

DULUTH PUBLIC UTILITIES COMMISSION

Tuesday, April 15, 2014

City Council Chambers

AGENDA

1. Roll call
2. Approval of previous hearing and meeting minutes
3. New business
 - 3.1 14PUC-002 - RESOLUTION REQUESTING THAT CITY COUNCIL AMEND SECTION 43-9 OF THE CITY CODE TO REDUCE THE SPRINKLING CREDIT BY ONE UNIT PER MONTH.
4. Updates from staff
5. Upcoming Council actions
6. Commissioner questions or comments
7. Preview of upcoming business

DULUTH PUBLIC UTILITIES COMMISSION
Public Hearing
March 18, 2014

Members Present: Councilor Sharla Gardner, Councilor Jen Julsrud, Rob Prusak, Jim Ramnes, Linda Sellner

Members Absent: Councilor Zack Filipovich, Jason Thorsell

Staff Present: Jodi Amundson, Bob Asleson, Jim Benning, Leanna Gilbert, Eric Shaffer, Glenn Strid

Call to Order: The hearing was called to order at 5:25 p.m. by President Prusak.

Under consideration was a proposed natural gas two-tier rate applicable to new services in areas other than the Northern Expansion Area and the Fond du Lac Area.

Eric Shaffer explained that the two-tier rate is the method with which the City recoups the costs of new natural gas main and service installations. The old two-tier rate expired in the fall of 2013. The proposed rate is \$0.11 per hundred cubic feet for a 15-year period. President Prusak suggested reviewing the rate after 5 years.

No one was present to speak at the hearing.

The Duluth Public Utilities Commission discussed and voted unanimously to approve the natural gas two-tier rate resolution after the public hearing closed.

Adjournment: The hearing was adjourned at 5:28 p.m.

A recording of this hearing is available upon request.

DULUTH PUBLIC UTILITIES COMMISSION
Meeting Minutes
March 18, 2014

Members Present: Councilor Sharla Gardner, Councilor Jennifer Julsrud, Rob Prusak, Jim Ramnes, Linda Sellner

Members Absent: Councilor Zack Filipovich, Jason Thorsell

Staff Present: Jodi Amundson, Bob Asleson, Jim Benning, Leanna Gilbert, Eric Shaffer, Glenn Strid

Call to Order: The meeting was called to order at 5:25 p.m. by President Prusak.

Public hearing on natural gas two-tier rate

The Commission held a public hearing on a natural gas two-tier rate. No one from the public was present to speak. After a brief summary of the rate and its purpose, the hearing was closed and the Commission moved on to the regular meeting.

Approval of previous meeting minutes

Old business:

14PUC-001 - RESOLUTION OF THE DULUTH PUBLIC UTILITIES COMMISSION ESTABLISHING SECOND RATE TIER OF \$0.11 PER ONE HUNDRED CUBIC FEET APPLICABLE TO NATURAL GAS SERVICES OUTSIDE THE NORTHERN EXPANSION AREA AND THE FOND DU LAC AREA.

Vice President Ramnes motioned to approve resolution 14PUC-001, and the motion was seconded. Commissioner Sellner inquired about the wording of the resolution and then suggested amending the resolution to add "and within the city of Duluth". Bob Asleson suggested adding that language to the paragraph of the second resolved after "as such areas are designated in City Council Resolution Nos. 11-0325 and 11-0326". Commissioner Sellner motioned to amend the resolution to add "and within the city limits" to the resolution title. Bob Asleson explained that the title was not actually part of the resolution. To be effective it would have to be in the body of the resolution, hence his previous suggested location. Commissioner Gardner agreed to second the motion if it read "and within the Duluth city limits" and if it was placed in the resolution where Bob Asleson originally suggested. After further discussion, the majority voted in favor of the amendment. The Commission then voted unanimously to approve resolution 14PUC-001 as amended.

Sprinkling credit analysis

Commissioners reviewed the presentation provided by Jodi Amundson. After some discussion, most commissioners agreed that the adjustment of 1 CCF should be removed. Some also suggested moving toward eliminating the sprinkling credit altogether. Staff agreed to draft a resolution recommending that City Council amend the sprinkling credit to eliminate the adjustment for the first CCF of usage over the winter average.

Updates from staff

Eric Shaffer reported that the West Duluth Reservoir is under construction. We are still emptying the tank. Once the tank is empty, it will be inspected. Demolition of the existing roof will begin next week. Hanco got the bid for both the natural gas blanket project and the copper riser replacement project. The

water main project will be bid a few more weeks. We also have a lift station project currently out for bid.

