

**DULUTH PUBLIC UTILITIES COMMISSION**  
**Public Hearing**  
**May 23, 2012**

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

**Staff Present:** Jodi Amundson, Bob Asleson, Jim Benning, Leanna Gilbert, Nick Petrangelo, Eric Shaffer

**Others Present:** Councilor Jay Fosle, resident of 323 103<sup>rd</sup> Ave W

**Call to Order:** The hearing was called to order at 5:15 p.m. by President Huston.

Under consideration were proposed rate changes for the water utility.

Jim Benning, Director of Public Works & Utilities, gave an overview of the reasons for the proposed changes. The State of Minnesota requires all municipalities to adopt a water conservation rate structure. This rate structure can be a constant block or inclining block rate. The current rate structure, declining block, does not comply with these requirements. The proposed changes also include a rate increase that will be used to fund capital projects. The water utility has been underfunded for the last few years and is currently operating in a deficit. The City has not been able to adequately work on capital projects and the number of water main breaks continues to rise. The proposed resolutions would begin to provide for capital projects, with a goal of having \$4M each year dedicated to capital projects by 2016. The new rate structure will comply with State requirements.

Jay Fosle stated that the only way to dedicate funds to a project is by bonding. He is opposed to raising the rates and suggested recommending bonding to City Council to ensure that the money goes to specific projects.

There will be a special meeting of the DPUC on June 6, 2012, at 6:00 p.m. in City Council Chambers to vote on the proposed rates.

**Adjournment:** The hearing was adjourned at 5:21 p.m.

A recording of this hearing is available upon request.