

DULUTH PUBLIC UTILITIES COMMISSION
Meeting Minutes
May 15, 2012

Members Present: John Bruggeman, Patrick Huston, Councilor Jennifer Julsrud, Robert Prusak, Linda Sellner, Councilor Jim Stauber

Staff Present: Jodi Amundson, Bob Asleson, Jim Benning, Leanna Gilbert, Howard Jacobson, Nick Petrangelo, Eric Shaffer, Glenn Strid, Clint Thursby

Members Absent: Councilor Patrick Boyle

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

Approval of previous meeting minutes

New business:

Commission contact information

Due to a resolution passed by City Council, the commission is required to have contact information available to the public. City e-mail addresses will be created for the at large commissioners. There will be a button on the webpage that will allow citizens to send e-mail to all of the commissioners.

Commissioners will be able to check for messages from their personal computers. There will also be a City phone number posted that will be set to go to voicemail. City staff will check for messages and pass them on to commissioners via e-mail. After some discussion, it was determined that each commissioner should respond to messages individually to avoid violating open meeting laws. These points of contact should be available by the next regular meeting.

Commissioners have also asked for access to the monitors in Chambers for use during meetings. MIS will arrange for access to these before the next regular meeting. There will be a shared login and a shortcut for the commission that will access the meeting packet, which will be online.

Definitions resolution

Staff explained changes made to the categories, which included adding Commercial and Industrial classes 5 and 6. Class 5 applies to Duluth Steam. Class 6 applies to Spirit Mountain for seasonal snow making. Residential classes were revised to be based on usage instead of dwelling units. Commissioner Boyle had requested that City staff look into the rate for Chester Bowl Ski Area. Class 6 could be adjusted to include them as well.

Commissioner Bruggeman motioned to move resolution 12PUC-005 establishing water customer categories. Vice President Sellner motioned to amend 12PUC-005 to include a lower residential class based on usage of 0 to 2 CCF per month at a lower rate. The motion failed 4-2: Sellner and Stauber. Commissioner Julsrud motioned to amend 12PUC-005 changing the title to read "effective with meter readings after July 1, 2012". The motion passed unanimously. Commissioner Julsrud motioned to amend 12PUC-005 Commercial/Industrial 6 to be for snow making purposes only and to eliminate flow language. The motion passed unanimously. Commissioner Julsrud motioned to amend 12PUC-005 to move "Bed and Breakfast facilities" from paragraph 4c Dwelling Unit to 4b Commercial/Industrial. The motion passed unanimously. Commissioner Stauber motioned to amend 12PUC-005 to specify that the customer categories would be effective upon establishment of the new rate structure instead of on July

1, 2012. The motion passed unanimously. Resolution 12PUC-005 establishing water customer categories as amended passed unanimously.

Water capital projects resolution

The intent of the water capital improvement plan submitted in January was to help us to develop a plan to move into the future. The document will need to be updated regularly, but the intent is to show what we want to accomplish, why we would need a rate increase, and where the money would go.

Commissioner Bruggeman motioned to adopt resolution 12PUC-006. Commissioner Prusak said that he would like to have another year out added onto the plan annually. The resolution passed unanimously.

2012 water rate resolution

Vice President Sellner commented that she was not comfortable with another change to the fixed rates, since it was just changed in February. Staff explained that the change in February moved the \$3.21 clean water surcharge that was set to sunset over to the water utility. There was no net change to customer utility bills. The proposed change to the fixed rates is intended to make the charges more equitable across the board without losing the revenue intended for capital improvements. Commissioner Stauber requested that the previous charges and rate structure be included in the resolution. He also stated that he was not likely to vote in favor of an increase across the board. Commissioner Prusak mentioned that the proposed commercial rates are a fraction of what is charged in Superior.

2013 water rate resolution

The 2013 proposed increase is approximately 6%. With the proposed 2012 rates, the water utility will be operating at an \$800,000 deficit at the end of 2012. The 6% increase would bring it to about \$15,000 or breakeven by the end of 2013. This would include the additional capital projects as planned.

Vice President Sellner suggested increasing the rates for those outside City limits. Staff explained that cost of service studies have shown that they are already paying more than their fair share of costs. Those customers would see an 11% increase if the proposed resolutions pass. Commissioner Stauber thought it seemed premature to set rates for 2013 when the budget has not been approved yet. Staff explained that the commission had discussed how many years to set rates for in previous meetings. The commission directed staff to prepare resolutions for the remainder of 2012 and 2013. Eric Shaffer explained that in order to get certain projects done next year, such as the West Duluth Reservoir roof replacement, he needs to know that he can move forward with them by July 2012. President Huston stated that the reason that we are in this position is because there has not been action in the past. If we do not act now to improve the infrastructure, our children will be paying even more.

Public hearing and special meeting dates

The public hearing is scheduled for May 23rd, and the special meeting will be on June 6th. City staff will advertise the public hearing. The intent of the public hearing is to hear comments and information from citizens. The commission cannot vote on the resolutions until 10 days after the hearing, which is the purpose of the special meeting.

Updates from staff

Jim Benning and other City staff members met with David Ross and Roger Wedin from the Chamber of Commerce yesterday. They discussed the rate study presentation and the reasons for the proposed changes. Benning and Commissioner Julsrud are meeting with their executive board on Tuesday to share similar information.

The new Highland water tower on Basswood went online Monday. The old one will be torn down in early July. The pressure has not been increased yet. It will be increased gradually this summer.

Upcoming Council actions

There are no actions of note for the utilities.

Commissioner questions or comments

Commissioner Stauber explained the procedure for a “Call the Question” per Robert’s Rules of Order.

Commissioner Sellner inquired about the purpose of the special meeting. The purpose of the special meeting on June 6th is for the commission to vote on the two rate resolutions. There will be no other business for that meeting.

Preview of upcoming business

The next regular meeting is scheduled for Tuesday, June 19, 2012, at 5:15 p.m. in City Council Chambers. A public hearing is scheduled for Wednesday, May 23, 2012, at 5:15 p.m. in City Council Chambers. A special meeting is scheduled for Wednesday, June 6, 2012, at 6:00 p.m. in City Council Chambers. The gas cost of service study will be complete soon, so the intent is to move on to that after the water rates are resolved.

Adjournment: The meeting was adjourned at 6:35 p.m.

A recording of this meeting is available upon request.

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NOTICE OF PUBLIC HEARING

The Duluth Public Utilities Commission will hold a public hearing on proposed rate increases and the new water billing rate structure. The meeting will be held on May 23rd at 5:15 p.m. in the City Council Chambers.

The purpose of the meeting will be to explain the State of Minnesota's water conservation rate structure requirement and receive comments from the public regarding proposed rate changes.

D.N.T. May 17, 2012

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