Jim Benning stated that frozen water services have been a huge problem for the City. We have had over 300 this year. There were 14 homes without water this morning. The problem will continue for a couple of weeks. This will be a burden on the water fund, with a potential of about \$100,000 in costs. We have also had more water main breaks than normal. Commissioner Julsrud mentioned that she has gotten a lot of compliments from residents about the staff that have worked on their frozen water lines.

Upcoming Council actions

Commissioner Gardner stated that Councilor Sipress may be replacing her on this commission. The replacement resolution is on the upcoming agenda.

Jim Benning mentioned resolutions regarding the reappointment of Jason Thorsell to this commission, the 10th Ave E project, gas modeling software, sanitary sewer on 43rd Ave W, and the blanket contract.

Commissioner questions or comments

Commissioner Julsrud met with the Governor's Chief of Staff and their policy staff and discussed bonding priorities. It sounds like the Governor has placed water bonding on his list of priorities. Commissioner Julsrud also discussed water bonding with Marianne Bohren, who asked if there was a water plan yet. We should have a press conference after the water plan is reviewed and updated this summer to let the public know about it.

Commissioner Julsrud suggested that commissioners contact Councilor Sipress, who will likely replace Commissioner Gardner. She also suggested we have a meeting at one of the utility facilities to review basic information.

Preview of upcoming business

The next regular meeting is scheduled for Tuesday, April 15, 2014, at 5:15 p.m. in City Council Chambers. The Commission will consider a resolution of recommendation regarding the sprinkling credit.

Adjournment: The meeting was adjourned at 6:23 p.m.

RESOLUTION NO. 14PUC-002

**RESOLUTION REQUESTING THAT CITY COUNCIL
AMEND SECTION 43-9 OF THE CITY CODE TO REDUCE
THE SPRINKLING CREDIT BY ONE UNIT PER MONTH.**

RESOLVED by the Duluth Public Utilities Commission (the "Commission") that the Commission hereby requests that the City of Duluth amend Section 43-9 of the Duluth City Code, 1959, as amended, to reduce the sprinkling credit authorized by said section by 100 gallons per month substantially in accordance with Exhibit A attached hereto.

Approved by the DPUC: _____
(date)

Submitted to City Council: _____
(where appropriate) (date)

ATTEST:

Director
Public Works and Utilities
City of Duluth

STATEMENT OF PURPOSE:

The purpose of this resolution is to request that the City Council modify Section 43-9 of the Code to amend the sprinkling credit authorized by said section to address other causes of increased summer consumption of water and to reduce the administrative burden of the credit on the system.

PUBLIC WORKS AND UTILITIES COMMITTEE

14-0Sprinkle 0

CITY PROPOSAL:

AN ORDINANCE MODIFYING THE SPRINKLING CREDIT, AMENDING
SECTION 43-9 OF THE DULUTH CITY CODE, 1959, AS
AMENDED.

The city of Duluth does ordain:

Section 1. That Section 43-9 of the Duluth City Code, 1959, as amended
is hereby amended to read as follows:

Sec. 43-9. Allowance for outdoor use--conditions.

During the months of May through September, the amount of wastewater
determined to be discharged by a user shall be reduced by the amount of water
assumed ~~determined~~ to be used during such months in such manner that it does
not enter the sanitary sewer system, subject to the follow; provided, that
such reduction shall not exceed the difference between the actual water
consumption during each such month, reduced by 100 Cubic feet, and the average
of water consumption as determined for the immediately preceding months of
October through March. The director of public works and utilities of the city
is hereby authorized to promulgate regulations not inconsistent with the
provisions of this Section, which regulations shall be published in the
official newspaper of the city ten days prior to going into effect and shall
be available for examination and copying at the office of public works and
utilities department during normal business hours.

Section 2. That this ordinance shall take effect 30 days after its
passage and publication.

Approved as to form:

Attorney

STATEMENT OF PURPOSE: The purpose of this ordinance is to amend Section 43-9 of the Code to more accurately reflect the likely impact of sprinkling on the City's sanitary sewer system and to reduce the administrative cost of providing the credit.

Presently, it is assumed that any increase in the consumption of water is attributable solely to using that water for lawn and garden watering purposes and that this increased usage is presumed to not result in greater discharge into the sanitary sewer system. The credit is intended to reflect the assumed reduced sanitary sewer flow to WLSSD which in turn reduces the amount the District charges the City to treat its sanitary sewage.

The present assumptions do not address the fact that there can and probably are many other reasons why a household's water use in the summer can be higher than it might be in the winter including changes in household population (such as visitors and guests and students home for the summer), pool use, more showers, "snowbirds" returning and many other possible causes. And there are just the aberrational changes.