

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

Todd Wicklund
Scott Magnuson
Sharon Jensen

Others in Attendance

Brainerd City Councilmember
Brainerd Dispatch

Gary Scheeler
Spenser Bickett

Approval of Minutes and June 2015 Bills

Motion by Commissioner Wroolie and seconded by Commissioner Samuelson to approve the minutes of the May 26, 2015 regular monthly meeting and to approve payment of the June 2015 bills. There was a unanimous roll call vote in favor of the motion. Motion carried.

President's Report

Commission President summarized the performance evaluations of Finance Director Wicklund and Superintendent Magnuson. About Magnuson she said he is a team player who works effectively with our other employees. He also does a good job of mentoring new, young employees. Wicklund is an excellent employee in all aspects of his position, his leadership and management is outstanding.

Other Commissioners' Reports

Commissioner Matten stated that she had attended the Brainerd History week event at Brainerd Industrial Center (BIC) and the hydro dam. A big thank you should be given to Mike Higgins, BIC for organizing a wonderful open house. Commissioner Nesheim concurred.

Commissioner Wroolie reported he, Wicklund and Magnuson attended the 2015 APPA National Conference held in Minneapolis.

City Administrator Report

Finance Director Wicklund reported for City Administrator Wussow who unable to attend. The new City Administrator Jim Thoreen is scheduled to begin August 3rd. Airport utility extension meetings with BPU staff and City Finance Director Connie Hillman to discuss financial aspects are scheduled.

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Secretary's Report

Secretary Wicklund reported the following significant items:

May 31, 2015 Financial Summary

<i>(Amounts in Thousands)</i>	Five Month Period Ended May 31,					
	Electric		Water		Wastewater	
	2015	2014	2015	2014	2015	2014
Operating Revenue	\$ 7,627	\$ 6,960	\$ 883	\$ 809	\$ 976	\$ 960
Operating Expenses						
Purchased Power	4,384	4,999	-	-	-	-
Depreciation	609	539	266	208	574	575
Other Operating Expenses	1,541	1,054	583	576	773	789
Total Operating Expenses	6,534	6,592	849	784	1,347	1,364
Operating Income (Loss)	1,093	368	34	25	(371)	(404)
Nonoperating Revenue (Expense)	(166)	(98)	(13)	2	243	212
Transfers to City	(247)	(255)	-	-	-	-
Capital Contributions	-	-	-	-	-	-
Net Change in Net Assets	\$ 680	\$ 15	\$ 21	\$ 27	\$ (128)	\$ (192)
Meters in Service	7,941	7,874	4,765	4,755	4,603	4,596

Review of Other May 2015 Financial Information

Reviewed the Hydro generation graphs regarding residential customers potentially served by the dam. Commissioner Matten stated she appreciated the information.

Status Update of Power Supply Review Process

Reported attending a meeting along with Mike Kumm of PPES, LLC in Proctor involving MP along with four other northern municipals served by MP regarding future contract term sheet offered by four other municipal utilities. Wicklund stated that BPU current contract with MP ends June 30, 2019 and if BPU wants to terminate the contract at that time written notice must be given to MP on June 30, 2016. MP would like to enter into a Mutual Agreement of Confidentiality in order discuss MP's potential to supply BPU's energy needs under a new electric service agreement.

Minnesota Power (MP) Wholesale Rate Change

MP's new rates effective July 1st will increase approximately 5% overall from prior year. The new rates have been forwarded to BPU's rate consultant, Utility Financial Solutions, (UFS) for their review.

MMUA Annual Summer Conference

MMUA annual summer conference is at Breezy Point Resort, August 17-19.

July 2015 Commission Meeting

Wicklund reminded the Commissioners that the July meeting is on Tuesday, July 21st one week earlier than usual.

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Superintendent's Report

Superintendent Magnuson reported on the following:

Water Department

- Leaks/Breaks/Complaints
 - Ridge Drive complaint regarding water quality.
- Filtration Plant –
 - Two brand new motors are leaking oil and repairs are being made
 - Plant is ready for summer water demands
- Projects
 - Repairing and lowering standpipes and gate valves continues
 - Rehabilitation of water tower at former BRHSC is scheduled to begin July 6th.

Wastewater Treatment Department

- WWTF/Projects
 - Generator which failed due to the outage needs to be replaced/repared
 - WWTP reporting MPCA reporting parameters are good
 - Sludge hauling will begin as soon as hayfields become available

Electrical Department

- Outages/Interruptions/Complaints
 - Osprey nest pole was installed near Brothers Motorsports
 - Cable in pipe failure at MN DNR. Cable has outlived its expected life and will need to be replaced all the way to the Service Center and WWTP
- Northeast Brainerd – ongoing system rebuild continuing through the summer
- Arc flash study – new rules on gear for line employees
- Fall arrest – new regulations on climbing poles

Hydro Department

- AMJET – AMJET will be on site this Thursday and Friday. Dewatering no.6 wheel pit.
- Hydro Physical Model/Study – Contract with Utah State University has been signed and there is a kick - off meeting planned.
- Barr Engineering/Hydro Model – Magnuson presented a contract with Barr Engineering for \$130,100 for engineering services related to the Hydro model. He stated that FERC is elated with Utah State University and want to be involved with the study.

Motion by Commissioner Wroolie and seconded by Commissioner O'Day to approve staff recommendation for Barr Engineering/Hydro contract in the amount of \$130,100. Commissioners O'Day, Nesheim and Wroolie voted in favor of the motion Commissioners Matten and Samuelson voted no. Motion carried.

- MN DNR Visit – A Minnesota Department of Natural Resources Commissioner and Division Director are touring the Dam tomorrow.
- Hydro Driveway Repair – Presented a proposal from Anderson Brothers in the amount of \$26,864 to replace the driveway and fix the drain leading to the Dam site. Discussion regarding the need for more quotes and inquiring about that dollar amount for quotes was held. More quotes will be obtained.

Administration Department

- Lineworkers – 3 Journeyman and 14 apprentice lineworkers were interviewed. Job offers were made to Michael Zabinski, Apprentice lineworker/8th step and Cory Henningson, Apprentice lineworker/5th step, pending completion of pre-employment tests
- Retirement – Jim Herman, Meter Crew Chief/Electrical inspector is retiring in September. BPU Mechanic is also considering retirement options.

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- Material Control – BPU employee AnnMarie Lamser is the Material Control effective June 23rd. The Cashier/Postal Specialist position will be posted and advertised.

Public Forum

City Council Member Gary Scheeler questioned the Charter pole agreement. He requested Commission and BPU staff input on how to proceed with Charter regarding deteriorating poles in NE Brainerd. Commissioner O'Day suggested that Scheeler approach the Charter Committee to amend policy. Commissioner Matten said the matter should be brought to the Cable Advisory Committee for discussion. BPU Staff will review the BPU/Charter pole agreement.

Old Business

None

New Business

None

Adjournment

Motion by Commissioner Wroolie and seconded by Commissioner Matten to adjourn the meeting at 10:05 AM. Meeting adjourned.