

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on November 24, 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  
Line Supervisor  
Water Crew Chief

Todd Wicklund  
Scott Magnuson  
Sharon Jensen  
Trent Hawkinson  
Mike Koering

**Others in Attendance**

Brainerd City Councilmember  
Brainerd City Administrator  
Public Power Energy Services, LLC  
Brainerd Dispatch

Gary Scheeler  
Jim Thoreen  
Mike Kumm  
Spenser Bickett

**Approval of Minutes and November 2015 Bills**

**Motion by Commissioner O'Day and seconded by Commissioner Wroolie to approve the minutes of the October 27, 2015 regular monthly meeting and to approve payment of the November 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 watched the Hydro dam model test and found it to be very interesting.

**Other Commissioners' Reports**

None

**Tower Award Presentation**

City Council President Scheeler presented the City of Brainerd Tower Award to retiring Water Crew Chief, Mike Koering. All members of the Commission thanked him for his 42 years of service with Brainerd Public Utilities.

**City Administrator Report**

Brainerd City Administrator Jim Thoreen updated the Commission on the process of filling the vacancy created by the death of Mayor James Wallin. The City Council will interview the six applicants on November 30, 2015.

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING  
November 24, 2015**

The Council and City staff is still working on the 2016 budget. Thoreen noted that the Fire Department transition layoff of five fulltime employees has been good for the budget but not for the Community. The "Truth in Taxation" notices went out with a proposed 24% increase.

Mr. Thoreen reviewed the following items discussed at the Council retreat which Commission President and Finance Director Wicklund and Superintendent Magnuson also attended.

- Stabilize, then reduce debt obligations
- Develop and pursue effective housing options
- Continue to design/build Riverwalk
- Manage retention and recruitment of excellent talent in all job positions
- Improve information technology services

**Secretary's Report**

Secretary Wicklund reported the following significant items:

October 31, 2015 Financial Summary

<i>(Amounts in Thousands)</i>	Ten Month Period Ended October 31,					
	Electric		Water		Wastewater	
	2015	2014	2015	2014	2015	2014
Operating Revenue	\$ 15,592	\$ 15,007	\$ 1,905	\$ 1,769	\$ 1,997	\$ 1,947
Operating Expenses						
Purchased Power	9,580	10,312	-	-	-	-
Depreciation	1,254	1,111	537	416	1,151	1,150
Other Operating Expenses	3,002	2,401	1,188	1,155	1,488	1,487
Total Operating Expenses	13,836	13,824	1,725	1,571	2,639	2,637
Operating Income (Loss)	1,756	1,183	180	198	(642)	(690)
Nonoperating Revenue (Expense)	(296)	(357)	(28)	3	555	516
Transfers to City	(505)	(513)	-	-	-	-
Capital Contributions	-	-	-	-	-	-
Net Change in Net Assets	\$ 955	\$ 313	\$ 152	\$ 201	\$ (87)	\$ (174)
Meters in Service	7,954	7,954	4,657	4,657	4,623	4,611

Refund Request-Tiger Management Inc.

Todd Nedberg, 1309 Quince Street, property owner requested a refund for utility monthly service charges. His written request stated that the property has been vacant since February 2, 2015 and that no water had been used. Staff recommendation is to deny the request for 1309 Quince Street as the monthly service charges cover the infrastructure costs associated with delivering the utility service to the customer's meter.

**Motion by Commissioner O'Day and seconded by Commissioner Matten to deny the monthly service charges refund request from Todd Nedberg, 1309 Quince Street. There was a unanimous vote in favor of the motion. Motion carried.**

Commissioner Matten inquired about reconnection of utility services to disconnected properties and when inspections would be required. Staff stated that if the electric service has been off for over one year the

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING  
November 24, 2015**

state electrical inspector would need to inspect the property first. Homeowners need to be present when water is turned back on in case of unknown leaks.

Disconnection of Service Policy Language Addition

Wicklund requested the Commission to revise BPU policy 2005-10, Disconnection of Service, to include language regarding meter tampering.

