

DULUTH PUBLIC UTILITIES COMMISSION
Tuesday, October 16, 2012, 5:15 p.m.
City Council Chambers
AGENDA

1. Roll call
2. Approval of previous meeting minutes – June 6th, August 21st, and August 27th
3. New business
 - 3.1 Gas cost of service presentation by SAIC
 - 3.2 2013 PWU budget
4. Updates from staff
5. Upcoming Council actions
6. Commissioner questions or comments
7. Preview of upcoming business

DULUTH PUBLIC UTILITIES COMMISSION
Special Meeting Minutes
June 6, 2012

Members Present: Councilor Patrick Boyle, John Bruggeman, Patrick Huston, Councilor Jennifer Julsrud, Robert Prusak, Linda Sellner

Staff Present: Bob Asleson, Jim Benning, Leanna Gilbert, Howard Jacobson, Eric Shaffer

Others Present: Councilor Jay Fosle, resident of 323 103rd Ave W

Members Absent: Councilor Jim Stauber

Call to Order: The special meeting was called to order at 6:04 p.m. by President Huston.

Approval of previous meeting minutes

After an initial reading of the two rate resolutions to be voted on at this meeting, the rules were suspended to take comments from the public.

Jay Fosle presented his opinion on the proposed water rates and gave various reasons why the rates should not be increased. He mentioned the automated meter reading system that was recently installed and will eventually need to be replaced. He stated that the money spent on that system could have been used to fix water mains instead. He also stated that it does not necessarily cost \$1,000,000 to replace a mile of water main. After the Glenwood project, City staff replaced about three blocks of main for a minimal amount of money. In December 2011, the PUC passed 11PUC-H2O, which transferred a \$3.21 fixed fee from the clean water fund to the water fund. This gave staff an additional \$1,000,000 to go towards replacing water mains. Now staff wants to increase rates between 8 and 20% depending on the user and an additional 6% in 6 months. Fosle noted that only 50% of communities have accepted the new DNR rate structure requirements. He reminded commissioners that the only way to dedicate funds for projects is by bonding. He urged the commission to think about how the proposed increases would affect those on fixed incomes. He also voiced concerns that increased rates may cause some businesses to leave.

The rules were reinstated at this time as there were no others who wished to speak.

New business:

12PUC-007 RESOLUTION ESTABLISHING WATER RATES EFFECTIVE WITH METER READINGS AFTER JULY 1, 2012; SUPERSEDING ALL PRIOR INCONSISTENT OR CONFLICTING RATES.

Resolution 12PUC-007 was moved by Commissioner Bruggeman.

Vice President Sellner moved to amend 12PUC-007, under number five (5) of the first section, to read "the City has not increased its metered volume water rates to meet these costs since 2009." All present voted in favor of the amendment.

Vice President Sellner moved to amend 12PUC-007 to change the rate for individual customers located outside the corporate limits of the city of Duluth from \$3.87 to \$4.37 per hundred cubic feet effective July 1, 2012. Vice President Sellner explained that this would give outside users the same 13% increase

as would be given to residents and businesses in Duluth. After some discussion, all present voted in favor of the amendment.

Commissioner Julsrud motioned to approve resolution 12PUC-007 as amended. After further discussion, all present voted in favor of the resolution.

12PUC-008 RESOLUTION ESTABLISHING WATER RATES EFFECTIVE WITH METER READINGS AFTER DECEMBER 31, 2012; SUPERSEDING ALL PRIOR INCONSISTENT OR CONFLICTING RATES AS OF JANUARY 1, 2013.

Resolution 12PUC-008 was moved by Commissioner Julsrud.

Commissioner Julsrud explained that the reason for putting forth the 2013 proposal was to allow the city to move forward with the West Duluth Reservoir roof replacement. No amendments were brought forth at this time. All present voted in favor of 12PUC-008.

Review DPUC summer meeting schedule

President Huston stated that the commission has met three of the past four weeks and suggested taking June and maybe July off. Commissioner Julsrud moved to suspend the June and July meetings. Commissioners Boyle and Julsrud looked into whether this would interfere with the City Council summer break, which is from July 16 to August 9. Commissioner Prusak asked if there would be anything that needs to come before this commission during that time. Jim Benning explained that the next topic of discussion will be the gas cost of service study. The study is mostly done, but it can wait until August. The June and July regular meeting dates will be kept available in case of the need for an emergency meeting. Staff will notify commissioners if there are any appellate cases that come up. All present voted in favor of suspending the June and July regular meetings unless there is an emergency.

