



# BRAINERD PUBLIC UTILITIES

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The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on February 28, 2023.

Commission President Wussow 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

Operations Manager

Wastewater Supervisor

Accounting Supervisor

Recording Secretary

Todd Wicklund

Scott Magnuson

Trent Hawkinson

Charlie Gammon

Jana Pernula

Mandy Selisker

#### **Others in Attendance**

City Administrator

HR Director

City Liaison

Jennifer Bergman

Kris Schubert

Jeff Czczok

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

#### **Approval of Consent Items**

Commission President Wussow stated that the Approval of Agenda will be pulled from the Consent Agenda due to an item being added to Unfinished Business.

**Motion by Commissioner Matten and seconded by Commissioner Angland to approve consent agenda as amended; approve the minutes from the January 31, 2023, regular monthly meeting, approval of current month's bills, and approval of Pay Request No. 14 received from Magney Construction for \$281,746.33 for Water Tank Storage Project. There was a unanimous roll call vote in favor of the motion. Motion carried.**

Commissioner Wussow noted the addition of Item G., Thirteenth Amendment to the Market Based Rate Full Requirements Agreement to the agenda under Unfinished Business.

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**Motion by Commissioner O'Day and seconded by Commissioner Matten to add Item G, Thirteenth Amendment to Market Based Rate Full Requirements Agreement to the meeting agenda. There was a unanimous vote in favor of the motion. Motion carried.**

### Public Forum

- None

### Commission Committee Reports

#### Personnel

- Commissioner Matten reported that they will be scheduling a meeting soon with Finance Director Wicklund and Superintendent Magnuson to discuss upcoming employee hires that are on the horizon.

#### Finance

- Commissioner Johnson reported that he and Commissioner Angland met with Finance Director Wicklund after last month's meeting to review additional numbers related to the Hydro Project. These will be presented and reviewed in Unfinished Business, item D, later on the agenda.

### Unfinished Business

#### Purchase of Roberts Property

- Superintendent Magnuson reported that Finance Director Wicklund met with Keith Roberts since the last meeting and the Roberts brothers are still working on getting a survey completed. When the survey is complete, staff can continue to move forward with the purchase agreement.

#### Electric Service to Rotary Pavilion

- Commissioner Wussow noted that this item was being held on the agenda for the 2024 budget. Nothing new to report.

#### Forcemain Crossing of Mississippi River

- Superintendent Magnuson noted that the project is moving forward and referenced the memo included for the status on all required permits.

#### Hydro Automation

- Finance Director Wicklund reviewed the options previously provided by Barr Engineering and reviewed at January's meeting. Included in Wicklund's summary were the three upgrade options as well as taking no action. Wicklund's projections were using average costs due to the large range of cost in the estimates.
  - Option 1 – Install 500kW package turbine/generator in existing flume would have a combined net additional revenue of \$20,896,500 or \$261,200 per year. Total average installed cost per \$/MWh would be \$33.03.
  - Option 2 – Install horizontal Francis-Style turbine and generator using existing flume would have a combined net additional revenue of \$16,425,700 or \$205,300 per year. Total average installed cost per \$/MWh would be \$58.98.

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- Option 3 – Install vertical turbine and generator in modified flume would have a combined net additional revenue of \$30,484,000 or \$381,000 per year. This option would phase out two existing units. Total average installed cost per \$/MWh would be \$47.68.
- Existing Units (No Action) – Adding no additional generation would have a combined net additional revenue of \$9,108,300 or \$113,900 per year. Total costs include 80% of annual labor costs since current operation requires 24/7 staff coverage.

Finance Director Wicklund summarized assumptions related to energy, MISO charges, transmission charges, and ancillary charges as it stands currently and then projected out to an 80-year period. Additional discussion included ROI, net additional revenue and moving away from 24-hour coverage. Wicklund's recommendation is Option 3 as the best long-term solution. This would have increased efficiency from a current 60-65% efficiency rate to a projected 80% efficiency rate according to Barr Engineering.

Superintendent Magnuson stated that there is a grant opportunity that opens at the end of the first quarter which would have up to a 30% match. Staff are working with Frontier Energy to explore grant options. Grant would cover either of the three options if there is a 3% increase in efficiency, which all are projected to have.

Commissioner Johnson inquired on why Option 3 is recommended by staff vs. Option 1. Finance Director Wicklund responded based on revenue generated at the end of the 80-year projection. Commissioner Johnson expressed interest in Option 1 highlighting smaller cash flow liability and quicker return on investment (ROI). There was a consensus that Option 2 was not a great option and to explore Option 1 and 3 in greater detail. Wicklund noted that the project, aside from potential grant dollars, would be funded by debt service. Wicklund also noted that keeping the existing generators in place results in higher maintenance costs ongoing. Johnson appreciated the additional work on the projections and common sized numbers in relation to purchase power.

