

DULUTH PUBLIC UTILITIES COMMISSION
Meeting Minutes
January 16, 2018

Members Present: Councilor Noah Hobbs, Jen Julsrud, Jim Lewis, Chris McIntosh, Rob Prusak, Councilor Joel Sipress; Councilor Em Westerlund arrived at 5:39 p.m.

Staff Present: Bob Asleson, Jim Benning, Leanna Gilbert, Howard Jacobson, Courtney Kile, Carrie Lustig, Glenn Strid, John Upton, Pete Upton, Kerry Venier

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

Public hearing:

18PUC-001 - RESOLUTION ESTABLISHING NATURAL GAS RATES EFFECTIVE WITH METER READINGS AFTER FEBRUARY 28, 2018; AMENDING INTERRUPTIBLE TRANSPORTATION SERVICE VOLUMETRIC CHARGES; SUPERSEDING ALL PRIOR INCONSISTENT OR CONFLICTING RATES AS OF MARCH 1, 2018.

The Commission held a public hearing on gas rate resolution 18PUC-001. No one from the public was present to speak. The hearing was closed and the Commission moved on to the regular meeting.

Approval of previous meeting minutes

New business:

18PUC-001 - RESOLUTION ESTABLISHING NATURAL GAS RATES EFFECTIVE WITH METER READINGS AFTER FEBRUARY 28, 2018; AMENDING INTERRUPTIBLE TRANSPORTATION SERVICE VOLUMETRIC CHARGES; SUPERSEDING ALL PRIOR INCONSISTENT OR CONFLICTING RATES AS OF MARCH 1, 2018.

Jim Benning stated that this rate has not been changed in a number of years. The prices reflect current costs. There are currently no customers in this rate class. Commissioner Sipress motioned to approve the resolution. Resolution 18PUC-001 was approved unanimously.

Home energy loan interest rate

Commissioners had previously requested that staff look into how the home energy loan interest rate was set and whether it could be adjusted. Courtney Kile stated that the rate was set in 1990 by City Council resolution and so could be changed by City Council. The current rate of 4.9% is still a good rate for a personal loan, but does not compete with local bank rates. Commissioner Sipress mentioned inflation and asked about the reasoning for keeping the rate the same. Courtney Kile said that we want to keep the loan fund healthy so that we can expand our loan programs.

Natural gas rate for Steam Utility

Jim Benning stated that we are gearing up toward establishing a natural gas rate for the Steam utility. Terry Nanti, General Manager for Ever-Green Energy, talked about how the trial period went. They burned natural gas from April 12 to December 6. Overall cost savings were about \$150,000. Based on that and what they learned, they would like to burn gas longer this year starting as early as March 1st, pending gas prices. The goal is to burn the cheapest fuel available. They would like to convert a third boiler to natural gas. Jim Benning said that the intent is to set a rate for them that would be revenue neutral. Pete Upton and Carrie Lustig talked about how setting a rate for them and getting them in the purchased gas adjustment (pga) would be better for everyone. Jim Benning stated that staff has already determined a proposed rate and would like permission to draft a resolution for next month. Discussion continued about various aspects of burning gas versus coal, Steam operations, gas pricing and

availability, and the current and potential capacity of the gas system. Commissioners agreed that they would like to see a rate resolution next month.

2018 meeting schedule

Commissioner Sipress stated that the Council summer break has not been set yet, but it is usually in July. President Prusak suggested removing the December meeting, and the other commissioners were in favor of this. The July meeting can be cancelled later if necessary.

Election of officers

Rob Prusak's second three-year term ends March 31, 2018. Commissioner Sipress nominated Rob Prusak for President with the understanding that City Council would look into amending the ordinance regarding term limits. Commissioner Julsrud nominated Chris McIntosh for Vice President. The nominees were approved unanimously. Commissioner Hobbs will talk to the attorneys about amending the term limits.

Updates from staff

Jim Benning mentioned that the three municipalities that we sell water to had some concerns about their rates. Their mayors contacted our mayor. A meeting was scheduled for Thursday to discuss this issue and possibly come up with some sort of resolution. Jim Benning will be sure to mention that only this Commission has the authority to set rates. Commissioners and staff discussed concerns about the rate-setting process being subverted and future practices. Jim Benning will contact commissioners with an update after the meeting.

Howard Jacobson talked about water main breaks and the frost level. He also said that crews are doing some preliminary work for summer projects, such as installing valves for the Superior Street project.

Jim Benning introduced John Upton, the new Customer Service Manager. John Upton shared a little about his background as requested by Commissioner Sipress.

Upcoming Council actions

No actions were mentioned.

Commissioner questions or comments

Commissioner Julsrud welcomed Commissioner Lewis back.

Commissioner Sipress mentioned that Liz Bieter had been taking the lead on energy conservation efforts for customers and asked what would be done to continue this work. Jim Benning stated that Eric Schlacks is heading up this effort. There is also a section about this in the new comprehensive plan that Planning is working on.

President Prusak mentioned the WLSSD I&I ordinance that was discussed in October and asked if anything had been put together yet. Jim Benning stated that Chris Kleist has reviewed this and will have something to bring to the Commission in February. There was also some discussion about funding, as well as the number of lateral lines to be done and the amount of the grant.

President Prusak wants to thank Jason Thorsell for staying on the Commission while Commissioner Lewis was away.

Commissioner Lewis asked if the warmer temperatures this week would affect the residents on Park Point due to melting and flooding. Howard Jacobson responded that the lake level has been dropping due to seasonal changes. Our pumping hours have dropped as far as clear water going into the system, and this should help our icing problem as well since we are allowing some to divert water back into the sanitary system instead of discharging sump pumps into the roadway. Jim Benning mentioned that we will be lining 10,000 feet of sanitary sewer on Park Point next year.

Preview of upcoming business

The next regular meeting is scheduled for Tuesday, February 20, 2018, at 5:15 p.m. in City Council Chambers. The Commission will consider a natural gas rate for the Steam plant and discuss the WLSSD ordinance. Jim Benning will let commissioners know how the meeting with the municipalities went and work with Commissioner Hobbs and Bob Asleson to modify the ordinance regarding term limits.

Known absences for future meetings

President Prusak will not be able to attend the February meeting.

Adjournment: The meeting was adjourned at 6:17 p.m.