

DULUTH PUBLIC UTILITIES COMMISSION
Meeting Minutes
September 17, 2013

Members Present: Councilor Jennifer Julsrud, Robert Prusak, Linda Sellner, Councilor Jim Stauber, Jason Thorsell

Members Absent: Councilor Sharla Gardner, Jim Ramnes

Staff Present: Bob Asleson, Jim Benning, Alisa DeRider, Leanna Gilbert, Eric Shaffer, Glenn Strid

Call to Order: The meeting was called to order at 5:18 p.m. by President Sellner.

Approval of previous meeting minutes

New business:

2014 utility budget overview

Glenn Strid gave an overview of the 2014 proposed budget, highlighted some of the major expenses and changes, and answered questions from commissioners. Jim Benning said that commissioners were welcome to attend the budget presentation to Council in November. Bob Asleson reminded commissioners that it is within their authority to approve and recommend annual utility budgets to the City Council.

Two-tier natural gas rate

Eric Shaffer explained that the commission previously set the rates for the Northern Expansion Area and the Fond du Lac Expansion Area. There is another existing two-tier rate for the rest of the City of Duluth which will expire in October 2013. The City provides up to 200 feet of main and service for residents who do not already have natural gas. The two-tier rate is how we recoup the money for that. A resident who chooses the two-tier rate option pays a little extra per month on their volume charge. This rate should probably be about half of the rate for the Northern Expansion and Fond du Lac areas, which was set at \$0.23. An exact rate calculation has not been made yet. Residents can also choose to pay the costs up front or buy out. The buyout cost will be calculated per house instead of by neighborhood. Bob Asleson explained the options available for changing the rate. Eric Shaffer recommended amending the existing ordinance so that the commission could review and adjust the rate every 5 years or so without going to Council. Vice President Prusak requested a written report of the cost calculation details, and Eric Shaffer agreed to provide that. The Northern Expansion and Fond du Lac Expansion resolution will be sent out to commissioners for review. The new rate would not need to be decided until spring, when construction season begins. The commission directed staff to draw up a resolution recommending that City Council amend the ordinance to give the Commission authority regarding the two-tier rate and bring it to the October meeting for consideration.

Updates from staff

Eric Shaffer reported that the surge tank adjacent to the West Duluth Reservoir passed its leak test. It needs to be disinfected and then it will be ready for use. Plans and specs for the West Duluth Reservoir are being finalized and should go out for bid in the next few weeks. The water main job on Raleigh Street is proceeding. The new water main is in between 40th & 46th Ave West on Superior and 1st Street and the road is open. The water main in Bessemer Street is finished. The gas main on West 1st Street is

in and operational. The street should be paved soon. The project was modified to replace an additional 600 feet of main due to excessive corrosion. This extra work will start this week and be done this fall.

Upcoming Council actions

The 2014 budget presentation to Council will be in November. Should the Commission choose to provide a recommendation concerning the budget in October, it would be helpful to have when the budget is presented in November. Staff will draw up a resolution to be considered at the October meeting as requested.

Commissioner questions or comments

Commissioner Julsrud mentioned a water main leak concern from a resident on Glenwood. Staff believes it is groundwater coming up onto the street. Eric Shaffer said he would have someone check into whether the diversion project was done this summer.

Commissioner Stauber asked about the project between 40th Ave West and 46th Ave West on Superior Street and 1st Street. That street is scheduled to be fixed next year. Eric Shaffer said that it will be a mill and overlay. Commissioner Stauber asked why they were not done at the same time and why it would not be a full reconstruction. Eric Shaffer said that the general fund probably did not have the money to do the mill and overlay this year. Also, if the compaction from the trench settled, it could be fixed next year before the mill and overlay. He was not sure whether the plan was to mill what was just put down or to mill beside it. Commissioner Stauber said it was budgeted for about \$1M for those 6 blocks, which should be enough for more than a mill and overlay.

Vice President Prusak asked how construction for the other end of Glenwood was coming and if they would be paving soon. Jim Benning said that he thought it would be completed this year, but was not sure of the paving schedule. He said that there was so much work that the paver left. Eric Shaffer stated that there was an excessive amount of paving this year.

President Sellner mentioned the natural gas rate increase that had just passed and the failed attempt to veto it at City Council. She thought that this brought a lot of attention to the gas utility in regards to safety. She mentioned the gas pipeline blast in San Bruno, California, that resulted in the destruction of 38 homes and 8 fatalities. She stated that the gas utility is being sued and the utility is struggling to patch flaws in its recordkeeping which played a big role in the pipe failure leading to the explosion. President Sellner hopes that Duluth's gas utility will be diligent in its recordkeeping and provide a safe service for its customers.

Preview of upcoming business

The next regular meeting is scheduled for Tuesday, October 15, 2013, at 5:15 p.m. in City Council Chambers. The Commission will continue to discuss the 2014 budget and the two-tier rate for natural gas. Staff will bring resolutions regarding these topics as requested.

Adjournment: The meeting was adjourned at 7:10 p.m.

A recording of this meeting is available upon request.