**Motion by Commissioner Johnson and seconded by Commissioner O'Day to obtain bids from multiple Hydro Dam installers on Option 1 and 3. There was a unanimous vote in favor of the motion. Motion carried.**

Additional discussion included:

- Commissioner O'Day requested staff get more details on grant parameters and availability to help with decision.
- Commissioner Wussow inquired on when these estimates would be available. Superintendent Magnuson estimated for the May agenda, noting that the grant requirements may drive deadline.
- Commissioner O'Day and Wussow confirmed that this will remain under Unfinished Business on the agenda.

### Crypto Mining Projects

- Just for Krypto (JFK) is currently mining at 2MW. JFK has registered its anticipated load with MISO Load Management Resource (LMR) program therefore avoiding possibly being charged an additional monthly charge of \$6,000 per MW-month. Finance Director Wicklund noted that today is the deadline for registering with LMR.

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- VCV Digital is in the process of closing on the purchase of the industrial park land. Intent is still to be up and running at some point this summer. VCV intends to register its anticipated load with MISO in the LMR program by March 15<sup>th</sup>. They have been informed of the capacity charge.

Discussion included:

Finance Director Wicklund reported:

- MISO charges are delayed by about one year. Current charges and contracts are a result of what happened last summer. In the summer of 2022, the peak was 41.5 MW, therefore this year's contract must at least be that amount, if not higher.
- Staff is considering a capacity charge on Crypto accounts due to delay in MISO charges and then reviewing through an annual true-up calculation.

City Administrator Bergman reported:

- VCV Digital closed on the land purchase yesterday and can now move forward with Community Development.

### Succession Planning

No additional information to report.

### Thirteenth Amendment to Market Based Rate Full Requirements Agreement

This item was added to the agenda by Finance Director Wicklund.

Wicklund discussed the following:

- The presented amendment is to authorize buying energy and capacity from AEP for the upcoming planning years of 2023-2024 of 2.3 MW of capacity for the summer months.
- This additional energy cost would be \$11,450 per month and \$137,000 annually.
- Upcoming auction in June for winter excess, estimated at approximately 9 MW to be sold.
- The deadline for the amendment is March 8<sup>th</sup>.
- Purchase of energy is now done on a quarterly basis.

**Motion by Commissioner O'Day and seconded by Commissioner Anland to approve and accept the Thirteenth Amendment to Market Based Rate Full Requirements Agreement. There was a unanimous vote in favor of the motion. Motion carried.**

Commissioner Johnson inquired on the benefit of locking in a price ahead of time. Wicklund confirmed Johnson's thoughts which is to limit risk of buying during the peak summer months.

Commission President Wussow reiterated that any items with contracts need to be on the agenda ahead of time.

### **New Business**

None

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### **City Administrator Report**

City Administrator Bergman reported on the following:

- Land purchase with VCV Digital on the industrial park lots closed yesterday.
- The requested study from Flaherty & Hood, P.A., on the organizational structure of BPU is moving forward. The final draft was just received yesterday. City Administrator Bergman, HR Director Schubert, Finance Director Wicklund and Superintendent Magnuson will be meeting today to review, and then additional meetings will be requested with BPU Commission's personnel committee and City Council Personnel and Finance chair and/or committee will follow.
- The review of Job Analysis Questionnaires (JAQs) continues with Flaherty & Hood, P.A. Interview dates are being scheduled to meet with employees regarding their JAQs.
- Resignation of Police Chief Bestul was received, position was posted internally, and City received 2 internal applications were received with interviews to be taking place.
- Pay Equity report was submitted to the State of Minnesota and City received notice of not passing. The City is working with Flaherty & Hood, P.A to request an extension while going through the Compensation and Classification study.
- A final Street Light Policy is being presented at the next City Council meeting. Bergman extended a thank you to Operations Supervisor Hawkinson for his help with this process.
- A joint meeting between the Park Board and City Council took place last night and went well. Discussion around budget timing and expectations for submission deadlines and review. There was a recommendation to have a future joint meeting(s) with the City Council and the Public Utilities Commission.
  - Commission President Wussow agreed that this was previously an item that was discussed to hold occasional joint meetings and the Commission agreed. A potential future meeting in the month of May was mentioned.

### **City Liaison Report**

City Liaison Czczok reported on the following:

- Agreed with the idea of future joint meeting with City Council and BPU Commission.
- Expressed willingness to communicate any necessary information to the City Council as needed.

Commissioner Wussow noted that BPU's budget is presented separately and approved at the Council's December meeting.

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

#### **December 2022 Financial Report**

Still working on year-end journal entries and will have the final financial report at the March board meeting.

#### **January 2023 Financial Report**

Will be available at the March board meeting.

