BRAINERD PUBLIC UTILITIES
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The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on September 29, 2026.

Commission President Angland called the meeting to order at 9:00 AM.

Commission Roll Call

President Mike Angland – Present	Vice-President Dolly Wussow – Present
Misty Bayliss – Present	Cory Jay – Present

Utility Staff Present

Electric Director	Trent Hawkinson
Public Works Director	Paul Sandy
Finance Manager	Danny Loch
Water/Wastewater Manager	Charlie Gammon
Business Office Supervisor	Heidi Gandsey
Recording Secretary	Becky Ridlon

Others in Attendance

City Council Liaison	Jeff Czeczok
HR Director	Brittney Kummet
Bolton & Menk	Morgan Salo, PE
Waterworth	Emilie Daitl

Commissioner Angland opened the meeting with the Pledge of Allegiance.

Approval of Agenda Items

Motion by Commissioner Wussow and seconded by Commissioner Bayliss to approve the agenda. There was a unanimous vote in favor of the motion. Motion carried.

Approval of Consent Items

Motion by Commissioner Wussow and seconded by Commissioner Jay to approve the Minutes from August 25th, 2026, Current month's bills, and approve out of State Travel for Midwest Hydro Users Group. There was a unanimous roll call vote in favor of the motion. Motion carried.

Presentations

Muniworth – Electric Model Presentation- *see board packet for presentation.*

Finance Manager Loch presented along with Emilie Daitl of Muniworth, an electric software platform that helps utilities with long-term financial forecasting. The model includes a 9% electric rate increase in 2027 to fund planned capital improvements, followed by 1% annual increases from 2028 onward to build and maintain cash reserves. The final rate structure will depend on the results of the rate study.

Czeczok asked whether the substation upgrade was included in the electric capital plan, and Loch confirmed that it is. Angland asked whether the figures included the 3% City contribution, and Loch confirmed they reflect the current policy.

Czeczok asked about the timing of the 9% increase and the anticipated annual increases. Staff explained the increase is expected to take effect in 2027, followed by 1% annual increases. Daitl noted that without the 1% annual increase, the opening cash balance would be approximately $1.3 million by 2033, compared with approximately $6.3 million if the increases continue.

Angland asked for a review of the larger upcoming capital projects. Loch noted the largest are the substation upgrade and the single-generator project at the hydro facility, estimated at $6 million, which would be discussed further during the hydro update.

Public Forum

None

Commission Committee Reports

Public Utilities Commission Monthly Workshops

Public Works Director Paul Sandy presented. Sandy explained that, following previous discussions with the Personnel Committee and Operations and Finance Committee, the decision had been made to discontinue those committee meetings. At that time, staff also discussed the possibility of establishing monthly workshops with Commission members to review upcoming Commission agendas, discuss topics such as the current budget season, provide information in a workshop setting, and receive directions from the Commission on future agenda items.

Sandy stated that staff would like to begin holding monthly work sessions with the Commission, subject to Commission support. Staff proposed holding the sessions on the second Tuesday of each month at the same time as the regular meetings. The proposed work sessions would generally last approximately one to one and a half hours, depending on the topics being discussed. Sandy asked whether the Commission would like to pursue the monthly work sessions and noted that staff support the proposal.

Sandy also addressed Finance Manager Loch's planned vacation during the November Commission meeting. Sandy requested that the Commission consider moving the meeting to November 17th so that Loch would be available to support budget discussions with Trent and Sandy during the upcoming budget season. Sandy presented the proposed meeting date change for the Commission's consideration.

Wussow expressed support for establishing the monthly Commission work sessions and stated that she believed the idea was worth trying. She noted that there may be some months when a work session is not

necessary, which he felt would be acceptable. Wussow also expressed support for moving the November Commission meeting date to accommodate Finance Manager Loch's availability.

Bayliss agreed with the proposal to establish monthly Commission work sessions and expressed support for trying the approach. Bayliss noted that attending every monthly session on the second Tuesday may be difficult but appreciated the opportunity to preview upcoming agenda items, stating that it would help avoid having to review the materials immediately before each meeting. Bayliss indicated a willingness to participate and make the arrangement work.

Czeczok asked whether the Commission work sessions could be held at the BPU facility. Commissioners expressed support for meeting there to reduce staff travel and provide opportunities to view utility equipment. Staff will work with IT to determine whether livestreaming, recording, and adequate audio equipment can be provided at BPU.

The Commission agreed to hold the work sessions on Tuesdays at 9:00 a.m. Staff will confirm the location and available technology before the first session, with a potential web-based option for commissioners unable to attend in person.

