

DULUTH PUBLIC UTILITIES COMMISSION
Meeting Minutes
January 15, 2013

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

Staff Present: Bob Asleson, Jim Benning, Alisa DeRider, Leanna Gilbert, Eric Schlacks, Eric Shaffer, Glenn Strid

Call to Order: The meeting was called to order at 5:44 p.m. by President Huston.

Approval of previous meeting minutes

Commissioner Julsrud abstained as she was not present at the previous meeting.

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. After some discussion, the commissioners voted unanimously to table the resolution. The commission will discuss the cost of service study in further detail at the February meeting. They would also like to have the Chief Financial Officer attend a meeting and explain costs such as the PILOT and other transfers to the general fund. Public meetings will be arranged to educate customers about the components of the natural gas rates and the reasons for the proposed adjustments.

New business:

WLSSD operations overview (Marianne Bohren)

Marianne Bohren, Executive Director of WLSSD, gave an overview of the history and operations of WLSSD. She explained the components of the 2013 budget and their long-term plan. She also noted that Duluth's end-of-year adjustment for 2012 actual loadings would be different than what was stated in the letter previously sent to the City. The City will have a credit of \$252,973, which will be subtracted from the 2013 monthly payments. 2013 monthly payments are estimated at \$716,924. WLSSD will hold a strategic plan meeting for 2014 budget development on June 3, 2013. Notice of this meeting will be sent to Director Benning and the president of this commission. Executive Director Bohren mentioned effects of the flood on the system and the budget and then answered questions from commissioners.

Old business:

Election of officers

Commissioner Sellner was elected as President. Commissioner Prusak was elected as Vice President.

2013 meeting schedule

Commissioners reviewed the proposed dates provided by staff. Commissioner Boyle suggested not holding a meeting in July, which would coincide with the City Council's summer break. The commission approved the 2013 meeting schedule with the exclusion of the July 16th meeting.

The commission would like to hold public meetings for the east and west sides of Duluth as well as one for the Chamber of Commerce. All public meetings will be held after the regular February meeting. Staff will prepare a presentation and arrange the meetings.

Updates from staff

Jim Benning mentioned that the 1% increase in WLSSD rates for 2013 would result in an automatic increase of approximately 0.5% for Duluth's sewer rates, since the commission previously passed a resolution making these charges a pass-through to customers.

Eric Shaffer mentioned obtaining WIF grants for projects. Additional sanitary sewer lining would be done in late fall if we get the grant. The project funding would be 80% grant, 20% PFA loan paid from the clean water fund.

West Duluth Reservoir designs are moving forward. Councilors should expect to see something regarding design and construction in 2013.

Upcoming Council actions

No actions were discussed.

Commissioner questions or comments

Vice President Sellner asked if there had been any feedback on splitting the sewer charges on the utility bills and whether a credit would be passed through. Jim Benning has not received any comments on the bills yet. The resolution creating the pass-through did not provide for credit amounts.

Commissioner Prusak asked if staff was done raising pressure for the new water tower. Eric Shaffer said that it is about 85% full with no breaks due to the increase so far. Commissioner Prusak also asked whether the Superior Street pipe had to be replaced. Jim Benning said that about 20 feet of pipe was replaced. Eric Shaffer mentioned that he would like to replace it with a 20" HDPE main if the brick project proceeds, since most of the joints leak. Jim Benning stated that the brick project is scheduled for preliminary design in 2013, further design in 2014, and construction starting in 2015 if there is funding for it. This project would replace the entire brick portion of Superior Street.

Commissioner Stauber inquired whether gas would be extended to Midway Township. Jim Benning said that this would depend on housing density and interest as well as practicality.

Commissioner Boyle stated that he would be resigning from the commission since he has been elected as Council president. He will nominate Councilor Gardner as his replacement.

Commissioner Julsrud thanked Eric Shaffer for all of his recent media appearances.

Preview of upcoming business

The next regular meeting is scheduled for Tuesday, February 19, 2013, at 5:15 p.m. in City Council Chambers. The commission will continue to discuss the natural gas cost of service study at the February meeting. Public meetings will be arranged to present information about the natural gas utility and the proposed rate adjustments. Jim Benning will ask the Chief Financial Officer to attend a meeting and explain the PILOT and other transfers to the general fund.

Adjournment: The meeting was adjourned at 7:54 p.m.

A recording of this meeting is available upon request.