**Motion by Commissioner Wroolie and seconded by Commissioner O'Day to revise BPU Policy 2005-10-Disconnection of Service. There was a unanimous vote in favor of the motion. Motion carried.**

**BRAINERD PUBLIC UTILITIES  
POLICY 2005-10  
Adopted 01/01/86  
Revised 12/06/05  
Revised 11/24/15**

**DISCONNECTION OF SERVICE**

**DISCONNECTION FOR NON-PAYMENT OF BILL**

- A customer's account is considered delinquent if the current charges are not paid to Brainerd Public Utilities (BPU) by the due date of the bill. **IT IS ALWAYS THE CUSTOMER'S RESPONSIBILITY TO PAY BILLS IN A TIMELY MANNER AND IN FULL UNLESS OTHERWISE AGREED.** The following procedures will be followed if the bill is not paid in full each month.
- The customer will be notified by regular mail that he/she is delinquent. The customer will be given five (5) business days after the date of mailing to pay the amount owing.
- If the customer does not respond to the delinquent notice he/she will receive a disconnection notice delivered by regular mail. The disconnection date will be scheduled for five (5) business days after the date of mailing the disconnection notice. If the disconnection notice is for a rental property, a copy of the notice will be sent to the landlord.
- If the customer does not pay the amount due on the disconnection notice in full, or make payment arrangements by the disconnect date, their service(s) will be disconnected.
- The customer may request a payment arrangement which will allow him/her to pay their delinquent amount over a three (3) month period. Current charges will also have to be paid by the due date each month. **Customers failing to make scheduled payments or current charges can be disconnected immediately.**
- Once a customer has been disconnected for non-payment or not complying with the payment arrangement, the service(s) will not be reconnected until the customer pays all the account charges in full. This includes current charges and a deposit if one has not been paid previously or if the paid deposit is not sufficient. A reconnection fee for each service will also have to be paid. During the hours of 7:00 a.m. – 3:00 p.m. the fee is \$50 and after 3:00 p.m. and on weekends and holidays, the fee is \$150.
- Payment for accounts that are on the disconnection list each week must be made with cash, money order, or credit card. No checks will be accepted.

**MEDICAL CONDITIONS**

BPU shall not discontinue electric service if such action will aggravate an existing serious illness of any person who is a permanent resident of the premise where service is rendered **IF** the customer complies with the following requirements regarding such illness.

- The illness must be certified to BPU by a registered physician on BPU's Physician's Certification of Illness form. The form must be filled out completely.
- Initial certification by the physician may be made by telephone if the completed form is forwarded to the utility within five days.
- Initial certification shall prohibit disconnection of service for thirty (30) days. Certification may be renewed by the customer for an additional thirty (30) days by providing another certificate to BPU. IT

## BRAINERD PUBLIC UTILITIES COMMISSION MEETING November 24, 2015

### IS THE CUSTOMER'S RESPONSIBILITY TO PROVIDE A NEW CERTIFICATE EVERY 30 DAYS. FAILURE TO RENEW THE CERTIFICATE ENTITLES BPU TO START DISCONNECTION PROCEDURES.

- The customer cannot use their illness as a way not to pay their utility bill. The customer will be required to make a payment arrangement to pay their past due bill and keep the current charges paid.

### DECEASED CUSTOMERS

When BPU discovers that a BPU customer is deceased, the utility service(s) will be disconnected 30 days after finding out of the death, if BPU is not notified by the executor of the estate; or if another person moves into the deceased's residence and does not transfer the utility bill into his/her name.

### DISCONNECTION OF SERVICE WITHOUT NOTICE

BPU may disconnect service to any customer without further notice for the following reasons:

- In the event of unauthorized use, theft of power, and/or tampering (see Policy 2003-4) with BPU's equipment.
- In the event that a condition has been determined to be hazardous to the customer or other customers of BPU, BPU's equipment, or to the general public.
- When a customer is in violation of municipal, state, or national electric codes.
- When a customer has not complied with the requirements for application for service.