Wussow asked whether the work sessions would be open to the public and require notice, including notice of a web-based option. Loch confirmed that the sessions would be publicly noticed and that electronic notice and remote participation could be provided.

Angland supported holding the work sessions in the second-floor conference room at City Hall. The Commission provided direction to proceed, with a tentative first session scheduled for October 13 at 9:00 a.m., subject to commissioner availability.

The Commissioners agreed to move the November commission meeting date to November 17th 2026 as discussed and approved the change. Both meetings to be adjourned to at the close of the meeting.

Unfinished Business

Memo -*See board packet for updates.*

Contribution Policy 2003-01 Discussion – *see board packet for report.*
Commissioner Angland provided an update on his discussion with the City's Personnel and Finance Committee regarding the City's contribution policy, which was previously changed from a kilowatt-hour basis to a percentage of retail electric sales. The City Council had proposed increasing the Commission contribution from 3% to 5%. At the Commission's request, the Committee agreed to delay action until the rate study is completed, with the contribution expected to be revisited at the second City Council meeting in October. Danny noted the requested contribution is approximately $300,000, or about 1.25% of total electric retail revenue. Angland also recommended regular meetings between the City Council and the Commission to review the contribution and other shared costs.

Wussow asked how the 3% contribution is calculated, and Loch explained that it is based on gross retail sales, excluding sales to the City and internal sales. Wussow expressed concerns about the impact on ratepayers, future infrastructure and renewable energy projects, and the use of the funds for the City's

General Fund. He requested more detail on shared service costs and the long-term financial impact of the contribution.

The Commission discussed the timing of the rate studies, the potential impact of a higher contribution on future rates and capital projects, and the City Council's authority under the City Charter to set the contribution. Czeczok proposed asking the City Council to move its discussion from the second meeting in October to the first meeting in November so the rate study results can be included. The Commission also discussed holding a workshop on upcoming capital projects.

Loch will provide financial modeling showing the impact of 3%, 4%, and 5% contribution levels on the Commission's cash position and ratepayers.

BPU POL 2008-14 Identity Theft Protection
Finance Manager Loch presented. Discussion included: Wussow asked how customer identities are verified when opening or making changes to an account and what prevents someone from impersonating an account holder. Staff explained that the process includes Social Security number verification and photo identification to confirm the customer's identity. Bayliss asked about the purpose of requiring a deposit when a customer does not provide identification. Loch explained that customers who do not provide ID are typically required to pay a deposit equal to approximately four months of utility charges, compared with the standard two-month deposit. Loch noted that they have not encountered a customer refusing to provide identification in the past three years.

Motion by Commissioner Wussow and seconded by Commissioner Bayliss to Approve the Updated BPU POL 2008-14 Identity Theft Protection. There was a unanimous vote in favor of the motion. Motion Carried.

BPU POL 2016-20 Reconnection of Utility Services
Finance Manager Loch presented.

Motion by Commissioner Jay and seconded by Commissioner Bayliss to Approve Updated BPU POL_ 2016-20 Reconnection of Utility Services. There was a unanimous vote in favor of the motion. Motion Carried.

BPU POL 2017-21 Critical Water Deficiency Regulations
Finance Manager Loch presented.

Wussow asked about water reuse requirements and whether facilities such as the splash pad could remain operational during water restrictions. Gammon explained that the facility could continue operating if it had a reuse system and did not require new water.

Motion by Commissioner Wussow and seconded by Commissioner Bayliss to Approve Updated BPU POL 2017-21 Critical Water Deficiency Regulations. There was a unanimous vote in favor of the motion. Motion Carried.

Hydro Funding/ITC Consulting
Finance Manager Loch presented.

Discussion included: Angland asked about the proposed generator's return on investment, expected energy production, and contribution toward the 2040 renewable energy goals. Loch noted that rising energy prices could improve the project's ROI and asked how much the generator would contribute toward the 2040 requirements. Hawkinson explained that production estimates are difficult to determine because the hydro facility is run-of-river, but preliminary analysis indicates the generator could have operated during most of August despite low hydro generation. Staff recommended proceeding with the project given anticipated energy price increases and the upcoming 2040 requirements.

Motion by Commissioner Wussow and seconded by Commissioner Bayliss to authorize the engagement of CliftonLarsonAllen to provide Investment Tax Credit services for the Unit 6 hydro turbine project at a cost not to exceed $48,150. And to move forward with the procurement of one generator for Unit 6 and proceed with bond financing for the project in an amount up to $7.5 million, with bond financing costs and terms brought back to the Commission for approval. There was a unanimous vote in favor of the motion. Motion Carried.

