

DULUTH PUBLIC UTILITIES COMMISSION

Tuesday, March 17, 2015

City Council Chambers

AGENDA

1. Roll call
2. Public hearing: wastewater rates and service fees
3. Approval of previous meeting minutes
4. Old business
 - 4.1 15PUC-001 - RESOLUTION ESTABLISHING THE CUSTOMER CHARGE AND USER CHARGES FOR THE CITY'S WASTEWATER FACILITIES EFFECTIVE WITH METER READINGS AFTER MAY 1, 2015; SUPERSEDING ALL PRIOR INCONSISTENT OR CONFLICTING RATES.
 - 4.2 15PUC-002 - RESOLUTION ESTABLISHING FEES FOR VARIOUS UTILITY-RELATED SERVICES.
5. New business
 - 5.1 15-PUC-003 - RESOLUTION APPROVING THE 2015 CAPITAL IMPROVEMENT PLAN FOR THE NATURAL GAS SYSTEM.
 - 5.2 15PUC-004 - RESOLUTION AMENDING ARTICLE V SECTION 1 OF THE BYLAWS PERTAINING TO OFFICERS.
 - 5.3 Conservation programs
6. Updates from staff
7. Upcoming Council actions
8. Commissioner questions or comments
9. Preview of upcoming business

DULUTH PUBLIC UTILITIES COMMISSION
Meeting Minutes
February 17, 2015

Members Present: Councilor Zack Filipovich, Councilor Jennifer Julsrud, Rob Prusak, Jim Ramnes, Linda Sellner, Councilor Joel Sipress, Jason Thorsell

Staff Present: Jodi Amundson, Bob Asleson, Jim Benning, Liz Bieter, Leanna Gilbert, Howard Jacobson, Eric Shaffer, Glenn Strid

Call to Order: The meeting was called to order at 5:15 p.m. by President Prusak.

Approval of previous meeting minutes

New business:

15PUC-001 - RESOLUTION ESTABLISHING THE CUSTOMER CHARGE AND USER CHARGES FOR THE CITY'S WASTEWATER FACILITIES EFFECTIVE WITH METER READINGS AFTER MAY 1, 2015; SUPERSEDING ALL PRIOR INCONSISTENT OR CONFLICTING RATES. - for discussion only

Jim Benning explained that the purpose of this resolution is to delete rate class VI which is no longer in use and to adjust rate class IX to 60% of the current residential rate. Class IX affects two customers, DSD1 and the Hibbard steam plant, and they are aware of the proposed change. Commissioners and staff discussed various aspects of this rate change.

15PUC-002 - RESOLUTION ESTABLISHING FEES FOR VARIOUS UTILITY-RELATED SERVICES. - for discussion only

Jim Benning stated that the current fees listed in this resolution were set by City Council. He recommends affirming these fees as recorded. Commissioner Julsrud suggested the Commission analyze the fees. Commissioner Sipress gave some additional background on why these fees were not set by the Commission in previous years and mentioned that some had increased significantly over the last few years. Liz Bieter explained that the fees are set where they are mainly for cost recovery, as the goal is to be as close to breakeven as possible. Liz Bieter and Jim Benning answered questions and received comments from commissioners. Jim Benning will provide fee comparison information prior to the March meeting as requested by Commissioner Sipress.

Establish public hearing dates for rate changes

A public hearing regarding the above-mentioned resolutions will be held at the next regular meeting, which is scheduled for March 17, 2015 at 5:15 p.m. in City Council Chambers. Jim Benning will contact the two sanitary sewer customers and notify them of the hearing.

5-year natural gas capital plan

Eric Shaffer gave a brief overview of the 5-year natural gas capital plan and answered questions from commissioners. Staff will prepare a resolution to adopt this capital plan for the next regular meeting.

Updates from staff

Jim Benning stated that the City has requested final termination of the consent decree. Total costs for the City were approximately \$101M. The Mayor's Office is preparing a narrative which will be available to the DPUC in the next few months. President Prusak suggested including WLSSD costs in the narrative as well.

Upcoming Council actions

Jim Benning stated that the Storage King stormwater appeal will be on the agenda again. Commissioner Julsrud mentioned that City Council is working to update Chapter 43 to include the current definition of impervious surface, which is stated in Chapter 50 of the code.

Commissioner questions or comments

Commissioner Sipress requested information on energy efficiency programs available through Comfort Systems. Commissioner Julsrud mentioned that she has been working with Liz Bieter on reviewing the energy efficiency programs.