### **2022 Audit**

Work continues with preparation of approximately 75 schedules and analysis for CLA auditors. Audit field work is scheduled to start March 13, 2023.

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### Electric Cost of Service Study

Requested schedules have been completed and sent to Utility Financial Services (UFS). The goal is to have the study completed in time for the April 2023 board meeting. This is based on rates within rate classes and independent of the rate study, which will follow sometime in April.

### Frontier Energy (FE)

Working on finalizing grant applications for several projects planned in the field of grid hardening, grid resilience, water/wastewater, and EV.

Significant CIP projects finalized this month include:

- Crow Wing County Fair - \$7,965.36
- Mills Automotive Group - \$1,186.63
- Various Residential Rebates (2) - \$2195.00

### Wastewater Treatment Solar Project

Work continues in obtaining building permits from Baxter related to the construction of solar project. Completing the Buffer Management Plan is the priority which needs to be done before any trees can be cut down. Staff is working with Emily Ball with WSB on the Buffer Management Plan. The deadline for tree clearing is March 31<sup>st</sup>.

Commissioner Matten requested the updated copies of the Forestry Management Plan and Conditional Use Permits to ensure BPU is keeping the neighbors happy and adhering to required parameters. This was requested from Community Development Director Doty with the City of Baxter.

### HR Director's Report

- Noted

Next Board meeting is scheduled for March 28, 2023.

### Superintendent's Report

#### Water Department

- Projects
  - Water storage tank project: A pour is scheduled for tomorrow and about half of the walls on the second tank are complete.
  - Maintenance: Crews working on standpipes and meters, updating database for service line material, and backflow devices.
  - Copper/Lead Testing: Staff has narrowed down results to two options after meeting with the Department of Health. A few additional tests are being done to confirm conditions with a report or presentation to be given at the March meeting on plans copper reduction.

#### Wastewater Treatment Department

- Projects
  - Plant and Lift Station maintenance.
  - Screen and Grit project is complete at the Evergreen and Main Lift.
  - Starting to plan for Spring Biosolids application.

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### **Electric Department**

- Outage report
  - One service line down due to tree
- Crews busy working on mapping updates.
- Starting on fiber project.
- Starting vegetation management.

### **Hydro Department**

- All 5 generators at 100%. River at 3150 cfs. Recording enough excess water to support a 6<sup>th</sup> (or larger existing) generator.
- Emergency Action Plan (EAP) tabletop exercise is scheduled for March 9<sup>th</sup> with FERC representatives and local emergency management agencies. Occurs every five years with both tabletop and functional exercises. Full exercise will occur this summer.

### **Other**

- Future Hires: Lineworker posting closed February 26<sup>th</sup> with 17 applications received. HR will work on postings and job descriptions for Facilities Custodian, Business Office Specialist and Wastewater Laborer.

Commissioner Matten inquired on odor from the Wastewater plant. Wastewater Supervisor Gammon explained the following related factors:

- Plant is nearing capacity for spring biosolids hauling.
- Due to growth when reaching capacity, the plant uses a secondary storage option, which releases odors when going into an open tank. Gammon reported that he is managing this as best as possible.
- Gammon will provide updated numbers related to production and capacity.

Commission President Wussow inquired on satisfaction and timeline of the Water Storage Tank Project.

- Superintendent Magnuson stated it has been going well with the project being at about 75-80% completion.
- Due to delays and shortages of materials, the original timeline of the project is far from schedule.
- Future decisions on facia and stone color will be occurring. Commissioner Angland mentioned checking with the Park Board on preference since the location is adjacent to the park. Commissioner Matten inquired on maintenance with Magnuson noting a 20-year fade warranty.

### **Commission Members – Future Agenda Items**

- Commission President Wussow reported on:
  - The Joint WWTP Management Board met last Thursday with Supervisor Gammon coordinating and hosting. Updates on sewer ordinances were discussed along with education on the plant and operations. There were no action items, but updates will be reported as meetings occur.
  - Inquired on Hydro generation numbers and reportability. Magnuson confirmed that water levels and cfs flow can be read live. Math would be needed to calculate electricity generation.

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- In anticipation of the ribbon cutting for Airport Solar project, is there tracking available for generation? Magnuson confirmed yes.
- Inquired on materials and property damage from accidents and if BPU is reimbursed for damage related to accidents. Magnuson confirmed yes.
- Commissioner Angland reported on the following:
  - Commissioner Angland and Operations Manager Hawkinson will be presenting to the Eco-Club at the High school on the Airport Solar project on March 1, 2023.

**Adjournment**

**Motion by Commissioner Wussow and seconded by Commissioner Angland to adjourn the meeting.**

**Motion carried at 9:57 AM.**

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Patrick Wussow, Commission President

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Todd Wicklund, Commission Secretary