

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on December 21, 2021.

Commission Vice President O'Day called the meeting to order.

Commission Roll Call

Mike Angland – Present

Tad Johnson – Absent

William Wroolie – Present

Mark O'Day – Present

Dolly Matten – Present

Utility Staff Present

Finance Director

Superintendent

Recording Secretary

Accounting Supervisor

Operations Supervisor

Todd Wicklund

Scott Magnuson

Mandy Selisker

Julie Batters

Trent Hawkinson

Others in Attendance

Brainerd City Administrator

Brainerd City Mayor

BPU Customer/Business Owner

Jennifer Bergman

Dave Badeaux

Mike Higgins

Commissioner O'Day opened the meeting with the Pledge of Allegiance.

Approval of Consent Items

Motion by Commissioner Wroolie and seconded by Commissioner Matten to approve the minutes for the regular monthly meetings of November 30, 2021, and payment of the current months' bills. There was a unanimous roll call vote in favor of the motion. Motion carried.

Public Forum

- Mike Higgins, owner of 1801 Mill Ave and 1511 Northern Pacific Center, addressed the Commission with confidence in the Commission and BPU staff with upcoming decisions with crypto mining projects. Higgins respectfully said that he will support the decision that the Commission makes and values his business relationship with BPU.

President's Report

- None

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Other Commissioners' Reports

- Commissioner Matten reported that she attended the recent EDA meeting
- Commissioner Wroolie reported that today was supposed to be his last meeting, but he will stay on the Commission until a new appointment is made.

City Administrator Report

City Administrator Bergman reported on the following:

- City Council did adopt the Charter amendment for Chapter 6 regarding the Public Utilities Commission. This will take effect 90 days from the date that it was adopted, December 20, 2021.
- City Engineer, Paul Sandy, has reconvened the internal project management team for 2025 reconstruction of Highway 210 with their first meeting this afternoon.
- City HR Assistant position was approved by the City Council as well as union accepting the memorandum of agreement. Position will be posted today with a target start date of February 1, 2022.
- City Council adopted the 2022 budget and 2022 levy with a 2% increase to the levy for 2022.
- Bergman complimented the Wellness Committee for hard work and ongoing efforts and accomplishments. Commissioner Matten noted that it was nice to see the involvement on social media.

Finance Director's Report

November 2021 Financial Report Highlights:

November 2021 financial reports were not available.

Days cash on hand as of October 31, 2021, 2020, and 2019 (November 2021 not available):

1. Combined – 245, 178 and 164
2. Electric – 121, 117 and 89
3. Water – 677, 57 and 117
4. Wastewater – 471, 553 and 588

Amendment to AEP contract

There will be an 11th Amendment to the full requirements agreement with AEP pertaining to the purchase of 8 MW of capacity for the fiscal years 2026 to 2031. The approval of the Amendment means BPU would have 38 MW of capacity through May 31, 2030, and 8 MW of capacity for the year ended May 31, 2031. Staff recommendation is to delay voting on this amendment until January Commission meeting when there will a proposed 12th Amendment dealing with finalizing costs related to Airport solar project. Both Amendments can be voted on at the same time.

History of Purchased Power and Peak Megawatt loads

Finance Director Wicklund provided a schedule for years 2002 through 2021 noting that there was papermill load for the years 2003 through 2013. Based on the comparison between 2002 and 2021 total maximum megawatt peak declined 1.1 MW (40.0 - 41.1). Wicklund noted that there has also been a significant push towards energy conservation in this timeframe.

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Water Storage Tank Project

BPU has received their first pay request from Magney Construction Inc. in the amount of \$374,047.30.

Motion by Commissioner Matten and seconded by Commissioner Wroolie for approval and payment of the first pay request from Magney Construction in the amount of \$374,047.30. There was a unanimous roll call vote in favor of the motion. Motion carried.

Airport Solar Project

AEP will cover the cost of the transformer rather than BPU. Airport FAA redesigned the layout slightly making the project approximately 7% smaller than originally planned. Recommendation is to appoint a committee to work with BPU staff in working AEP on amended power purchase agreement. Commissioner O'Day volunteered as well as Commissioner Matten will be on this committee to work with finalizing as well as agreements with two crypto mining companies seeking to add significant electric load to BPU.

Rural Energy Savings Program (RESP)

Working on resolution for City Council related to this federal loan program. BPU has approximately 60 days to submit complete application. BPU will administer the program but working with the City to ensure it is done correctly.

2022 Commission Meeting Dates

- Noted

HR Director's Report

- Noted

Next Board meeting is scheduled for January 25, 2022.

Superintendent's Report

Water Department

- Projects
 - Baxter water: 20,319,000 gallons sold in November. Superintendent Magnuson checking with Baxter to see if they are still on schedule for February 2022 completion date.
 - Water storage tank project: BPU received the first pay request from Magney Construction. Project progress includes by-pass plan completion, retaining wall in and almost ready to start demolition on concrete tank and cap 16" main.
 - Crews still working on AMI's with only about 150 water meters left.
 - Water service line leak – December 8th, 2021, at 3:00 pm in the Tyrol Hills neighborhood. The water crew, with assistance of line crew, had water back on in about four hours.