President Prusak stated that he is looking forward to hearing updates on the natural gas capital projects.

Commissioner Julsrud invited commissioners to attend a sustainable energy meeting scheduled for Wednesday night at 6:30 p.m. at The Inn on Lake Superior.

Preview of upcoming business

The next regular meeting is scheduled for Tuesday, March 17, 2015, at 5:15 p.m. in City Council Chambers. There will be a public hearing regarding two rate resolutions. There will also be a resolution to adopt the 5-year natural gas capital plan. Jim Benning will send out the fee comparison spreadsheet and also energy efficiency program information. Commissioner Julsrud mentioned that commissioners are welcome to attend the weekly discussions on how to incentivize energy efficiency for the community.

Adjournment: The meeting was adjourned at 6:42 p.m.

RESOLUTION NO. 15PUC-001

RESOLUTION ESTABLISHING THE CUSTOMER CHARGE AND USER CHARGES FOR THE CITY'S WASTEWATER FACILITIES EFFECTIVE WITH METER READINGS AFTER MAY 1, 2015; SUPERSEDING ALL PRIOR INCONSISTENT OR CONFLICTING RATES.

RESOLVED by the Duluth Public Utilities Commission (the "Commission") that the Commission hereby makes the following Findings of Fact:

- 1.) There exists in the City commercial entities that create and use steam in their operations that discharge substantial water products into the City sanitary sewer system, which products do not contain material amounts of total suspended solids ("TSS") or biological oxygen demand ("BOD") and which therefore result in such entities paying a disproportionately higher rate for sanitary sewer service as compared to the cost of treating their discharge.
- 2.) There is a need to create new user classes for such customers with rates that fairly reflect the cost of treating their discharge in order to fairly apportion the costs of operating the sanitary sewer system and to encourage the growth and health of such industries.

RESOLVED FURTHER, that pursuant to section 43-11 of the Duluth City Code, 1959, as amended, for the purpose of increasing the revenue of the sewer utility, there is established and shall be collected effective with the meter readings after May 1, 2015, customer charge and user charges, based upon the volume of wastewater discharged to the city's wastewater facilities system and determined as in Section 43-7 of the Duluth City Code, as follows:

	Effective May 1, 2015	2012 rate with WLSSD annual adjustments per 11PUC-WLSSD	Effective February 1, 2012
Customer charge	No Change	\$5.89 per month	\$5.89 per month
User charge - Class I	No Change	\$5.60/ccf	\$5.52/ccf
User charge - Class II	No Change	\$7.78/ccf	\$7.67/ccf
User charge - Class III	No Change	\$9.59/ccf	\$9.45/ccf
User charge - Class IV	No Change	\$15.34/ccf	\$15.11/ccf
User charge - Class VI	Delete	\$7.19/ccf	\$7.19/ccf
User charge - Class IX	\$3.36/ccf	\$2.64/ccf	N/A

RESOLVED FURTHER, that any prior rates inconsistent or conflicting with the rates set forth herein are hereby superseded.

Approved by the DPUC: _____
(date)

Submitted to City Council: _____
(where appropriate) (date)

ATTEST:

Director
Public Works and Utilities
City of Duluth

STATEMENT OF PURPOSE:

This resolution creates a new rate class IX to reflect a class of users that discharge substantially clear water into the sewer system. The two existing users that fall into this category are the two district steam utilities, the Hibbard facility and Duluth Steam District No. 1.

Presently the City pays WLSSD a rate for treatment of effluent that reflects volume of discharge and also total suspended solids (TSS) and biological oxygen demand (BOD) in the discharge. We have determined that 60% of our charges from WLSSD are based on flow. The remaining 40% of the charges are based on TSS and BOD. It is safe to assume that the vast majority of the steam plants sewage is just hot water and they should not be charged for TSS or BOD. This new rate will adequately recoup our actual expenses.

This resolution also eliminates rate class VI, which was previously established for a single customer with unique effluent loadings. This customer is no longer in business. The elimination of this rate is a housekeeping function to make the rate schedule clearly indicate that rate class VI is no longer in use.

RESOLUTION NO. 15PUC-002

RESOLUTION ESTABLISHING FEES FOR VARIOUS UTILITY-RELATED SERVICES.

RESOLVED by the Duluth Public Utilities Commission (the “Commission”) that, pursuant to the authority contained in Section 2-186 (c) of the Duluth City Code, 1959, as amended, the Commission hereby establishes fees for the services described in Exhibit A attached hereto and made a part hereof (the “Services”) in the amounts as set forth in said Exhibit A, said fees to be effective for services provided after April 30, 2015.

