

DULUTH PUBLIC UTILITIES COMMISSION
Meeting Minutes
January 21, 2014

Members Present: Councilor Zack Filipovich, Councilor Jennifer Julsrud, Jim Ramnes, Rob Prusak, Linda Sellner

Members Absent: Councilor Sharla Gardner, Jason Thorsell

Staff Present: Bob Asleson, Jim Benning, Leanna Gilbert, Eric Shaffer, Glenn Strid

Call to Order: The meeting was called to order at 5:25 p.m. by President Sellner.

Approval of previous meeting minutes

Old business:

Clarification of public notification process

Commissioners reviewed the notification process that had been provided by Jim Benning at the previous meeting. Commissioner Julsrud suggested adding language stating that a capital improvement plan should be made before considering a rate adjustment. After some discussion, it was decided that these steps should not be part of the bylaws, but should instead be included in the PUC book as guidelines. Jim Benning will amend the process as requested and bring it next month for further review.

New business:

Election of officers

Commissioner Prusak was nominated for President at the previous meeting. Commissioner Prusak nominated Commissioner Ramnes for Vice President. The Commission voted unanimously to elect Commissioner Prusak as President and Commissioner Ramnes as Vice President.

14PUC-001 - RESOLUTION OF THE DULUTH PUBLIC UTILITIES COMMISSION ESTABLISHING SECOND RATE TIER OF \$0.11 PER ONE HUNDRED CUBIC FEET APPLICABLE TO NATURAL GAS SERVICES OUTSIDE THE NORTHERN EXPANSION AREA AND THE FOND DU LAC AREA. (discussion only)

Jim Benning explained that resolution 14PUC-001 is for discussion only at this time because another ordinance is required to grant rate setting authority to the Commission for service extensions. Eric Shaffer explained that the reason for changing the original \$0.14 per CCF to \$0.11 per CCF was due to a miscalculation. He originally calculated it over a 12-year period instead of the correct 15-year period. The buyout price will be actual cost of installation instead of a set figure. This is a new elective rate that only affects a small number of customers. Instead of holding multiple public meetings, there will just be a public hearing held at the March regular meeting.

Sprinkling credit

The ordinance amending the sprinkling credit season will be going to Council for its second reading on Monday, January 27th. Jim Benning brought up a new discussion point about the accuracy of the current credit calculation. The Commission may want to study the calculation further. They also may possibly consider the use of deduct meters. Our current meters do not meet the new lead-free requirement, so we could reuse those as deduct meters. City staff will research the costs, lost revenues, and how many

customers currently benefit from the sprinkling credit. The Commission decided to let the current ordinance go through Council and then research this topic further.

Commissioner Julsrud suggested analyzing the water plan after this. Eric Shaffer stated that we should update the water and gas capital plans. Commissioner Prusak said that he would like to see capital plans for all utilities every year.

Updates from staff

Eric Shaffer stated that bids for the West Duluth Reservoir roof replacement come in this week. He gave some background on the project and said that it must be completed by the end of October, because Spirit Mountain cannot make snow if the reservoir is not on line. Commissioner Julsrud asked whether Spirit Mountain had gotten their bonding bill money for their water project. Eric Shaffer stated that bonding bill money is not usually available until July or August, so they probably would not be able to build this year. If we do lose them as a customer, this would result in a loss of revenue of around \$100,000 for the City. However, this would also provide opportunity for a wet industry to start west of Spirit Mountain. We do not currently have the capacity to provide that much water in addition to snow-making.

Jim Benning stated that mid-May will be the end of our one-year observation period for our last overflow project. If there are no overflows during the spring melt, we should be able to terminate the consent decree by August or September.

Upcoming Council actions

Commissioners Julsrud and Filipovich are meeting with Congressman Nolan tomorrow at 11:00 a.m. in the Mayor's Reception Room. Eric Shaffer will get a water system map to Commissioner Julsrud prior to that meeting.

Jim Benning mentioned that the State bond for flood recovery of the Chester Creek tunnel below the Armory building would go to Council on Monday. This is just accepting money from the State for this project.

Commissioner Julsrud will no longer be the Public Works & Utilities Committee chair for City Council. Commissioner Filipovich will be the new chair. Commissioner Julsrud will talk with Commissioner Gardner about whether she will remain on the Commission.

Commissioner questions or comments

Commissioner Prusak asked whether the schedule in the meeting packets was the same as the one sent out previously. Commissioner Julsrud mentioned possibly taking a summer break. Commissioner Julsrud motioned to take August and December off. After some discussion, the motion passed.

Commissioner Sellner attended the last City Council meeting because of the resolution requesting an additional 2,000 tons of road salt to cover the last part of 2013. She did not get a chance to speak, but does not see why that much road salt would be needed considering the weather last year.

Commissioner Sellner mentioned the impairments of Chester Creek and Tischer Creek due to e-coli. Studies show that the e-coli could be caused by temperate soils. Commissioner Sellner thinks the Commission should be concerned with this and perhaps be involved with research and/or funding of this condition.

Preview of upcoming business

The next regular meeting is scheduled for Tuesday, February 18, 2014, at 5:15 p.m. in City Council Chambers. The Commission will continue to discuss the sprinkling credit. Commissioner Filipovich will meet with City staff to learn about the utilities. Glenn Strid will give an update on the current state of the utilities as soon as 2013 year end data is available, which will probably be in February or March.

Adjournment: The meeting was adjourned at 6:36 p.m.