

**DULUTH PUBLIC UTILITIES COMMISSION**  
**Meeting Minutes**  
**August 20, 2013**

**Members Present:** Councilor Sharla Gardner, Robert Prusak, Jim Ramnes, Linda Sellner, Councilor Jim Stauber, Jason Thorsell

**Members Absent:** Councilor Jennifer Julsrud

**Staff Present:** Jodi Amundson, Bob Asleson, Jim Benning, Kelly Fleissner, Leanna Gilbert, Carrie Lustig, Dave Montgomery, Eric Shaffer, Glenn Strid, Pete Upton

**Call to Order:** The meeting was called to order at 5:17 p.m. by President Sellner.

**Public hearing on natural gas rates**

The Commission held a public hearing on natural gas rates. No one from the public was present to speak, so the hearing was closed and the Commission moved on to the regular meeting items.

**Approval of previous meeting minutes**

**Old business:**

**Natural gas rate resolutions**

13PUC-006 - RESOLUTION ESTABLISHING NATURAL GAS RATES EFFECTIVE WITH METER READINGS AFTER SEPTEMBER 30, 2013; AMENDING FIXED MONTHLY CHARGES AND VOLUMETRIC CHARGES; SUPERSEDING ALL PRIOR INCONSISTENT OR CONFLICTING RATES AS OF OCTOBER 1, 2013.

13PUC-008 - RESOLUTION AMENDING THE FIXED MONTHLY CHARGES FOR NATURAL GAS EFFECTIVE WITH METER READINGS AFTER SEPTEMBER 30, 2013, AND AMENDING SUCH RATES AGAIN EFFECTIVE WITH METER READINGS AFTER SEPTEMBER 30, 2014; SUPERSEDING ALL PRIOR INCONSISTENT OR CONFLICTING RATES AS OF OCTOBER 1, 2013.

13PUC-009 - RESOLUTION REQUESTING THAT CITY COUNCIL DEDICATE 2/7TH OF PILOT TO GAS SYSTEM CAPITAL IMPROVEMENTS AND BOND PAYOFF.

Jim Benning gave an update on the financial status of the gas fund and answered questions from commissioners. Updated budget numbers, a cold spring, and other factors resulted in more money in the natural gas utility than previously anticipated. Projected 2013 year end cash balance is about \$2.2 million less the \$1.1 million February debt payment, leaving a cash balance of approximately \$1.1 million. Projected 2014 year end cash balance is about \$2.4 million less the \$1.1 million debt payment, for a final cash balance of \$1.3 million. These debt payments will remain for quite a few years. Staff had previously projected the 2014 year end cash balance to be approximately a negative \$1.7 million. These balances include all of the planned capital projects, but the original goal of \$5M in reserves probably will not be reached without a rate increase. There are additional projects that staff was not aware of before or were not put on the list because they are too expensive.

President Sellner opted to discuss the three resolutions together. Commissioners and staff discussed the pros and cons of each of the resolutions. Mike Seymour, Vice Chancellor of Finance and Operations for UMD, spoke about the effect a rate increase would have for their operation. Commissioner Gardner

motioned to consider resolution 13PUC-006. The majority voted in favor of 13PUC-006. Since 13PUC-006 passed, 13PUC-008 and 13PUC-009 were dropped.

### **City salt usage practices**

Kelly Fleissner, Manager of Maintenance Operations for the City of Duluth, provided a handout and gave an overview of current practices for salt usage. He mentioned how his operation works to minimize use of salt and sand without sacrificing safety and answered questions from commissioners.

13PUC-007 - RESOLUTION REQUESTING DULUTH STREET MAINTENANCE OPERATIONS MINIMIZE THROUGH BEST MANAGEMENT PRACTICES, THE APPLICATION OF ROAD SALT FOR DE-ICING PURPOSES TO MINIMIZE IMPACTS ON THE STORMWATER UTILITY.

President Sellner motioned to consider resolution 13PUC-007. After some discussion, Commissioner Gardner moved to amend 13PUC-007 to strike items 5 and 6 in the further resolved section. The amendment failed. After further discussion, resolution 13PUC-007 failed with a tie vote.

### **Draft DPUC appeals process**

Jodi Amundson stated that the draft appeals process and form had been revised as previously requested by the commission. Commissioner Gardner requested that language be added stating that the Commission would receive copies of the appeal form in addition to the department's facts and findings report in their meeting packets. Staff agreed to make the requested revision.

### **Updates from staff**

Jim Benning stated that the West Duluth Reservoir surge tank foundation and piping work is done. Work on the steel tank portion will begin soon. The West 1<sup>st</sup> Street gas project will include 800 feet of additional pipe, since the original pipe was found to be very corroded and cracked.

### **Upcoming Council actions**

There are four flood-related projects on the agenda for Monday. These were considered minor projects by FEMA. The projects came in over budget, but we will appeal to FEMA for reimbursement for the extra costs.

### **Commissioner questions or comments**

None mentioned.

### **Preview of upcoming business**

The next regular meeting is scheduled for Tuesday, September 17, 2013, at 5:15 p.m. in City Council Chambers. Staff will give an overview of the 2014 budget for the utilities. Copies of the draft 2014 budget pages will be sent to commissioners prior to the meeting.

**Adjournment:** The meeting was adjourned at 7:12 p.m.

A recording of this meeting is available upon request.