Final Pay Voucher -Ronald/Joseph/Alley Galvanized Water Service Line Replacement Project
Public Works Director Paul Sandy presented

Motion by Commissioner Jay and seconded by Commissioner Wussow to Approve the final pay voucher for the 2026 Galvanized Water Service Line Replacement Project, in the final amounts of $45,000 for the Joseph Street to Ronald Street segment and authorizing final payment to Tretter Excavating. There was a unanimous vote in favor of the motion. Motion Carried.

Motion by Commissioner Jay and seconded by Commissioner Wussow to Approve the final pay voucher for the 2026 Galvanized Water Service Line Replacement Project, in the final amount of $81,000 for the Ronald Street to Paul Street segment and authorizing final payment to Tretter Excavating. There was a unanimous vote in favor of the motion. Motion Carried.

New Business
Power Cost Adjustment - *See board packet for agenda request.*
Finance Manager Loch presented.

Discussion included: Wussow asked whether the power cost adjustment is included in gross sales for the City contribution. Loch confirmed that it is and that it appears on customer bills as a single fuel cost adjustment line item. Wussow and Angland discussed how the Commission's rates are compared with other utilities, and Hawkinson will provide a comparison at the next meeting. Wussow also asked whether to wait for the electric cost-of-service study before increasing the power cost adjustment. Loch stated staff recommend implementing the increase temporarily and reevaluating it once the study is completed.

Motion by Commissioner Wussow and seconded by Commissioner Jay to Approve Power Cost Adjustment to $0.010885 per kWh effective with October 2026 billing. There was a unanimous vote in favor of the motion. Motion Carried.

Contract Award -Improvement 25-11-East River Road Sanitary Sewer Trunkline Rehabilitation Project
Public Works Director Paul Sandy presented.

Czeczok asked about root intrusion into the existing sewer interceptor. Sandy explained that the older pipe has unsealed joints that allow roots to enter, unlike modern PVC pipe with gasketed joints. The proposed lining system would clean the existing pipe, remove roots, and install a continuous liner from manhole to manhole, sealing the joints and reducing future root intrusion. The highest bid was approximately $1,288,360.

Wussow asked about the project funding and requested a higher-level overview to better understand the sewer issues and improvements needed. Wussow noted that the projects appear to be a priority for addressing inflow and expressed appreciation for the information provided. Wussow also asked whether the contractor could begin work immediately due to high river levels. Sandy explained that the contractor currently plans to begin in the spring, with work completed by October. The contractor's bid would remain the same regardless of water levels, and the longer project timeline provides scheduling flexibility.

Motion by Commissioner Wussow and seconded by Commissioner Jay to Approve Improvement 25-11, East River Road Sanitary Sewer Trunkline Rehabilitation Project, to SAK Construction in the amount of $915,094.00 for the Base Bid plus $53,585.00 for the Alternate Bid Items, for a total award of $968,679.00, and authorizing the appropriate signatures on the Agreement with SAK Construction. There was a unanimous vote in favor of the motion. Motion Carried.

Proposal for Professional Services with SHE for Improvement 25-11 – East River Road Sanitary Sewer Trunkline Rehabilitation Project Construction Administration
Public Works Director Paul Sandy presented.

Wussow asked when Construction Manager at Risk (CMAR) becomes involved in projects and provides contractor oversight. Sandy explained that this project is a traditional design-bid-build project involving common sewer construction, so CMAR contractor involvement is not needed during the early stages. CMAR is more beneficial on large, complex projects involving buildings, extensive process piping, phasing, sequencing, or maintaining facility operations during construction.

Motion by Commissioner Bayliss and seconded by Commissioner Jay to Approve the professional services agreement with SEH for construction administration on Improvement 25-11, the East River Road Sanitary Sewer Trunkline Rehabilitation Project, for a fee not to exceed $89,250, and authorizing the appropriate officials to sign the agreement. There was a unanimous vote in favor of the motion. Motion Carried.

Staff Reports
City Administrator Report -see board packet for report.