Updates from staff

Jim Benning noted that 12PUC-008 as written would cause the rate for users outside city limits to revert back to \$3.87 effective January 1, 2013. Bob Asleson explained that in order to change that, the commission would need to vote to reconsider the resolution, amend it, and then approve it as amended.

The four at large commissioners now have city e-mail accounts. Commissioners should check them to be sure they are working properly. The PUC contact option is now available on the website. The PUC phone number should be available soon.

Howard Jacobson mentioned a water main break that occurred this afternoon in the Duluth Heights area. He provided a map showing the location of the break and the press release that was published. The break on the 16" feeder main caused the Highland system to go to a very low pressure to places including the mall, Airpark, Piedmont Heights, and Duluth Heights. Staff does not know what caused the failure yet. Crews will probably be working throughout the night to repair that section of pipe.

12PUC-008 RESOLUTION ESTABLISHING WATER RATES EFFECTIVE WITH METER READINGS AFTER DECEMBER 31, 2012; SUPERSEDING ALL PRIOR INCONSISTENT OR CONFLICTING RATES AS OF JANUARY 1, 2013.

At this time, Commissioner Boyle motioned to reconsider 12PUC-008. All were in favor of reconsidering the resolution.

Commissioner Julsrud made a motion to amend 12PUC-008 changing the rate for outside users from \$3.87 to \$4.37 per hundred cubic feet effective January 1, 2013. All were in favor of the amendment.

All present voted to approve resolution 12PUC-008 as amended.

Upcoming Council actions

There are no upcoming actions for the utilities.

Commissioner questions or comments

Commissioner Bruggeman asked when the approved rate changes would go before the City Council. Bob Asleson stated that the next available Council meeting would be on June 25th.

Commissioner Boyle is thankful that there were no sewer overflows during the last rain event and inquired about how much rainfall there was. Eric Shaffer stated that there were 6 or 7 inches spread out over quite a few days. The tank at 52nd & Dodge was close to overflowing; however, the pumps will be made larger this summer. The tank at 21st Ave E was also close and there were a few malfunctions. A chunk of concrete got stuck in a pump. This was most likely due to construction debris. There are still some areas that still have excessive inflow and infiltration, but the city is in good shape and hopeful that there will be no more overflows into Lake Superior. Eric Shaffer mentioned that the city obtained another grant for more lining in basin 24. The city has also applied for another grant to line a portion of three more basins that drain into the WLSSD west interceptor. This structure has overflowed in the past, but we have managed to avoid overflows this year through lateral rehabilitation, rehabilitation of city-owned pipes, and sump pump installations. We will continue to work on this as long as we can get grant money.

Commissioner Julsrud thanked everyone for their hard work and stated that this was a quiet victory for Duluth. She mentioned the positive feedback from the Chamber of Commerce forum and executive board meeting that she and others spoke at previously. She also mentioned a call from a resident who is concerned about I/I work being done on Wyoming Street. Eric Shaffer will take the lead on this, since he has already spoken with this resident.

Preview of upcoming business

Jim Benning said that the natural gas cost of service study will be the next topic.

Adjournment: The meeting was adjourned at 6:52 p.m.

A recording of this meeting is available upon request.

DULUTH PUBLIC UTILITIES COMMISSION
Meeting Minutes
August 21, 2012

Members Present: Councilor Patrick Boyle, Robert Prusak, Linda Sellner, Councilor Jim Stauber

Staff Present: Bob Asleson, Jim Benning, Leanna Gilbert, Howard Jacobson, Carrie Lustig, Eric Shaffer, Glenn Strid, Pete Upton

Members Absent: Patrick Huston, Councilor Jennifer Julsrud

Call to Order: The meeting was called to order at 5:14 p.m. by Vice President Sellner.

Note: This was not an official meeting as there was no quorum.