RESOLVED FURTHER, that to the extent that any fee approved by an earlier resolution has been amended by any later resolution, the prior inconsistent or conflicting fee shall be deemed to have been superseded.

Approved by the DPUC: _____
(date)

Submitted to City Council: _____
(where appropriate) (date)

ATTEST:

Director
Public Works and Utilities
City of Duluth

STATEMENT OF PURPOSE: The purpose of this resolution is for the DPUC to formally adopt fees for various services provided by the City in conjunction with the provision of utility services as authorized by Section 2-186 (c) of the City code.

15PUC-002: Exhibit A

Services	Fee
FOG Program - Failure to Maintain Records - per day	\$100.00
FOG Program - Noncompliance - Maximum Penalty - per month	\$1,000.00
Gas Furnace Comfort Policy Fee - DCC - annual	\$190.00
Gas Furnace Comfort Policy Fee - Electronic Ignition - Annual	\$178.00
Gas Furnace Comfort Policy Fee - Standing Pilot - Annual	\$166.00
Gas Furnace/Appliance Service - Midnight to 8:00 a.m. - 1st hour OR No show fee	\$165.00
Gas Furnace/Appliance Service - Midnight to 8:00 a.m. - Each additional 15 minutes	\$41.25
Gas Furnace/Appliance Service - Weekdays - 4:30 p.m. to Midnight - 1st 1/2 hour OR no show fee	\$110.00
Gas Furnace/Appliance Service - Weekdays - 4:30 p.m. to Midnight - Each additional 15 minutes	\$27.50
Gas Furnace/Appliance Service - Weekdays - 8:00 a.m. to 4:30 p.m. - 1st 1/2 hour OR no show fee	\$55.00
Gas Furnace/Appliance Service - Weekdays - 8:00 a.m. to 4:30 p.m. - Each additional 15 minutes	\$27.50
Gas Furnace/Appliance Service - Weekends and Holidays - 4:00 p.m. to Midnight - 1st 1/2 hour OR No Show Fee	\$110.00
Gas Furnace/Appliance Service - Weekends and Holidays - 4:00 p.m. to Midnight - Each additional 15 minutes	\$27.50
Gas Furnace/Appliance Service - Weekends and Holidays - 8:00 a.m. to 4:00 p.m. - 1st 1/2 hour OR No Show Fee	\$110.00
Gas Furnace/Appliance Service - Weekends and Holidays - 8:00 a.m. to 4:00 p.m. - Each additional 15 minutes	\$27.50
Gas Furnace/Appliance Service - Weekends and Holidays - Midnight to 8:00 a.m. - 1st 1/2 hour OR no show fee	\$165.00
Gas Furnace/Appliance Service - Weekends and Holidays - Midnight to 8:00 a.m. - Each additional 15 minutes	\$41.25
I&I Noninspection/noncompliance Surcharge - per month	\$250.00
Point of Sale - Inspection Fee - Sump Pump Already in Place or Not Required	\$105.00
Point of Sale - Inspection Fee - Sump Pump Installation Required	\$205.00

15PUC-002: Exhibit A

Point of Sale - Noncompliance surcharge - per month	\$250.00
Sewer Connection - Property not Previously Assessed (per foot of frontage; varies depending on lot size)	\$90.00
Violations/Noncompliance/Credit Service Charge - Dispatch of Service Vehicle	\$55.00
Violations/Noncompliance/Credit Service Charge - Restoration of Service - Weekdays between 12:00 a.m.-8:00 a.m.	\$160.00
Violations/Noncompliance/Credit Service Charge - Restoration of Service - Weekdays between 4:30 p.m.-12:00 a.m.	\$80.00
Violations/Noncompliance/Credit Service Charge - Restoration of Service - Weekdays between 8:00 a.m.-4:30 p.m.	\$55.00
Violations/Noncompliance/Credit Service Charge - Restoration of Service - Weekends and Holidays	\$160.00
Water and Gas - Shut Off or Turn On - Minimum Charge	\$55.00
Water and Gas Service Construction Permit - Special inspection fee - minimum	\$25.00
Water Connection - Property not Previously Assessed (per foot of frontage; varies depending on lot size)	\$90.00
Water Hydrant, Use of	\$210.00
Water Service - Tapping Fee (1" or less)	\$385.00

RESOLUTION NO. 15PUC-003

**RESOLUTION APPROVING THE 2015 CAPITAL
IMPROVEMENT PLAN FOR THE NATURAL GAS
SYSTEM.**

RESOLVED by the Duluth Public Utilities Commission (the "Commission") that, pursuant to the provisions of Subsection (e) of Section 2-186 of the Duluth City Code, 1959, as amended, the Commission hereby approves the attached 2015 Capital Improvement Plan for the City's Natural Gas Supply System dated January 20, 2015, and recommends the same to the Duluth City Council.

