

DULUTH PUBLIC UTILITIES COMMISSION
Meeting Minutes
November 20, 2012

Members Present: Councilor Jennifer Julsrud, Robert Prusak, Linda Sellner, Councilor Jim Stauber, Jason Thorsell; Councilor Patrick Boyle arrived at 5:29 p.m.

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

Members Absent: Patrick Huston

Call to Order: The meeting was called to order at 5:18 p.m. by Vice President Sellner.

Approval of previous meeting minutes

Old business:

Review gas cost of service study

Eric Schlacks provided a comparison of municipal natural gas rates as previously requested. Commissioners and staff reviewed the gas cost of service study results. Future growth of the gas utility was also discussed. Commissioner Julsrud motioned to direct staff to prepare a resolution based on the cost of service study results. Commissioner Boyle asked about the goal of \$5 million in cash reserves and what percentage increase this would result in. Jim Benning stated that the study recommended a 4.9% increase effective April 1, 2013. The last rate increase was in 2006. Commissioner Prusak asked if this would also include capital projects. Benning stated that it would include both capital projects and cash reserves. All present except Commissioner Stauber voted in favor of having the resolution prepared.

Updates from staff

Staff provided a letter from WLSSD which stated their estimated increases for 2013. This commission previously voted to make any increase a pass-through. The amounts stated in the letter are budgeted amounts. We pay a budgeted amount throughout the year, but we do not know the actual costs until we receive another letter in February at which point we make any necessary adjustments. The resolution previously mentioned is the method that the commission decided on to cover any required increases, which are paid out of our operating budget. Commissioner Stauber asked if there would be an opportunity to talk to members of the board or our representatives. Commissioner Julsrud mentioned that this commission has met with WLSSD staff in the past and reviewed their operations. Marianne Bohren, Executive Director of WLSSD, has projected increases of 2-3% per year. Duluth has four representatives on the WLSSD board. Commissioners Julsrud and Boyle recommended having Ms. Bohren attend a meeting to review their budget and long-term plan. Jim Benning will contact her about attending in December or January.

Jim Benning mentioned the annual mailing that the City is required to send to residents who live near our natural gas transmission pipeline.

Upcoming Council actions

The budget presentation for the utilities was made at the Nov. 13th council meeting. There was not much time to go into any detail, so staff is willing to answer questions at another time if the councilors would like. Glenn Strid mentioned that there were reductions to the increases for health insurance and

cafeteria plans. These amounts are different than what was previously presented to the commission. This is an approximate \$211,000 total decrease. Commissioner Stauber asked what the total revenue and expense amount was for the utilities. Page 43 of the budget posted online states a total of \$87,218,500 for expenses. Commissioner Stauber is concerned that the majority of the City's budget is only given 15 minutes for review. Commissioner Boyle suggested that Council prioritize which budgets to spend more time on next year.

Commissioner questions or comments

Commissioner Boyle received a letter from a resident who had previously appealed an issue. They wanted to know how long it would take before a customer was shut off for non-payment. Jim Benning explained that this would depend on the time of year. Customers cannot be shut off while the cold weather rule is in effect. In the summer, it would take 2-3 months for someone to be shut off.

Commissioner Stauber asked if the utilities were reimbursed for administrative costs of collecting street lighting fees. Staff explained that a proposed amount of approximately \$41,000 is supposed to be a reduction to our shares of the cost allocation charges, but we have not received any detail of these charges yet.

Preview of upcoming business

The next regular meeting is scheduled for Tuesday, December 18, 2012, in City Council Chambers. Staff will prepare a resolution based on the cost of service study results for the commission to consider. Staff will also contact Marianne Bohren, Executive Director of WLSSD, about being available to attend the December or January meeting. The next topic of discussion after sanitary sewer should be the stormwater utility.

Adjournment: The meeting was adjourned at 6:13 p.m.

A recording of this meeting is available upon request.