

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on March 30, 2021.

Commission President Johnson called the meeting to order.

**Commission Roll Call**

Mike Angland – Present

Mark O’Day – Present

Tad Johnson – Present

Dolly Matten – Present

William Wroolie – Present

**Utility Staff Present**

Finance Director

Todd Wicklund

Superintendent

Scott Magnuson

Recording Secretary

Sharon Jensen

Operations Manager

Trent Hawkinson

**Others in Attendance**

Brainerd City Administrator

Jennifer Bergman (left @ 10:15)

Brainerd Councilmember

Gabe Johnson

Brainerd Councilmember

Tiffany Stenglein (via Phone)

Brainerd Mayor

Dave Badeaux

Visit Brainerd

Mary Devine Johnson (left @ 10:15)

Baxter Public Works Director

Trevor Walter

Amjet Turbine Systems, LLC

Paul Roos (via phone)

Amjet Turbine Systems, LLC

Roger Ernst (via phone)

Commission President Johnson opened the meeting with the Pledge of Allegiance.

**Approval of Minutes and Consent Items**

**Motion by Commissioner Wroolie and seconded by Commissioner O’Day to approve the minutes of the February 23, 2021 regular monthly meeting and to approve payment of the current month bills. There was a unanimous roll call vote in favor of the motion. Motion carried.**

**Public Forum**

Amjet Turbine Systems, LLC-Paul Roos

Via phone Paul Roos and Roger Ernst, Amjet Turbine Systems, LLC, asked that the BPU Commission rescind the cease the contract letter that was sent by City Attorney Langel. They stated that it took longer to fix the coil issues discovered during the test in 2018 and due to the Covid issues and the letter received work

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has halted work on the unit. Mr. Roos stated that with the amount of time and money spent on the unit he would like to complete the process by installing the turbine this summer.

The Commission discussed continuing the contract with Amjet with Mr. Roos committing to having the unit installed by September 1<sup>st</sup> to begin testing.

### Brainerd Sesquicentennial (150 years)

City Administrator Jennifer Bergman, Mary Devine Johnson, Visit Brainerd, and Mayor Dave Badeaux outlined some of the events currently scheduled for September 18-25, 2021 celebrating Brainerd's Sesquicentennial. The City of Brainerd and Destination Downtown Brainerd requested assistance from BPU with installation of banners on the light poles on the major corridors thru the City and in the Downtown business district.

The brackets and banners would be provided with BPU attaching them to the poles as a labor donation. The Commission discussed the request and if the BPU pole attachment policy would be applied. Operations Manager Hawkinson noted that aerial lifts need to be operated by trained personnel and that ladders could be used to install some of the banners downtown. The consensus was to work with the City of Brainerd on the banners.

**Motion by Commissioner O'Day and seconded by Commissioner Wroolie to assist the City of Brainerd with the banners for the Sesquicentennial at no charge. There was a unanimous vote in favor of the motion. Motion carried.**

### **President's Report**

Commission President Johnson thanked Commissioner O'Day and Councilmember Johnson for extra time spent with the contract negotiations and mediation.

### **Other Commissioners' Reports**

Commissioner Matten reported on the October 27, 2020 performance evaluations for Finance Director Wicklund and Superintendent Magnuson both included some exceeds and both are performing satisfactory.

### **City Administrator Report**

City Administrator Bergman reported on the following:

- Street projects -Southeast Brainerd and NW 4<sup>th</sup> Street round-a-bout.
- Contest to name the City snowplows winners announced soon.
- Painting crosswalks Downtown – Federal regulations need to be reviewed.
- Addition to the Street Department garage for relocated Parks employees this fall.
- Charter Commission meets April 19<sup>th</sup> - 2<sup>nd</sup> round of recommendations to address conflicts with State law in current City Charter.
- Thanked Commissioner O'Day and Councilmember Johnson for being present at mediation as it helped the process come to conclusion. Bergman further thanked Commissioner Matten, Finance Director Wicklund and Superintendent Magnuson for all the extra time during negotiations this year.

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### **Special Presentation City of Baxter**

#### BPU Wholesale Water Rate and 2021 City of Baxter Purchases

Trevor Walter, City of Baxter Public Works Director, presented the City of Baxter's request to consider billing the water purchased in 2021 from BPU at a wholesale rate rather than the regular BPU commodity rate of \$3.65 per 1,000 gallons and which is allowed per the 2001 Water Sales Agreement. He reviewed the unexpected repairs to the water treatment plant filters. Filter 2 experienced a severe failure on January 26<sup>th</sup> in the form of an underdrain collapse and to prevent further issues the plant was shut down and Baxter began to purchase water from BPU. The 2001 water sales agreement was structured with the understanding that purchasing water would be for short periods of time and did not take into considerations the extended time and volume of water purchased, potentially 330 million gallons.

Commission discussion included the following:

- Water sold for less than Brainerd customers.
- 2001 Contract – is a new contract needed for wholesale due to emergency.
- Upgrading interconnect (current 2 connections with one metered and one not metered).
- MN DNR summer surcharge for gallons (paid by both Cities).
- Discussed fixed costs of production/distribution.
- Baxter pays a monthly service charge for a 6-inch meter service for the metered connection to BPU water distribution system.
- BPU scheduled water storage tank replacement scheduled to start this summer.
- Guarantee to purchase 330 million gallons.