Wastewater Treatment Department

- Projects
 - Ongoing plant and lift station maintenance and looking at upgrades
 - Solar project – staff was contacted by a solar developer inquiring about adding solar at the Wastewater Treatment Plant (WWTP). The WWTP is a significant energy user. Developer on a couple different scenarios and pricing options. Currently the initial plan would offset about

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25% of the usage of the plant and the potential layout would be about a 1 MW facility. They are putting together another option which would be a larger system.

Electric Department

- Outage report
 - December 6, 2021 - underground feeder failed at Co Rd. 117 and So 13th St. feeder breakers for 518 and 528 opened at the main substation causing two outages. First outage included 1400 meters out 52 minutes. Second outage (started at the same time) included 800 meters out for 1 hour and 38 minutes. Commissioner Matten inquired about our outage notification process. Operations Manager Hawkinson discussed the outage/OMS map and Accounting Supervisor Batters discussed Alert Media as a notification option which is still being implemented.
 - December 16, 2021 – Overhead feeder had two fuses operate in windstorm on Thiesse Rd (Industrial Park) which included 10 meters out for 2 hours and 13 minutes.
- Electric crew projects:
 - North Brainerd rebuild: poles set so crews can work on lines through winter months.
 - Installing AMI's.
 - Streetlight policy: City Council picked two options – one for residential and another for busier streets. BPU staff will work on getting updated numbers showing costs for each. Commissioner O'Day inquired about poles on hand currently with Magnuson stating that there is currently about 20 of each and would be used for backup.

Hydro Department

- Generators #1 and #2 are running at 100% with #5 at 90% and river at 2280cfs. COE called and said that they will be letting some water go from Lake Winnie so that will in turn will help us.
- NEMMPA – Northeast Minnesota Municipal Power Agency – President Greg French from Virginia really encouraged BPU to stay on noting that he will waive the 2022 dues and the ongoing plan is to not charge any dues to municipals going forward. Superintendent Magnuson noted it would be beneficial to stay apart of the group going forward for networking and information on ongoing and future projects.

Motion by Commissioner Wroolie and seconded by Commissioner Angland to continue NEMMPA membership at no charge. There was a unanimous vote in favor of the motion. Motion carried.

Other Business

- Hitch Wayne Park – City cleared out trees and Paul Sandy discussed potential for a flood light with a timer to shut off at 10:00 pm when the park closes. Superintendent Magnuson will follow up with City Engineer Paul Sandy.
- Wellhead Protection Plan – moving along but on current extension with them. Meeting will be held January 6th with the Department of Health and Rural Water Representative. Current extension requested is 3 years.

Old Business

- Superintendent Magnuson noted that the policy for banners will be updated with some different scenarios in January for discussion.

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New Business

Crypto Mining Projects

- Mid November, BPU was approached by two different entities regarding excess capacity, B & D Power Solutions and Just for Krypto. In the last few weeks, there have been discussions regarding costs, liability, risks for City and BPU. While being aware of concerns and protecting the City and BPU, billing options would include billing month to month and contract would be either one or two years to limit risk. All contracts entered into will need to meet AEP's credit committee standards. Each contract would also require a deposit with BPU relative to the credit risk BPU holds with the new AEP contracts in addition to a regular utility customer deposit. Monthly cost would assume any power cost fluctuations.

BPU would add a substation charge which would be either a percentage of the total power bill cost or a rate based on the kWh sold each month. These discussions and decisions will still need to be worked out as this moves forward. Both project owners would be responsible for the project costs incurred by BPU. Combined annual potential usage is well over 600,000,000 kWh. BPU is currently working with an attorney with McGrann Shea law firm regarding this. Commissioner O'Day commented that he has been involved with a lot of these conversations and expressed how well BPU staff has handled communications and expectations of project owners and BPU.

- Resolution 2021-01 with B & D Power Solutions (50 MW): A resolution accepting Large Industrial Service Application and Authorizing next steps with B & D Power Solutions, LLC.

Motion by Commissioner Matten and seconded by Commissioner Wroolie to accept Resolution 2021-01. There was a unanimous roll call vote in favor of the motion. Motion carried.

- Resolution 2021-02 with Just for Krypto (20 MW): A resolution accepting Large Industrial Service Application and Authorizing next steps with Just for Krypto, LLC.

Motion by Commissioner Matten and seconded by Commissioner Wroolie to accept Resolution 2021-02. There was a unanimous roll call vote in favor of the motion. Motion carried.

Motion by Commissioner Wroolie and seconded by Commissioner Angland to meet in closed session for the purpose to consider or develop offers or counteroffers for the purchase of Roberts property located next to the 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 9:55 AM.

Those in attendance at the closed session included the Commissioners Matten, O'Day, Wroolie, and Angland, and BPU and City staff – Wicklund, Magnuson, and Bergman.

The Chair reconvened the meeting into open session at 10:15 AM.

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Adjournment

Motion by Commissioner Wroolie and seconded by Commissioner Anland to adjourn to the EDA meeting on January 6, 2022, at 7:30 AM at the Council Chambers. Motion carried at 10:15 AM.

Tad Johnson, Commission President

Todd Wicklund, Commission Secretary