

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on January 25, 2022.

Commission President Johnson called the meeting to order.

**Commission Roll Call**

Mike Angland – Present

Tad Johnson – Present

Patrick Wussow – Present

Mark O’Day – Present

Dolly Matten – Present

**Utility Staff Present**

Finance Director

Superintendent

Recording Secretary

Accounting Supervisor

Accounting Supervisor

Operations Supervisor

Wastewater Supervisor

Todd Wicklund

Scott Magnuson

Mandy Selisker

Julie Batters

Jana Pernula

Trent Hawkinson

Charlie Gammon

**Others in Attendance**

Brainerd City Administrator

Jennifer Bergman

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

**Election of 2022 Officers**

Motion was requested by Commission President Johnson for a motion to elect a new Commission President for 2022.

**Motion by Commissioner Angland and seconded by Commissioner Matten to elect Commissioner O’Day as the new Commission President. Commissioner O’Day accepted and there was a unanimous vote in favor of the motion. Motion carried.**

Commission President O’Day sought a motion for Vice President.

**Motion by Commissioner Johnson and seconded by Commissioner Angland to elect Commissioner Matten as the new Vice President. Commissioner Matten accepted and there was a unanimous vote in favor of the motion. Motion carried.**

## **BRAINERD PUBLIC UTILITIES COMMISSION MEETING**

**January 25, 2022**

### **Approval of Consent Items**

**Motion by Commissioner Matten and seconded by Commissioner Johnson to approve the minutes for the regular monthly meetings of December 21, 2021, and 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**

- Commission President O'Day noted that he and Commissioner Matten had met once on the evolving crypto mining business. Details to be discussed later in the meeting.

### **Other Commissioners' Reports**

- None

### **City Administrator Report**

City Administrator Bergman reported on the following:

- Charter Commission met and made several changes that were adopted by the City Council in ordinances. One of those changes included the one-half mill contributions that are given annually to The Center, Brainerd Community Action and The Northland Arboretum. The language was updated to be more general and open it up more generally (ex: programs for seniors, events and community action, and greenspace). There was a sub committee appointed and the one-half mill language was changed to 1.5% of prior years taxable value. The value is comparable, and this reduces the administrative role of calculating this value for both the City and the County.
- Planning for 2022 road construction. North Brainerd will be up for bids in 2022.
- Preparing to update the City Code. With all the changes to the Charter, there would be some changes to the City Code as well. This has not been updated for several years.
- Update with B & D Power Solutions Industrial Park Land Purchase. Work continues on details of land sale to B&D and it is hoped that there could be a public hearing for the sale of the land in February. Commissioner Matten inquired on the noise level in the Industrial Park with City. City Administrator Bergman will investigate this. Commission President O'Day mentioned that the noise is from the fans. Operations Manager Hawkinson mentioned the difference between the two types of mining. While this mining by B & D Power solutions will still generate a fair amount of noise.

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

Finance Director Wicklund introduced and welcomed new Commissioner Wussow and BPU staff introduced themselves.

### **December 2021 Financial Report:**

December 2021 Financial Report is not available due to year end reconciliation process is ongoing.

