

DULUTH PUBLIC UTILITIES COMMISSION

Meeting Minutes

March 21, 2017

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

Members Absent: none

Staff Present: Bob Asleson, Liz Bieter, Leanna Gilbert, Howard Jacobson, Eric Shaffer, Glenn Strid

Call to Order: The meeting was called to order at 5:17 p.m. by President Prusak.

Approval of previous meeting minutes

Old business:

Gas transport rate

Eric Shaffer and gas control staff have reviewed the gas transport rate and are not recommending any changes at this time. The current rate covers our costs. If we lost a customer to transport, we would need to change our method of calculating the purchased gas adjustment (PGA) so that it would not affect residential customers. We want to discourage transport because it is much harder to manage the system when others are flowing gas through it. Having a rate established gives us a starting point for negotiation if a new industry comes to the city.

Water utility discussion

Eric Shaffer stated that staff was asked to determine how much money was needed for the water utility and how we would get there. Handouts showing two scenarios were provided to commissioners. Staff determined that \$5 million in capital projects per year would be enough to put water main in the ground and catch up on pump station and treatment plant work. Scenario 1 would get us to \$5 million in 2023, and Scenario 2 would get us to \$5 million in 2028. Both scenarios take all other utility expenses into account as well as capital projects. Staff can put together additional scenarios if requested. There was some discussion about delayed capital projects. There was also discussion about the rate adjustment process and community engagement. Staff asked for direction from the Commission about how to proceed. Commissioners agreed that they would like to see a scenario similar to Scenario 1 except with consistent changes each year for the next meeting.

New business:

17PUC-002 - RESOLUTION AMENDING RESOLUTION 16PUC-009 ESTABLISHING FEES FOR VARIOUS UTILITY-RELATED SERVICES.

Liz Bieter explained that the fee for Gas Furnace/Appliance Service on weekdays from midnight to 8:00 a.m. should be for the first half-hour, not the first hour. This also affects the dollar amount charged for each additional fifteen minutes as shown in the proposed revised fee schedule. Resolution 17PUC-002 amending the fees was unanimously approved.

WLSSD draft ordinance

Eric Shaffer stated that he will attend the public meeting for the WLSSD draft ordinance tomorrow evening. This ordinance would force us to replace lateral lines again. We would need to propose a

number to replace each year. We would also need to decide whether to have a grant program for those replacements.

Updates from staff

Eric Shaffer reported that the Lakeside water main replacement project is moving ahead. Bougalis & Sons was awarded the Michigan Street project, which is a continuation of last year's water main project. Hanco was awarded the natural gas blanket project. We will be doing the corrosion study for the 42" water main ourselves and also installing another anode cathodic protection system.

Upcoming Council actions

Vice President Julsrud asked about who the Council would be selecting for the new commissioner. Commissioner Sipress replied that Councilor Anderson placed a resolution recommending one of the applicants on the agenda. Commissioner Westerlund stated that a resolution recommending Chris McIntosh is on the agenda for March 27th. Vice President Julsrud thinks it is unreasonable to expect military personnel to resign from the Commission if deployed. City Attorney Gunnar Johnson will work on a long-term solution for this. Bob Asleson responded that there is no provision for interim appointments at this time, which is why the Commission decided on the current scenario at the last meeting. The intent is to reappoint Commissioner Thorsell. Commissioner Lewis will resign and be replaced by a new commissioner. When Commissioner Lewis returns, Commissioner Thorsell will resign so that Commissioner Lewis can take his place. Commissioner Lewis will submit his letter of resignation this week.

Eric Shaffer mentioned that, as part of the Michigan Street project, there will be an agreement between MN Power and the City for reimbursement of expenses.

Commissioner questions or comments

Commissioner Filipovich reiterated his thanks for serving on this Commission.

Vice President Julsrud thanked Commissioner Filipovich for his service.

President Prusak thanked Commissioner Thorsell for agreeing to remain on the Commission. He will pray for the safety of Commissioner Lewis while he is deployed. He stated that it has been a pleasure working with Commissioner Filipovich and encouraged him to e-mail any comments about the water utility.

Preview of upcoming business

The next meeting is scheduled for Tuesday, April 18, 2017, at 5:15 p.m. in City Council Chambers. Staff will prepare the additional water utility scenario as requested.

Adjournment: The meeting was adjourned at 7:02 p.m.