### TAMPERING WITH ELECTRIC METER

Stealing electricity is dangerous and against the law. Tampering with any electric facility, including the meter box and its seals is dangerous. Anyone who breaks the seal and tampers with the meter exposes him/herself to the risk of electrocution. Per BPU Policy No. 2003-4 BPU will administer a zero tolerance program for unauthorized use of utility meters. BPU has the authority to bring civil or criminal action per MN Statute 325E.026.

### Status Update of Power Supply Discussions with Minnesota Power and Alternate Power Provider

Mike Kumm Public Power Energy Services, LLC, updated the Commission on the current negotiations with Minnesota Power (MP) and the alternative provider. Received information regarding power costs for 2023 and beyond and the numbers look favorable.

**Motion by Commissioner Wroolie and seconded by Commissioner Matten to authorize drafting a power contract with alternate power provider pending review by BPU legal counsel. There was a unanimous roll call vote in favor of the motion. Motion carried.**

### BPU Policy 2003-01-Contribution to City Policy

Wicklund proposed revising BPU Policy 2003-01, Contribution to City Policy, changing the cash contribution rate from \$0.0035 to \$0.0040 per kWh. The last revision was in 2009.

**Motion by Commissioner Wroolie and seconded by Commissioner Samuelson to approve BPU Policy 2003-01 revision as proposed. There was a unanimous roll call vote in favor of the motion. Motion carried.**

BRAINERD PUBLIC UTILITIES  
POLICY 2003-01

Adopted March 25, 2003

Revision No. 1 – January 25, 2005

Revision No. 2 – November 24, 2009

Revision No. 3 – November 24, 2015

CONTRIBUTION TO CITY POLICY

Brainerd Public Utilities (BPU) will make regular financial contributions to the City of Brainerd (City). These contributions will be made on a monthly basis based on retail sales by the BPU Electric Department. Retail sales by the Electric Department are defined as energy sales expressed in kilowatt-hours (kWh) to BPU retail electric

## **BRAINERD PUBLIC UTILITIES COMMISSION MEETING November 24, 2015**

customers. Energy sales to BPU retail electric customers do not include sales to any City facilities or any energy usage by BPU departments. The monthly BPU contribution will be a cash contribution to the City equal to \$0.0040 per kWh based on energy sales to retail electric customers in the previous month.

BPU will make no contribution to the City based on operations or sales by the BPU Water or Wastewater Departments. BPU will make no other contributions to the City (cash or services) other than the cash contribution based on retail electric sales.

BPU will bill the City for all utility services (electric, water and wastewater) at regular utility rates as set by the BPU Commission for applicable service to City facilities. The applicable rates for service to City facilities are subject to change as may be determined necessary by the BPU Commission.

### *Airport Utilities Extension Project and Related Debt Service*

Wicklund discussed the debt service for the Airport utilities extension project. BPU will issue the debt as 70% of the project is Utility related.

### *13021 Eagle Drive*

Closed on the property at 13021 Eagle Drive and staff have been cleaning up the property mowing and removing trees.

Council President Scheeler updated the Commission on discussions with Crow Wing County and the City of Baxter regarding annexation of property near Menard's. The Cities of Brainerd and Baxter surround the 3 parcels. Scheeler said that maybe BPU's Service Center property should be annexed into Brainerd at the same time.

### **Superintendent's Report**

Superintendent Magnuson reported on the following:

#### **Water Department**

- *Leaks/Breaks/Complaints* - none to report
- *Filtration Plant* – none
- *Projects*
  - Hydrant flushing – Fall flushing of hydrants is complete
  - Hydrant drain down – 12 hydrants are drained down before freeze-up

#### **Wastewater Treatment Department**

- WWTF/Projects
  - Jet Motive pumps shirring problem fins are wearing down manufacturing defect-staff noticed a hertz indication of issue starting and have requested MPCA requirement of running 3 cells change to 2 cells.
  - Sludge was applied to non-approved field in error. MPCA was notified and all appropriate soil and water tests have been completed.

