

**DULUTH PUBLIC UTILITIES COMMISSION**  
**Meeting Minutes**  
**March 28, 2012**

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

**Staff Present:** Jim Benning, Leanna Gilbert, Howard Jacobson, Eric Shaffer, Glenn Strid, Clint Thursby

**Note:** Councilor Jay Fosle and Bob Asleson arrived at 6:45 p.m.

**Call to Order:** The meeting was called to order at 5:22 p.m. by President Huston.

**Approval of previous meeting minutes**

Commissioners decided to have the discussion of the water comprehensive plan after going over new business.

**New business:**

**Amendment of guidelines for the private sewer service grant program**

Councilor Stauber had requested changes to the private sewer service grant program. The main topic of discussion was when a lateral needs to be replaced. The guidelines required replacement when I&I was "significant". Staff will now send out a letter about 6 months prior to televising a basin so that residents will have time to make sure their sump pumps are working and are not discharging above the laterals. Leaks will be rated as low, medium, or high. Only those rated medium or high will be sent a notice to correct. Those who do not already have a sump pump will be required to install one before being televised again. Another proposed change is to use 30 gallons of water per lineal foot for soaking instead of 3,000 gallons regardless of lateral length. A lateral air test will also be allowed as a method of appeal. Staff is okay with these changes and is expecting to see a resolution from Councilor Stauber in the near future.

After some discussion, Commissioner Boyle motioned to recommend these changes to Council. All commissioners present voted to make this recommendation.

**Proposed Council amendment for a simple majority veto of PUC rates**

Councilor Krause has brought forth an ordinance to amend Section 2-187 of the Duluth city code removing the requirement of a super-majority vote to veto rates set by the DPUC. Council will vote on this ordinance on April 9th unless it is tabled. Commissioners are encouraged to attend the meeting. Commissioner Boyle suggested taking a stance against this amendment both as a commission and individually. All commissioners present were in favor of this idea.

Commissioner Prusak motioned to oppose ordinance 12-014-O amending Section 2-187 of the Duluth city code. All present voted to oppose the amendment.

Jim Benning will contact Bob Asleson about making this and other recommendations to City Council.

### **Two-tier rate for Northern Expansion and Fond du Lac**

Residents who have gas extended to their property can have a two-tier rate for 15 years to pay for the cost of the main without having any upfront costs. The ordinance that was used for the Fond du Lac and Northern Expansion was modeled after the one that was used for downtown pocket conversions, which included a buyout option. The current buyout feature is based on frontage feet. In order to expand to Fond du Lac, we had to put in a couple miles of pipe just to get to the houses. Eric Shaffer said that we should either remove the buyout option altogether or modify it and make it a flat \$4,000 to cover the cost of the main. Either of these options would require amending the ordinance. Staff recommends the \$4,000 option.

After some discussion, Commissioner Prusak motioned to make a recommendation to Council to change the buyout process from a variable rate based on lot size to a fixed rate of \$4,000 per home. All present voted in favor of the recommendation.

### **Discussion of water comprehensive plan**

Staff presented the preliminary rate design study from AE2S. There are still some problems with account classification that we need to work out. Two scenarios were included: a constant block rate option and an inclining block rate option. Various aspects of each scenario were discussed. Commissioner Fosle and Bob Asleson joined the meeting during this discussion. Staff will pick businesses from each rate class as examples as requested by Commissioner Boyle. Staff will also send out a revised version of the scenarios as soon as it is available. Grant Meyer from AE2S will give a full presentation at the April meeting and staff will have an accompanying rate resolution.

### **Updates from staff**

Representatives from Senator Franken's office will be meeting with us on Tuesday, April 3rd, at 1:00 PM in City Hall Room 106A. Commissioners are welcome to attend. The main topic will be the status of Duluth's infrastructure.

The Highland tank has been disinfected and has water in it. It is not online yet. Letters were sent out to 2,000 homes about the upcoming change in pressure. The letter may have caused some confusion. If anyone has questions, they should call Eric Shaffer. There will be a second letter going out that should clear up any confusion. The pressure will be increased slowly, so at most it would cause leaking.

### **Upcoming Council actions**

There are no further actions of note for the utilities.

### **Commissioner questions or comments**

President Huston thanked Commissioner Fosle for his time on the commission.

Commissioner Julsrud inquired about gas service for residents on the north shore inside City limits. Eric Shaffer explained that we only recently extended gas as far as the Lakewood Treatment Plant. We would be willing to extend it further when we have time if there are enough residents interested. It may be more costly than the other two expansions due to the rock in that area.

Commissioner Julsrud suggested considering what would happen if the new management at the steam plant wanted to expand their service. Commissioner Fosle mentioned that the management that wants to take over usually switches to hot water. They would have to dig up all of their pipes downtown and replace them.

Vice President Sellner asked if the expansion of gas would affect the work on the water infrastructure. Eric Shaffer replied that it would not, because the work is done by contractors.

**Preview of upcoming business**

The next meeting is scheduled for Tuesday, April 17, 2012, at 5:15 p.m. in City Council Chambers. Grant Meyer from AE2S should be available to give the water rate design study presentation. Staff should have a water rate resolution prepared for the commission to consider. The commission may table the resolution or bring forth amendments as they deem necessary.

**Adjournment:** The meeting was adjourned at 7:28 p.m.

A recording of this meeting is available upon request.