**Motion by Commissioner O'Day and seconded by Commissioner Wroolie to sell water to City of Baxter at the wholesale rate \$2.60 per 1000 gallons effective March 30, 2021 with a true-up for 2021 annual DNR well usage charges. There was a roll call vote with Commissioners O'Day, Wroolie, and Matten voting aye and Johnson voting nay, with Angland abstaining. Motion carried.**

Mr. Walter requested the rate of \$2.60 per 1000 gallons be retroactively applied back to January 26, 2021.

**Motion by Commissioner O'Day and seconded by Commissioner Wroolie to begin wholesale rate on January 26, 2021. There was a roll call vote with Commissioners O'Day and Wroolie voting aye and Commissioners Matten and Johnson voting nay, with Angland abstaining. Motion failed.**

### **Finance Director's Report**

#### January 2021 preliminary financial reports highlights updated:

1. Total operating revenue decreased \$103,580 (4.6%) from 2020.
2. Power costs decreased \$20,291 (2.2%) from 2020.
3. Total operating expenses decreased \$31,767 (1.5%) from 2020.
4. Change in net assets decreased \$79,884 (53.4%) from 2020.
5. Total cash and investments decreased \$372,144 (2.3%) from 2020. Total receivables decreased \$15,872 while inventory increased \$139,908 from 2020.
6. Total liabilities decreased \$2.5 million (6.0%) from 2020.
7. Change in net position for Electric Dept. decreased \$96,565 from 2020.
8. Purchased power benefit increased \$45,598 (52.6%) from 2020.
9. kWh sold for 2021 decreased 2.3% while utility revenue decreased 4.2%. Total blended average revenue per kWh decreased 1.9% from 2020.

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10. Change in net position for Water Dept. is a negative \$55,68 for 2021 compared to a negative \$50,878 for 2020.
11. Water sold is up 1.4% while utility revenue is up 1.1%.
12. Change in net position for Wastewater Dept. is \$8,110 for 2021 compared to a negative \$13,374 for 2020.
13. Wastewater gallons processed is down 9.2% while utility revenue is down 5.0%.

Days of cash on hand as of January 31, 2021, 2020, and 2019:

1. Combined – 159, 164 and 158.
2. Electric – 104, 90 and 69
3. Water – (35), 111 and 272
4. Wastewater – 601, 531 and 558

Conservation Incentive Program (CIP)

There was discussion to increase Conservation Incentive Program (CIP) charge from 1% to 1.5% on all electric utility sales in order to be in compliance with State regulations. The change would generate approximately \$98,000 in additional annual funds for the CIP program.

**Motion by Commissioner O'Day and seconded by Commissioner Wroolie to increase Conservation Incentive rate (CIP) from 1% to 1.5%. There was a unanimous vote in favor of the motion. Motion carried.**

Annual Cogeneration Reporting and Filing with BPU Commission

**BRAINERD PUBLIC UTILITIES COMMISSION  
RESOLUTION NO. 2021:10  
ADOPTED MARCH 30, 2021**

**A resolution adopting Brainerd Public Utilities Commission's (Utility) Policy Regarding Distributed Energy Resources and Net Metering and Rules Governing the Interconnection of Cogeneration and Small Power Production Facilities.**

**WHEREAS, the City of Brainerd is served by the Utility, which is committed to providing customers with reliable and affordable power.**

**WHEREAS, the purpose of this Distributed Energy Resources and Net Metering Policy is to establish the qualification criteria and certain responsibilities for the delivery, interconnection, metering, and purchase of electricity from distributed generation facilities.**

**WHEREAS, this policy, in accordance with Minnesota Statutes §216B.164, shall be implemented to give the maximum possible encouragement to cogeneration and small power production consistent with protection of the Utility's ratepayers and the public.**

**WHEREAS, the purpose of the Cogeneration and Small Power Production Rules is for the Utility to implement certain provisions of Minnesota Statutes §216B.164, the Public Utility Regulatory Policies**

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Act of 1978, and Federal Energy Regulatory Commission regulations related to customer-owned distributed energy resources.

WHEREAS, the adoption of these rules establishes that the Utility is the interpreting body and arbiter of the provisions of Minnesota Statutes §216B.164 for the City of Brainerd.

WHEREAS, the Utility shall annually file a cogeneration and small power production tariff with under these rules.

WHEREAS, the cogeneration and small power production tariff shall include a calculation of average retail utility energy rates, standard contracts to be used with qualifying facilities, interconnection process and technical requirements, and the Utility's estimated average incremental energy costs and net annual avoided capacity costs.

WHEREAS, all filings under these rules shall be maintained at the Utility offices and shall be made available for public inspection during normal business hours.

THEREFORE, BE IT RESOLVED that the Utility adopts the following Policy Regarding Distributed Energy Resources and Net Metering and Rules Governing the Interconnection of Cogeneration and Small Power Production Facilities.