New business:

Effects of flood event on utility budget

It will be a while before we will know the full effects of the flood event on the utilities budgets. The biggest impact will be on the stormwater utility. There should be minimal impact to the water and gas utilities. There was one water main break due to the flood. There were a couple of exposed areas, breaks, and debris in the sanitary sewer system as well as overflows.

Temporary utility fee abatement resolution

Resolution 12PUC-009 would temporarily abate water, gas, and sewer fixed charges for uninhabitable homes. Only a handful of properties would qualify. Commissioner Stauber asked if the commission could recommend that council vote on this, since this commission won't meet again until September. Bob Asleson said that the council cannot set utility rates due to ordinance and suggested making the abatement retroactive instead. He also suggested holding a special meeting if a quorum could be obtained. Those present agreed to arrange for a special meeting on Monday, August 27th at 4:45 p.m.

Natural gas system overview – Pete Upton

Pete Upton explained the two pipelines used to transport gas into the City and how the costs have changed in the past few years. He also explained the purchased gas adjustment (pga), which is like a pass-through for gas costs. Jim Benning mentioned that the City has hired SAIC to look at the cost to operate and maintain the gas system. They will present their findings at the September meeting. Commissioner Prusak inquired about gas purchasing. Pete explained about contracts for the heating season, use of storage gas, and buying daily gas. Commissioner Boyle asked if there was a plan for future expansion of the gas system. Eric Shaffer said that, due to the flood event, City gas has been offered to all residents in the Fond du Lac neighborhood. The City could also expand into Rice Lake Township.

Updates from staff

Georgia Pacific will be closing at the end of August. They are a very large user for natural gas and water. Everyone else on the gas system will have to pay more, since Georgia Pacific will no longer be using the pipeline space allotted to them. Kemps/Franklin Foods will be coming back onto the gas system soon.

Upcoming Council actions

Interviews for the vacant DPUC position will be on Monday, August 27th.

Commissioner questions or comments

Commissioner Stauber asked if bad contractors are removed from the list of contractors that is sent to residents who need their lateral lines replaced. The City does not recommend contractors, so any contractor can be included on the list. Residents are encouraged to get at least three estimates. Commissioner Stauber recommended cautioning residents to choose a contractor carefully.

Vice President Sellner asked about the protocol for tree removal. Jim Benning explained that tree removal is done by Maintenance Operations, not Public Works & Utilities. Vice President Sellner was particularly concerned about the tree removal along Chester Creek and how it would affect storm water and erosion. Eric Shaffer mentioned that the DNR has been working closely with the City on storm water issues since the flood event. Commissioner Boyle said that he has worked with Maintenance Operations in the past concerning boulevard trees and is sure that the tree removal was an oversight due to the flood event and won't happen again.

Preview of upcoming business

SAIC will be presenting the natural gas cost of service study results at the September meeting. There will be a special meeting on August 27th to vote on resolution 12PUC-009 if a quorum can be obtained.

Adjournment: The meeting was adjourned at 6:22 p.m.

A recording of this meeting is available upon request.

DULUTH PUBLIC UTILITIES COMMISSION
Special Meeting Minutes
August 27, 2012

Members Present: Councilor Patrick Boyle, Patrick Huston, Councilor Jennifer Julsrud, Robert Prusak, Linda Sellner, Councilor Jim Stauber

Staff Present: Bob Asleson, Jim Benning, Leanna Gilbert

Call to Order: The meeting was called to order at 4:46 p.m. by President Huston.

New business:

12PUC-009 – RESOLUTION ABATING FIXED WATER, GAS AND SANITARY SEWER CHARGES ON FLOOD-DAMAGED HOMES DURING PERIOD OF NON-HABITABILITY.

Commissioner Prusak motioned to move resolution 12PUC-009. President Huston mentioned that each homeowner would need to request the abatement. He also asked if the resolution would be retroactive. Bob Asleson stated that the resolution would need to be amended to make it retroactive to the date of the flood event. Commissioner Julsrud motioned to amend the resolution to make it effective as of June 20, 2012. All were in favor of the amendment. Resolution 12PUC-009 as amended passed unanimously. Commissioner Boyle asked that City staff pass this on to the Duluth News Tribune. Jim Benning said that he would also have a press release made.

Adjournment: The meeting was adjourned at 4:51 p.m.

A recording of this meeting is available upon request.