Superintendent's Report**

Finance Director Wicklund presented Superintendent Magnuson's report.

### **Water Department**

- Leaks/Breaks/Complaints – Contractor hit water main on 10<sup>th</sup> Avenue repaired with strap. Received a couple complaints of dirty water as the Crew needed to close 17 gates to isolate a section of water main for the project.
- Filtration Plant – Catalyzer #6 work completed and bed is in service
- Projects
  - G.O. bonds will need to be issued for the Water Tower rehab and rebuild of the five Well Houses at Central Station. Each Well house upgrade is approximately \$100,000. City Administrator Wussow said that state law prohibits G.O. bonds for electric projects but they are allowed for water.

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**Wastewater Treatment Department**

- WWTF/Projects
  - Sludge Hauling- Crews are hauling for surface application.

**Electrical Department**

- Outages/Interruptions/Complaints
  - During the recent big wind storm only one tree on service wires was reported.
- Projects
  - SE Brainerd – Daryl's crew, working on conversion
  - NE Brainerd – Dan's crew replacing old poles
  - Well Houses – Crew working on rebuild at Well Houses

**Hydro Department**

- Flows – Near normal flows gates are closed.

**Administration**

- Water Tower – Pre-construction meeting on August 8th. The steel tank will be tested and the tower will be brought up to meet OSHA Standards.
- Line Supervisor – Line Supervisor, Trent Hawkinson, completed his 6 month probation effective July 20, 2014.
- AMI – New meter reading technology allows BPU staff to interact with the meters.

**Old Business**

None

**New Business**

None

**Adjournment**

**Commissioner Wroolie motioned at 10:40 AM to adjourn the meeting. Motion Carried.**