HR Director's Report – s*ee board packet for written report.*

Public Works Director Report – *see board packet for report.*
Sandy provided an update on two additional improvements identified at the water reclamation project site. The first involves repairing approximately 50 feet of sanitary sewer pipe near Central Station where an inspection revealed a significant sag. The affected section will be replaced and upsized from 6 inches to 8 inches to improve flow and meet current MPCA standards. The second improvement addresses recurring flooding caused by a collapsed storm sewer near the water treatment plant. The proposed work includes abandoning the collapsed pipe, rerouting the storm sewer and catch basins, and installing a sump pump to collect sediment before discharge into the wetland. Staff is obtaining pricing from Rice Lake Construction for both improvements, with the intent of using the existing owner-generated contingency included in the approved $5.3 million Guaranteed Maximum Price (GMP). No additional expenditure was requested for approval at this meeting, and pricing will be presented to the commission at the next meeting.

Electric Director Report – s*ee board packet for written report.*
Hawkinson reported that the Power Purchase Agreement (PPA) for the Eden Renewables solar project south of town had been received. The agreement will be forwarded to the commission for review and comments before being submitted to the attorney for review and negotiation. Any finalized agreement will be returned to the commission for approval. Construction could potentially begin as early as this fall, weather permitting.

In addition, he provided an update on an application for 75 megawatts of firm electric load. Preliminary estimates indicate approximately $20 million in utility infrastructure costs, or $24 million including a 20% contingency. The applicant has paid $10,500 to Brainerd Public Utilities for the application and preliminary study process. The next step is to submit a system impact study to Minnesota Power, with an initial study fee of $57,500, followed by additional studies and fees as the process advances. Hawkinson emphasized that the utility has not guaranteed service and that the applicant is responsible for project-related costs to protect existing ratepayers. The commission discussed the distinction between interruptible and firm electric service, the potential impact on ratepayers, and whether the current application and study fees adequately cover staff time and utility expenses. Indicated that the fee structure would be reviewed with the commission after completing the initial application process and offered to provide additional educational information on the electric transmission and distribution system.

Water/Wastewater Manager Report- *see board packet for report.*
Gammon reported that Brainerd Public Utilities has made significant progress in reducing lead and copper levels in drinking water following improvements implemented in recent years. Additional information on these results and the utility's mercury minimization efforts will be included in next month's report. Czeczok asked about inflow and infiltration into our wastewater, Gammon discussed inflow and infiltration in the wastewater system, noting that inflow occurs when surface water enters through manholes and covers, while infiltration occurs through subsurface leaks, root intrusion, and pipe penetrations. Gammon expressed support for the upcoming sewer lining project, which is expected to help reduce inflow and infiltration and associated wastewater treatment costs.

Finance Manager's Report – *see board packet for report.*
Danny reviewed the financial reports and clarified that prior reports had been periodically emailed and were attached to the commission packet. Hydroelectric generation revenue through August 2026 totaled approximately $715,000, compared with $730,624 during the same period last year, despite lower water flows. July operating results showed a change in net assets of approximately $10,000 before recording the Public Facilities Authority (PFA) grant receivable, which was expected to result in an approximately $730,000 adjustment. The commission discussed reduced industrial electric sales due to Minnesota Power's transmission curtailments, penalties exceeding budgeted amounts, and credit card processing revenues and expenses, which are trending toward covering costs. Loch agreed to investigate the penalties.

Sandy also reported that the ClimaVision weather radar installation atop the state hospital tower was completed successfully and is operational. Staff are coordinating training on the radar application and establishing tower access and notification procedures for future maintenance.

City Council Liaison Report
Thanked everyone for their hard work and participation.

Commission Members – Reports
Commissioner Wussow
Expressed excitement about the ClimaVision weather radar project. Wussow also offered condolences to the DeChantal family following their loss, recognizing the significant contributions to the community and Brainerd Public Utilities.

Commissioner Bayliss
Thanked utility staff for their hard work and commitment to maintaining reliable utility services, noting that in 20 years of living in the community, there had been very few prolonged outages and that essential services, including water and wastewater, had remained consistently available.

Commissioner Jay
Thanked staff for the updates and expressed appreciation for their work, noting that they looked forward to receiving the emails again.

Commissioner Angland
Thanked City Council members along with City Administrator Broyles, for the meetings held over the past several weeks and expressed appreciation to Hawkinson and Loch for providing information and assistance. He noted that communication was improving and looked forward to a more in-depth discussion at the October 13 meeting, tentatively scheduled for downstairs in the Level 2 conference room at 9am.

Adjournment

Motion by Commissioner Wussow and seconded by Commissioner Jay to adjourn to Brainerd Public Utilities Workshop 9:00am October 13th, 2026, located at Brainerd City Hall second floor conference room, there was a unanimous vote in favor of the motion. Motion carried at 11:09 AM.

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Mike Angland, Commission President

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Danny Loch, Finance Manager/Secretary