

DULUTH PUBLIC UTILITIES COMMISSION
Meeting Minutes
December 18, 2012

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

Staff Present: Bob Asleson, Alisa DeRider, Leanna Gilbert, Howard Jacobson, Eric Schlacks, Eric Shaffer

Members Absent: Councilor Jennifer Julsrud

Call to Order: The meeting was called to order at 5:24 p.m. by President Huston.

Approval of previous meeting minutes

Commissioner Prusak noted that, under the "Updates from staff" section, the minutes should read: "Staff provided a letter from WLSSD which stated their estimated increases for 2013."

New business:

Natural gas rate resolution

12PUC-010 – RESOLUTION ESTABLISHING NATURAL GAS RATES EFFECTIVE WITH METER READINGS AFTER MARCH 31, 2013; SUPERSEDING ALL PRIOR INCONSISTENT OR CONFLICTING RATES AS OF APRIL 1, 2013. Vice President Sellner mentioned that, in the first item in the Finds of Fact, the last few words seemed redundant. Commissioner Thorsell thought that the term industrial should be included in the purposes. Commissioner Prusak motioned to approve Resolution 12PUC-010 and Commissioner Boyle seconded the motion. Jason Thorsell motioned to amend the first item of the Finds of Fact to read: "for both commercial/industrial and residential purposes." The amendment passed unanimously. Commissioner Stauber asked if the commission would pass the resolution without public input. Howard Jacobson stated that he was not aware of any public notice specific to this resolution, although general information regarding all utilities was presented earlier in the year. Vice President Sellner noted that Article V of the bylaws states that the commission must endeavor to educate the public of their reasons for any increases by having at least one public meeting. Eric Schlacks stated that the base rates were actually going down. Eric Shaffer said that while the base rates and volumetric charges would go down, fixed charges would be increased. Commissioner Boyle recommended that the commission table the resolution, hold a public meeting, and then vote on the resolution at the next meeting. The commissioners voted unanimously to table the resolution.

Election of officers in January

Commissioner Stauber asked what the bylaws say about election of officers. President Huston read Article V of the bylaws. Commissioner Boyle recommended having citizen commissioners hold offices instead of councilors. President Huston said that his term would be up in March and he would not be renewing. Commissioner Boyle nominated Vice President Sellner for President and Commissioner Prusak for Vice President. Both nominations were seconded.

2013 meeting schedule

Commissioners reviewed the proposed dates provided by staff. Commissioner Boyle mentioned that he would like a summer break. Commissioner Stauber would like the break to coincide with the City Council summer break, which has not been decided yet. Commissioners agreed to discuss this at the January meeting.

Updates from staff

Staff did not have any updates. Commissioner Prusak asked about the purpose of the article in the meeting packet. Howard Jacobson stated that it shows the rank of the gas utility compared to other gas distribution utilities around the country. He mentioned that we rank 25th in the nation for municipal utilities.

Upcoming Council actions

No actions were discussed.

Commissioner questions or comments

Vice President Sellner asked whether staff would be considering the recommendations made in the cost of service study results regarding tracking of sales and revenues and recordkeeping. Howard Jacobson mentioned the transfer of data to the new financial software system and the addition of a Financial Analyst to assist with this data. Eric Shaffer explained the reasoning for some of the recommendations and stated that the City is looking into all of the recommendations made by the study. Alisa DeRider explained that there was an upgrade to the financial software system specifically for utility data and a patch that would fix the current tracking problems.

President Huston inquired about efficiencies in operations. Howard Jacobson mentioned implementation of the asset management system for all of the utilities, GPS coordinates for location of assets, replacement of copper risers, and plans to fix other deficiencies in the natural gas system. President Huston asked for examples of how asset management can help with efficiencies. Howard Jacobson explained that the asset management system allows City staff to easily create and submit reports of gas leaks to PHMSA, when previously personnel had to manually go through work orders for the entire year and then write up the report. Eric Shaffer mentioned that all of our work orders are now in the asset management system, and this has made reporting of flood repair projects to FEMA much more efficient.

Vice President Sellner asked if the PILOT percentage (7%) has been reevaluated since the recent expansions of the gas system. Eric Shaffer stated that it cannot go higher per state statute, but it could be lowered. The PILOT (payment in lieu of taxes) is a payment from the gas utility to the general fund based on gross revenues earned, which is paid over the course of the next year. Utility staff is in favor of lowering the percentage.

Preview of upcoming business

The next regular meeting is scheduled for Tuesday, January 15, 2013, in City Council Chambers. There will be a public hearing regarding the natural gas rate changes prior to the regular meeting. Marianne Bohren, Executive Director of WLSSD, will be present to discuss WLSSD operations. Commissioners will also elect officers and discuss the 2013 meeting schedule.

Adjournment: The meeting was adjourned at 5:56 p.m.

A recording of this meeting is available upon request.