#### **Electrical Department**

- *Outages/Interruptions/Complaints* – No major outages to report
- *Projects*
  - Northeast Brainerd – Work continues
  - Brainerd Industrial Center (BIC) new service updated
  - Tree trimming
  - New employees are working out well

#### **Hydro Department**

- *Projects* –
  - Replace wood decking with bar grating safer surface
  - Drive way paving next Spring to coordinate with BIC

## **BRAINERD PUBLIC UTILITIES COMMISSION MEETING November 24, 2015**

- Hydro Physical Model/Study – The 3rd round of testing was completed earlier this month.
- AmJet – Turbine waiting on letters to FERC and Department of Energy to proceed

### **Administration Department**

- Maintenance Mechanic – Conditional job offer has been made
- Barr Update
  - WO#1 - Mead Hunt close to closing
  - WO#2 - closed
  - WO#3 - Model support
  - WO#4 – FERC-Emergency Action Plan (EAP)

Commission President Nesheim called a 5 minute recess at 10:42 AM.

### **Public Forum**

None

### **Old Business**

None

### **New Business**

#### **Presentation of 2016 to 2020 Capital Improvement Budget**

Superintendent Magnuson reviewed the 2016 through 2020 capital improvement budget. The significant projects for each department for 2015 are as noted.

#### **Electric Department – Total of \$1,283,000 for 2015**

- 34.5 kV Distribution Expansion Improvements
  - NE Brainerd conversion
  - System distribution transformers
- Street Lighting
  - Conversion to energy efficient street lighting
- Equipment
  - Digger/derrick truck replacement

#### **Water Department – Total of \$473,000 for 2015**

- Flow meters for wells
- Chlorination equipment upgrade
- Storage/Central garage
- Central station sidewalk/stairs
- Backhoe replacement
- Filter Bed Improvements

#### **Wastewater Treatment Department – Total of \$265,000 for 2015**

- Sludge recirculating/thickening pumps
- One bank of UV bulbs
- Lab equipment
- Lift station improvements

#### **Hydro Department – Total of \$128,000 for 2015**

- Metal deck for pedestrian bridge
- Security updates
- Mid-size truck

#### **Administration Department – Total of \$148,000 for 2015**

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING  
November 24, 2015**

- Automatic Meter Reading (AMR) installations
- Computer system improvements
- Color copier replacement

**Motion by Commissioner Wroolie and seconded by Commissioner O'Day to add amounts for cold storage renovations and approve 2016 to 2020 Capital Improvement Budget. There was a unanimous roll call vote in favor of the motion. Motion carried.**

**Presentation of 2016 Operating Budget**

Finance Director Wicklund presented the 2016 Operating Budget and related graphs.

- Electric Department (Including Hydro) – Total revenue and expenses projected to be \$18,674,400 and \$18,754,600, respectively. Net loss for 2015 is projected to be \$80,200. Total capital asset additions for 2015 are projected to be approximately \$1,411,000 while depreciation expense for 2015 is projected to be \$1,455,000.
- Water Department – Total revenue and expenses projected to be \$2,229,000 and \$2,055,000, respectively. Net income for 2015 is projected to be \$174,000. Total capital asset additions for 2015 are projected to be approximately \$476,000 while depreciation expense for 2015 is projected to be \$563,000.
- Wastewater Treatment Department – Total revenue and expenses projected to be \$3,705,600 and \$3,882,600, respectively. Net loss for 2015 is projected to be \$177,000. Total capital asset additions for 2015 are projected to be approximately \$265,000 while depreciation expense for 2015 is projected to be \$1,379,400.
- All Departments – Total revenue and expenses projected to be \$24,609,000 and \$24,692,200, respectively. Net loss for 2015 is projected to be \$83,200. Total capital asset additions for 2015 are projected to be approximately \$2,297,000 while depreciation expense for 2015 is projected to be \$3,397,400.

**Motion by Commissioner Wroolie and seconded by Commissioner O'Day to approve 2016 Operating Budget with the additional transfer to the City revised numbers. There was a unanimous vote in favor of the motion. Motion carried.**

**Motion by Commissioner Wroolie and seconded by Commissioner Matten to adjourn to City Council P & F meeting, December 7, 2015. There was a unanimous vote in favor of the motion. Motion carried at 12:00 PM.**