

DULUTH PUBLIC UTILITIES COMMISSION

Meeting Minutes

February 21, 2017

Members Present: Councilor Zack Filipovich, Jim Lewis, Rob Prusak, Councilor Joel Sipress, Jason Thorsell, Councilor Em Westerlund

Members Absent: Jen Julsrud

Staff Present: Bob Asleson, Jim Benning, Leanna Gilbert, Howard Jacobson, Chris Madden, 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

Old business:

Gas transport rate

Eric Shaffer will bring a suggested gas transport rate to the next meeting. There are currently no customers affected by this rate. There is only one transport customer, ME Global, and they are under a separate contract.

Water utility discussion

Jim Benning explained the draft Proposed Rate Adjustment Annual Cycle that was included in the meeting packet. A discussion of the feasibility of the plan followed. Eric Shaffer mentioned that we continue to fall behind on our capital projects because of projects mandated by other authorities such as the County and MNDOT. Utility Operations personnel will be installing about 2,000 feet of pipe in Lakeside around 43rd Ave. E and Oakley this year, partly by pipe bursting. We may do more if it goes well. The pipe cost \$51,000. We do not have a cost estimate for the pavement restoration yet, but it will be done by Street Maintenance. President Prusak asked when we would get into further detail about the water utility. Commissioner Sipress asked how much we should be spending if money was not an object. He also asked how much could be done at different levels of funding. Eric Shaffer will put together a 5 to 10-year plan for capital projects and outline the priority water mains for the next meeting. He also said that we should be replacing at least 4 miles of main per year. He will also list any known projects planned by other entities. His goal is to cut the number of water main breaks in half in the next 10 years. President Prusak requested that this information be sent out in advance so that commissioners have time for review. Commissioner Filipovich offered to assist with getting information about upcoming projects from other agencies.

New business:

2016 WLSSD year-end adjustments

Jim Benning stated that we get year-end adjustment letters from WLSSD annually. These cost adjustments are applied to our rates automatically with no action from the DPUC required. Staff answered various questions about the treatment charges and flows and loads. President Prusak mentioned that the flows are a fraction of what they used to be due to the City's efforts to reduce inflow and infiltration in the sanitary sewer system.

17PUC-001 - RESOLUTION OF THE DULUTH PUBLIC UTILITIES COMMISSION RECOMMENDING THAT THE CITY OF DULUTH APPROVE THE 2016 WATER SUPPLY PLAN.

Jim Benning explained that the Water Supply Plan was approved by the State. Now the City has to formally adopt the plan. President Prusak asked what revisions were made from the original version. Chris Madden explained that there were only a few minor revisions in response to questions from the State. Commissioner Westerlund motioned to approve resolution 17PUC-001, and it was approved unanimously.

Updates from staff

Jim Benning received a draft inflow and infiltration ordinance from WLSSD yesterday. This ordinance includes regulations regarding sump pump plans, lateral lining plans, point-of-sale inspections, new construction permits, and a variety of other things. We attended a public hearing regarding this ordinance last fall, and WLSSD put together a new draft based on the feedback received. There will be another public hearing on March 22nd at 5:00 p.m. The draft ordinance will be sent to commissioners for review and comment. Commissioners are welcome to attend the hearing. Each municipality will have to draft their own ordinance that is acceptable to WLSSD. Jim Benning stated that our sump pump ordinance is done. Our lateral line program has been suspended temporarily, we just need to tweak it a little and decide at what level we will fund it. Commissioner Filipovich asked what the deadline was for having these plans in place. The ordinance would need to be in place in 2018 and effective in 2019. Commissioner Westerlund inquired about the reason for these changes. Eric Shaffer stated that WLSSD wants to keep the overflows due to inflow and infiltration from coming back.

Eric Shaffer mentioned that we got about 6 feet of water in the Lift Station 6 tank in Canal Park during the weekend rain event, which is just a fraction of its capacity. There was about 1.5 feet in the Lift Station 50 tank, which is the furthest west on the Lakewalk. Overall the system performed well and there were no overflows. We did not have any water in the tanks that are typically the worst, which are those at 60th Ave. E and 52nd Ave. E.

Eric Shaffer provided handouts regarding interruptible gas customers. He stated that the amount of gas usage has gone up and that we have surpassed the amount of gas that we can legally purchase in previous years. We had previously discussed that we would probably need to start interrupting customers again or purchase more capacity. We have not interrupted customers for about 15 years. We will need to decide which customer will be shut off first. There was some discussion about the gas usage of the interruptible customers, notification procedures, and the transport rate. Commissioner Filipovich asked about the cost to purchase more capacity. Eric Shaffer said that he could get that information for the next meeting.

Upcoming Council actions

No upcoming actions were mentioned.

Commissioner questions or comments

President Prusak stated that Commissioner Lewis will be deployed abroad within the next 45 days and may be gone for up to 7 months. Commissioner Thorsell's term will expire on March 31st, but he has agreed to stay on until Commissioner Lewis returns if this is acceptable to the City Council. Commissioner Thorsell would be reappointed, and Commissioner Lewis would resign until he returns. Commissioners were in favor of this suggestion. Commissioner Sipress will contact Councilor Gary Anderson about this.

Commissioner Thorsell inquired about the effect of the warm weather on gas revenues. Glenn Strid explained that it is a combination of price and volumes that effects revenues. The 2016 accounts have not

been closed out yet. A lot of the revenue shortfalls will be offset by lower gas purchasing expenses. We should have an estimate of 2016 finances in April.

Commissioner Filipovich said thank you to all, especially to President Prusak for his leadership. Commissioner Filipovich's term will end March 31st.

Preview of upcoming business

The next meeting is scheduled for Tuesday, March 21, 2017, at 5:15 p.m. in City Council Chambers. Staff will send out the draft WLSSD ordinance for review and comment. Staff would also like more feedback on the draft budget cycle. Eric Shaffer will work on the gas transport rate, and he will put together more details regarding the water utility and send out the information in advance as requested.

Adjournment: The meeting was adjourned at 6:26 p.m.