

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on May 28, 2019.

Commission Vice President Mike Angland called the meeting to order.

Commissioners Roll Call

Mike Angland – Present

Mark O’Day – Absent

Tad Johnson- Present

Dolly Matten – Present

William Wroolie – Present

Utility Staff Present

Secretary/Finance Director

Todd Wicklund

Superintendent

Scott Magnuson

Recording Secretary

Sharon Jensen

Operations Manager

Trent Hawkinson

Accounting Supervisor

Julie Batters (9:20)

Others in Attendance

Brainerd Mayor

Ed Menk

CliftonLarsonAllen

Mary Reedy

Public Power Energy Services

Mike Kumm

Brainerd Dispatch

Teresa Bourke

Commission Vice President Angland opened the meeting with the Pledge of Allegiance to the Flag.

Approval of Minutes and Consent Items

Motion by Commissioner Johnson and seconded by Commissioner Wroolie to approve the minutes of the April 30, 2019 regular monthly meeting and to approve payment of the current months bills. There was a unanimous roll call vote in favor of the motion. Motion carried.

Public Forum

None

President’s Report

None

Other Commissioners’ Reports

None

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Special Presentation

CliftonLarsonAllen - 2018 Audit

Mary Reedy, CliftonLarsonAllen, reviewed the 2018 audit report. No compliance or internal control matters noted for 2018. The following items were noted during the presentation:

- Electric revenues increased primarily due to increase in rates and usage and expenses decreased due to significant power cost adjustment received in July 2018.
- Water revenues increased due to an increase in rates and usage, however expense increased significantly more than revenues causing a net loss in the current year. Depreciation expense increased \$184,000 from prior year which resulted in a net loss of \$122,000.
- Wastewater revenues increased due to increase in rates and usage, however expenses increased more than revenues causing a net loss in the current year. Operating expenses increased \$226,000 from prior year which resulted in a net loss of \$27,000.
- BPU had positive cash flow from operations.
- Continue to monitor the rates and assess each department individually.

Motion by Commissioner Wroolie and seconded by Commissioner Johnson to accept the 2018 Audit as presented by CliftonLarsonAllen. There was a unanimous vote in favor of the motion. Motion carried.

Wicklund noted that CliftonLarsonAllen will draft the audited financial statements for the year ended December 31, 2019.

Commissioner Wroolie thanked Wicklund and BPU staff for the excellent work involved to receive such a good audit report.

Secretary's Report

Review of Financial Operations for the 4 Month Period Ended April 30, 2019

- Operating income increase of \$392,000 over 2018
- Change in net assets of \$596,000 over 2018
- Power costs are \$4.1 million which is nearly the same as 2018
- Local Option Sales Tax for Brainerd is \$289,600 compared to \$283,600 for 2018
- Non-restricted cash is \$12.1 million compared to \$10.1 million in 2018. Approximately \$1.9 million to be spent for completion of the new water tower.
- Electric Department operating income is \$1,152,800 compared to \$840,700 for 2018
- kWh sold is down 0.5% while utility revenue is up 5.2%
- Water sold is up 1.9% while utility revenue is up 6.3%
- Wastewater Treatment Dept. operating loss is \$282,700 compared to \$338,300 for 2018
- Wastewater gallons processed down 6.5% while revenue is up 1.6%

Wastewater Treatment/Collection Waiver Request

Michael Schrader, A.L.S. Properties (Stoneybrook South), requested a waiver for wastewater treatment and collection charges due to a water leak. Staff recommendation is to deny the waiver due to the recurring nature of these water leaks. The BPU Commission voted at the October 25, 2016 board meeting to not consider future billing adjustments for mobile home parks.

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Motion by Commissioner Johnson and seconded by Commissioner Wroolie to approve staff recommendation to deny the adjustment for A.L.S. Properties/Stoneybrook South. There was a unanimous roll call vote in favor of the motion. Motion carried.

South Zone Water Tower – Pay Request #5

Received pay request No. 5 from Phoenix Fabricators & Erectors in the amount of \$255,056.47. Original contract amount is \$1,737,900 with \$605,630.49 of work completed to date. Received Change Order No. 1 in the amount of \$4,125.00 to add temperature monitoring to water tower, will result in revised contract amount of \$1,742,025.

Motion by Commissioner Matten and seconded by Commissioner Wroolie to approve pay request from Phoenix Fabricators & Erectors for \$255,056.47 and Change Order No. 1 for \$4,125.00. There was a unanimous roll call vote in favor of the motion. Motion carried.

American Electric Power (AEP) - 7th Amendment

Mike Kumm, PPES, presented the 7th Amendment to market based rate agreement with AEP for Commission discussion and approval.

Motion by Commissioner Wroolie and seconded by Commissioner Matten to approve the 7th Amendment to Market Based Rate Agreement with AEP. There was a unanimous roll call vote in favor of the motion. Motion carried.

Minnesota Power-Transmission Interconnection Agreement

Discussed the interconnect agreement at the 115/34kV Substation with Minnesota Power (MP) and Midcontinent Independent System Operator (MISO) which has been reviewed by attorney Jim Strommen of Kennedy and Graven.

Motion by Commissioner Wroolie and seconded by Commissioner Matten to approve Transmission to Transmission Interconnection Agreement with Minnesota Power and MISO. There was a unanimous roll call vote in favor of the motion. Motion carried.