## **BRAINERD PUBLIC UTILITIES COMMISSION MEETING**

**January 25, 2022**

### November 2021 Financial Report Highlights:

1. Total operating revenue increased \$1.9 million (8.0%) from 2020.
2. Power costs increased \$1,272,800 (13.2%) from 2020. The changes are related to the following:
  - kWh Purchased – Increase of 10.9 million (7.5%) from 2020
  - Energy - \$479,100 – Increase of 7.4% from 2020
  - Demand - \$149,400 – Increase of 8.7% from 2020
  - Transmission (MISO) - \$644,300 – Increase of 42.5% from 2020
3. Total operating expenses increased \$2.4 million (10.8%) from 2020.
4. Change in net assets increased \$79,000 from 2020. This change includes \$976,000 capital contribution received from City to BPU related to WAC charges.
5. Total cash and investments increased \$7.7 million from 2020 which includes \$5.8 million in water project bonding proceeds. Total receivables decreased \$1.1 million while inventory increased \$140,000 from 2020.
6. Change in net position for Electric Department decreased \$1.1 million from 2020.
7. kWh sold for 2021 increased 5.2% while utility revenue increased 3.5%.
8. Change in net position before capital contribution from City for Water Dept. is \$784,600 for 2021 compared to negative \$6,000 for 2020.
9. Gallons of water sold increased 359.8 million from 2020. 2021 sales include sales to Baxter of 318.1 million gallons.
10. Change in net position for Wastewater Department is a negative \$266,800 for 2021 compared to a positive \$352,300 for 2020.
11. Wastewater gallons processed increased 3.9% while utility revenue is up 3.2%.

Days unrestricted cash on hand as of November 30, 2021, 2020, and 2019:

1. Combined – 168, 167 and 154
2. Electric – 109, 102 and 73
3. Water – 102, 60 and 152
4. Wastewater – 478, 555 and 570

### Rate Study/Increase:

Finance Director Wicklund discussed the request for reviewing rates and potential increase. At this time the recommendation of BPU's rate study consultant is to wait until the cost-of-service study is completed later this year.

### Agreement Amendments with AEP for review:

1. 11<sup>th</sup> Amendment to Full Requirements Purchased Power Agreement (PPA) – Purchase 8 MW of capacity for the fiscal years 2026 to 2031.
2. 12<sup>th</sup> Amendment (PPA) – Purchase of energy from AEP related to crypto mining customers.

The above items would be for the block of energy purchased by AEP on BPU's behalf. The following should be ready for review and approval at the February meeting.

3. 4<sup>th</sup> Amendment to Solar PPA – Finalization of agreement terms so construction can be started on at the airport. B & D Power Solutions would be interested in potentially purchasing REC's generated from the airport solar project.
4. Agreement with AEP to purchase unused Renewable Energy Credits (RECs) from Hydro generation.

## **BRainerd PUBLIC UTILITIES COMMISSION MEETING**

**January 25, 2022**

The following agreements with crypto mining customers ready for review or approval:

1. Customer Initial Expense Deposit Agreement with B & D Power Solutions and Just for Krypto.
2. Purchase and Sale Agreement for Solar Renewable Energy Credits with B & D Power Solutions.
3. Purchase Power Agreements are being drafted at the present time.
4. Working on developing industrial rate for a 4 MW load.

Commission President O'Day inquired on the status of the sales tax exemption for the Crypto Mining businesses. Finance Director Wicklund discussed his research, but it is ultimately up to the company to make the determination and sign off on the ST3.

Commissioner Johnson asked for clarification on the purchase of the additional 8 MW of capacity. Finance Director Wicklund confirmed that it is related to the need on our regular load projected for those years (2026-2031).

**Motion by Commissioner Matten and seconded by Commissioner Johnson for approval subject to final legal review of the Customer Initial Expense Deposit Agreements with B&D Power Solutions, LLC and Just For Krypto, LLC. There was a unanimous vote in favor of the motion. Motion carried.**

**Motion by Commissioner Matten and seconded by Commissioner Johnson for approval subject to final legal review of the Purchase and Sale Agreement for Solar Renewable Energy Credits with B & D Power Solutions, LLC. There was a unanimous vote in favor of the motion. Motion carried.**

### Water Storage Tank Project

BPU received pay request No. 2 in the amount of \$760,905.35 from Magney Construction, Inc. for Water Storage Tank Project.

**Motion by Commissioner Johnson and seconded by Commissioner Wussow for approval and payment of the second pay request from Magney Construction, Inc. in the amount of \$760,905.35. There was a unanimous roll call vote in favor of the motion. Motion carried.**

### Rural Energy Savings Program (RESP)

Working on getting loan application completed with a deadline approaching of February 7<sup>th</sup>. Finance Director Wicklund is recommending deferring and ask for extension to allow BPU to be able to get through audit and software upgrade. Commission was agreeable with the recommendation to defer and see what timeline an extension would give.