Adopted by the Utility on March 30, 2021.

**Motion by Commissioner Wroolie and seconded by Commissioner O'Day to approve BPU Resolution 2021:10. There was a unanimous vote in favor of the motion. Motion carried.**

**City of Brainerd –Transfer WAC Funds**

The Commission is requesting that WAC funds currently being held by the City be transferred to the Commission by June 1, 2021, in order that these funds can be used to offset costs associated with the construction of the larger water storage water tanks and related backwash tank. The projects are anticipated to be funded by a mixture of user charges, debt issuance, state bonding proceeds, and available WAC.

**Motion by Commissioner O'Day and seconded by Commissioner Matten to request transfer of WAC funds to BPU for the water water storage tanks and backwash tank. There was a unanimous vote in favor of the motion. Motion carried.**

**BPU Service Center**

Discussion regarding re-opening the Service Center to the public and resumption of the charging of late charges. Penalties and late charges have not been charged since the pandemic and related peacetime emergency was declared in March 2020. The Commission will discuss penalties when more information is received. The BPU Service Center will be opened to the public with Covid 19 protocols.

**Motion by Commissioner O'Day and seconded by Commissioner Angland to open the BPU Service Center to the public with Covid 19 protocols. There was a unanimous vote in favor of the motion. Motion carried.**

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### IBEW 2021-2023 Tentative Agreement

Noted that Commissioners O'Day, Matten, Angland, Wroolie and Johnson voted in favor of the 2021-2023 tentative agreement summary and contract supporting documents between the City and IBEW #31 at the Brainerd City Council meeting held on March 15, 2021.

### HR Director's Report

Noted

### Accounting Supervisor-Step Change

Wicklund recommendation to move Accounting Supervisor Julie Batters from Step 4 (\$45.17) to Step 5 (47.13) on the wage grid effective immediately. The initial placement of BPU Department Heads and Supervisors on the grid in 2019 will be reviewed.

**Motion by Commissioner Matten and seconded by Commissioner Wroolie to place Accounting Supervisor Batters on Step 5 effective immediately. There was a unanimous vote in favor of the motion. Motion carried.**

## **Superintendent's Report**

### **Water Department**

- Projects
  - Water main break 5<sup>th</sup> Avenue – crews worked all night to repair-assisted by Line Crew.
  - Installing AMI's-moving along under 1,000 water end points.

### **Wastewater Treatment Department**

- Projects
  - Plant and lift station ongoing maintenance.
  - Evergreen upgrade-Fence install-chain link fence no barb wire allowed in RA zone.
  - Main Lift – Widseth working on permanent by-pass for the Main lift that would allow BPU to inspect and re-build the pre-treatment (bar screen/grit removal) and complete work on the pump building. BPU will also be upgrading the two valve pits for the river crossing and completing a video of the two pipes crossing the River.

### **Electric Department**

- Outages/Interruptions/Complaints:
  - 3/10/21- Snowstorm – 5 meters out, 1 hour and 30 minutes.
  - 3/16/21-Tree on the line – 1 meter out 1 hour 32 minutes
  - 3/23/21-failed pad mounted transformer -4 meters out 1 hour 45 minutes
  - 3/27/21- failed riser pole (rain) – 2 meters out-2 hours 15 minutes
  - 3/29/21- failed guy wire (windy) 165 meters out-1 hour 44 minutes
  - 3/29/21-tree on the line-11 meters out- 3 hours 6 minutes
- Electric crew projects:
  - North Brainerd re-build
  - Installing AMI's
  - Vegetation management

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### **Hydro Department**

- All generators are at 100%, giving away a little water-ice is out.
- Crews have interior painting nearly complete and are working on the wood room. One window left to replace.

### **Other**

- MMUA regional meeting –re-scheduled to April 7th at 8:30 AM via Zoom meeting presentation by MMUA Board President and MMUA Executive Director.
- Wastewater Operator- John Backowski resigned effective March 25, 2021. Job posting to fill the position. Looking at an intern from last summer to fill the position. He is graduating this spring and would be able to work part time in the interim.

### **Old Business**

Amjet Contract – Commissioner O’Day asked if the Commission needs to have the City Attorney amend the cease contract letter sent to Paul Roos, Amjet. Discussion included the amount of investment BPU has made to the facility and pit to accommodate Amjet test generator, updating the FERC license and installation deadlines missed. The City Attorney will be contacted to inform Amjet that they have until September 1<sup>st</sup> to install the generator at the Hydro dam. If the generator is not installed by that date the contract would be voided. Commissioner Wroolie asked that the pit be vacated by January 1, 2022.

**Motion by Commissioner O’Day and seconded by Commissioner Wroolie pending conversation with City Attorney to allow Amjet to install test generator by September 1, 2021 with vacation of the pit by January 1, 2022. There was a unanimous vote in favor of the motion. Motion carried.**

### **New Business**

None

### **Adjournment**

**Motion by Commissioner O’Day and seconded by Commissioner Wroolie to adjourn at 10:51 AM. Meeting Adjourned.**