BLAEDC

Received \$5,050 invoice from BLAEDC for Affiliate Membership, the Commission tabled the request until more information is received.

MMUA Summer Conference

The MMUA Summer conference is at Breezy Point Resort, August 19-21, 2019. Commissioner Wroolie is attending.

Superintendent's Report

Water Department

- Projects
 - Received 600 water endpoints and crews have restarted AMI deployment
 - Flushing hydrants continues
 - Working on fixing damaged gate valve boxes and standpipes
 - Well no.3 rehab is complete (doing one well per year)

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- South Water Tower – Concrete shaft complete as well as concrete roof/dome. The steel bowl will be constructed next. Currently the project is slightly ahead of schedule.
- East Water Tower –inspection postponed due to ice, crew will return and complete interior inspection this summer. Outside looked excellent. Looking into installing a mixer to prevent ice formation.
- MDH – MN Dept. of Health Sanitary survey report. The new MDH District Engineer completed survey of the water plant and noted that the 1935 concrete water storage tank should be taken out of service (it has passed its useful life). BPU’s plan in the next 3-5 years is for a new storage facility. It will get on the priority list in St. Paul for 2020.

Wastewater Treatment Department

- Projects
 - Sludge hauling – A lot of sludge was applied, off the fields at present

Electrical Department

- Outages/Interruptions/Complaints
 - 5/7/19 - one customer called with flickering lights, crew found bad transformer – 3 meters out 1/2 hour
 - Few small service calls – one bad connector, some low wires
- Projects
 - Wise Road service territory transfer area is done
 - AMI upgrade -replacing failing electric meters – 300 complete to date

Hydro Department

- Projects
 - High tail water, slowing down production.
 - New signs installed at canoe portage, fence repair and a spill containment area placed around the 5 MVA transformer - all part of the first FERC environmental inspection last fall.
 - Amjet presentation cancelled since generator still having issues - Commissioner Wroolie asked to have City Attorney review the existing contract.
 - Annual FERC dam safety inspection scheduled for July 23rd - Regional Engineer coming from Chicago.
 - BPU staff working on recreation survey at Lum Park, French Rapids, Green Point boat launches and BPU canoe portage. Recreational users are being asked a few survey questions as requested by MN DNR. BPU staff teaming up with Crow Wing County weed inspector to get surveys completed.

Other

Attended the Northeastern Minnesota Municipal Power Agency (NEMMPA) meeting in Grand Rapids on May 6th where Magnuson was elected as Vice-chairman of the board of directors, along with representatives from Grand Rapids, Virginia, Hibbing, Ely, Aitkin and Two Harbors. Board meetings will be held monthly rotating between Virginia and Grand Rapids.

Staff met with representative from Clean Energy Research Team (CERTS) to discuss resources available to BPU. CERTS could send out survey for customer interest in solar gardens and assist lower income households.

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Old Business

None

New Business

Wicklund discussed the following utility rates as proposed by Dan Kasbohm, Utility Financial Solutions, LLC as described during last month’s board meeting. The new rates would be effective July 1, 2019 and are as follows:

<i>Electric Department - Effective 7/1/2019</i>							
Class	Monthly Charge	All kWh	First 2500 kWh	Excess of 2500 kWh	All kW	First 8 kW	Excess of 8 kW
Residential	\$ 16.25	\$ 0.0858					
General Service	24.25	0.1030					
General Service Demand	45.00		\$ 0.1030	\$ 0.0532			\$ 16.75
LLP - Secondary	120.00	0.0480			\$ 17.75		
LLP - Primary	120.00	0.0480			16.80		
Duel Fuel	6.50	0.0593					
Off Peak Energy	6.50	0.0600					
Notes:							
1. The Power Cost Adjustment will be at \$0.009 per kWh.							

<i>Water and Wastewater Treatment Departments</i>			
(In Inches)	Monthly Customer Charge	Waste-water Treatment	Debt Service
Meter Size	Water	Water Treatment	Waste-water Treatment
3/4	\$ 16.18	\$ 14.25	\$ 6.00
1	41.53	16.50	7.80
1 1/2	61.53	18.50	10.80
2	106.03	19.00	13.20
3	190.53	25.50	18.60
4	285.53	29.00	23.40
6	455.53	33.50	33.00
Hydrants	7.20	-	-
Per 1,000 Gallons	\$ 3.35	\$ 3.00	\$ -
Note: Water and wastewater treatment customers outside the City limits will be charged 200 percent of the applicable rate.			

Motion by Commissioner Johnson and seconded by Commissioner Matten to approve Electric, Water and Wastewater rates effective July 1, 2019 as presented. There was a unanimous roll call vote in favor of the motion. Motion carried.

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Motion by Commissioner Wroolie and seconded by Commissioner Matten to meet in closed session for the purpose to consider or develop offers or counteroffers for the purchase of Roberts property located next to water plant pursuant to M.S. Section 13D.05, Subd.3(c)3. There was a unanimous vote in favor of the motion. Motion carried at 10:20 AM.

Those in attendance at the closed session included Commissioners Angland, Matten, Johnson and Wroolie, Mayor Menk, Finance Director Wicklund, and Superintendent Magnuson.

The Chair reconvened the meeting into open session at 10:42 AM.

Adjournment

Motion by Commissioner Wroolie and seconded by Commissioner Johnson to adjourn the meeting at 10:42 AM. Meeting adjourned.

Mark O'Day, Commission President

Todd Wicklund, Commission Secretary