### HR Director's Report

- Noted

Next Board meeting is scheduled for February 22, 2022.

## **BRainerd PUBLIC UTILITIES COMMISSION MEETING**

January 25, 2022

### **Superintendent's Report**

#### **Water Department**

- Projects

- Baxter water: 21.4 million gallons sold in December. April 1<sup>st</sup> is now the expected completion date for their plant. If it extends into summer, BPU may have to review in more detail.
- Water storage tank project: BPU received the second pay request from Magney Construction. Project progress includes ready to start demo on concrete tank. New timeline is for first tank to be completed this winter and second tank this summer.
- Crews still working on AMI's – project is close to completion.
- Leak at South 6<sup>th</sup> / Industrial Park Road – Ice building up in turn lane. MNDOT has a project scheduled for this year and will do some exploratory digging to get it reviewed and repaired.
- Damage from winter accident at Water Plant will be explored this spring. The driver's insurance company is aware of the damage.

#### **Wastewater Treatment Department**

- Projects

- Ongoing plant and lift station maintenance
- New generator is operating at Evergreen
- Solar project near wastewater facility – BPU staff met with Cedar Creek Energy and cost per kWh generated appears to be high. BPU is reaching out to AEP to potentially incorporate this project into the Airport project to help reduce costs. There will potentially be an update from AEP in time for the February board meeting.
- River crossing/main line down East River Road – meeting with City Engineer Sandy to discuss options.

#### **Electric Department**

- Outage report

- December 16, 2021 – Transformer failure at the 800 block of Maple St., 1 meter out 4.5 hours while transformer was replaced.
- January 2, 2022 – Cutout failure at 400 block of 11<sup>th</sup> St SE – 5 meters out 1hr. 34 min.
- January 4, 2022 – Fuse operated on 10000 block of Thiesse Rd. – 1 meter out 1hr. 15 min.

- Electric crew projects:

- North Brainerd rebuild: poles set so crews can work on lines through winter months and installing the Industrial Park line.
- Installing AMI's.
- Streetlight policy: City Council still deciding – currently their choice is too costly. City will research and decide on what they want to do.

#### **Hydro Department**

- Generators #1 and #2 are running at 90%, #4 and #5 at 80% With river at 2230cfs. Updated figures at meeting included: generators #1 and #2 are running at 100% with #3 online, and #4 off.
- Staff is trying to find a home for a gas boiler that Wausau installed before BPU purchased. BPU has never used it and never will. Superintendent Magnuson reached out to CLC to see if they had a program that would utilize it, but exploring options to just donate to anyone that would have a use for it.

## **BRAINERD PUBLIC UTILITIES COMMISSION MEETING**

**January 25, 2022**

- Relicensing – update: SHPO is challenging BPU with area of potential affect. They have expanded the requirements for this to include all buildings on properties that are in the APE. BPU is working with BARR Engineering and another consultant on this and then meet with FERC.
- Updating relays: BPU will research and provide an update at the February meeting.

### **Other**

Wellhead Protection Plan: 3-year extension filed due to staffing issues at MDH. BPU has selected a few categories from the previous plan to continue to use in the interim.

### **Other Business**

- Hitch Wayne Park – Commissioner Johnson inquired on lighting progress. Operations Manager Hawkinson is working with the City and will relook at it in the Spring with the existing structure not being ideal.

### **Old Business**

- None

### **New Business**

- None

**Motion by Commissioner Wussow and seconded by Commissioner Matten to adjourn to 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 10:04 AM.**

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

The Chair reconvened the meeting into open session at 10:30 AM.

### **Adjournment**

**Motion by Commissioner Wussow and seconded by Commissioner Johnson to adjourn at 10:30 AM. Motion carried.**

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Mark O’Day, Commission President

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Todd Wicklund, Commission Secretary