Approved by the DPUC: _____
(date)

Submitted to City Council: _____
(where appropriate) (date)

ATTEST:

Director
Public Works and Utilities
City of Duluth

STATEMENT OF PURPOSE:

The purpose of this resolution is to approve the 2015 Capital Improvement Plan for the City's natural gas supply system and to recommend it for consideration to the City Council as provided for in the Commission's enabling legislation.

RESOLUTION NO. 15PUC-004

**RESOLUTION AMENDING ARTICLE V SECTION 1 OF
THE BYLAWS PERTAINING TO OFFICERS.**

RESOLVED by the Duluth Public Utilities Commission (the "Commission") that Section 1 of Article V of the Bylaws of the Commission is hereby amended to read as follows:

Section 1: The Commissioners shall annually choose a President and Vice President as provided for in Section 2-184(d) of the Code, neither of which shall be a city councilor. The Director of Public Works and Utilities or his or her designee is hereby designated to serve as Secretary of the Commission.

Approved by the DPUC:

(date)

ATTEST:

Director
Public Works and Utilities
City of Duluth

STATEMENT OF PURPOSE: The purpose of this resolution is to amend the Bylaws of the Commission to provide that the president and the vice president of the Commission shall be non-city councilors.

City of Duluth Conservation Programs

The purpose of these programs is to encourage homeowners, landlords and business owners to conserve energy. These programs provide funding options as well as offer information so individuals and organizations can make informed decisions about sound conservation measures. The City of Duluth is required to spend .5% of their gross profits on conservation measures to assist citizens. Further, the State of Minnesota requires that the City of Duluth realizes a 1.5% conservation from these programs.

Home Energy Loan Program

Provides low interest loans to residential Comfort System customers for use in energy conservation measures. In order to qualify, residents must first have an energy audit to determine the potential savings. Conservation measures must realize a payback of ten years or less in order to qualify. These loans are limited to a maximum of \$15,000 per household.

Affordable Housing New Construction Conservation

This program is designed to encourage developers to make properties for low income people more energy efficient by upgrading the building envelope or efficiency of equipment before the first residents arrive. The program offers 15% grants on measures that payback within 2 to 15 years. New construction measures are compared to project plans. Developments with major renovations compare new to old facility and upgrade costs are used for payback calculations. There is a maximum of \$30,000 per project.

Home Energy Check-up

Offered in partnership with Minnesota Power, this program provides a walk-through by a qualified consultant to review the home and note possible conservation opportunities. This checkup is the first step in qualifying for an energy loan. At the time of the checkup, the consultant also installs low flow shower heads, kitchen and bath aerators and water heater temperature setbacks. This audit is free to customers. We pay our auditor \$75 plus the cost of the direct installs.

Advanced Home Energy Audit Program

This program provides a walk-through audit of a customer's residence and uses a blower door test and thermal scans to determine air leakage and insulation problems. The auditor then provides a comprehensive report on furnace and other mechanicals as well as building envelope and estimated costs to implement energy savings. This program is offered to single family home residential customers. The cost to the customer is \$375; however, there are rebates of \$200 from Comfort Systems and \$100 from MN Power.

Home Energy Checkup Implementation Survey

This survey is designed to identify residential customers that have gotten the home energy checkup but did not get a home energy loan through our program. This will assist us in better understanding what conservation measures were recommended by the auditor and have been implemented. We have not implemented this program yet.

Energy Awareness Expo

This expo is held at the Salvation Army and is designed to assist low income people in learning about conservation measures. It is also an opportunity for people to sign up for energy assistance programs. We work with Minnesota Power to provide shrink fit window kits, low flow showerheads, outlet gaskets and faucet aerators. All of this is provided in an energy saving kit we provide to the consumers at the expo. The cost of this Expo is around \$5,000.

Commercial and Industrial Energy Conservation Program

This program assists commercial and industrial customers to make natural gas conservation and efficiency improvements on existing plants and facilities. Qualifying projects must have a pay back of no more than 15 years. Customers receive 15% of material, equipment and installation costs not to exceed a total of \$30,000 in a calendar year.