

Pursuant to due call and proper notice thereof, a meeting of the Breckenridge Public Utilities Commission was held on Monday, December 18 at 2:01pm, at City Hall – Council Chambers.

Present: Commissioners Graves, Martinson, and Summerville

Absent: Commissioner Larson, Karlgaard

Others Present: Director of Public Services Crocker via Teleconference, and Finance Officer Johnson

Approval of Agenda

The agenda was approved as printed.

Approval of Minutes

Commissioner Graves offered a motion to approve the minutes from the regular meeting of Monday, December 4, 2023. The motion was seconded by Commissioner Summerville and carried unanimously.

City Officials

None.

Utility Management

Bills and Claims

Commissioner Graves offered a motion to approve the following Bills and Claims. The motion was seconded by Commissioner Martinson and carried unanimously.

12-18-23 Bills for Utilities		
City of Breckenridge	Tree Lighting Event- MRES Match-Electric	\$ 1,500.00
Colonial Enterprises, Inc.	Servicing Garage Doo- PU	85.00
Core & Main	Curbstop Keys- Water	273.88
Disposal Services, Inc.	Sludge Disposal- Water	3,058.33
Ethanol Products, LLC	CO2- Water Plant	2,719.08
Farm City Supply	Gloves, Jacket, Concrete- PU	203.21
Gopher State One-Call	Locates	37.80
Great Plains Natural Gas	Nat Gas- Util	198.35
Hawkins, Inc.	Chemicals- W Plant	3,448.11
KBMW	Electric Advertising	227.50
Midcontinent	Int- W Plant	110.22
Missouri River Energy Ser	MRES Bill	145,401.87
MN Dept. of Commerce	Electrical Easements	581.66
Pitney Bowes	PM Rental	171.00
Quill Corporation	Paper, Calculator Ribbon- Water	124.45
Red River Communications	Phone Lines - Util	98.71
RMB Environmental Lab	Testing- Sewer	553.22
Stuart C. Irby Company	Glove Testing- Electric	503.70
Tyler Technologies-Incode	2024 Annual Software Contract- Util	16,850.48
USA BlueBook	Chemicals- W Plant	293.93
Waste Mgmt Of WI-MN	Garbage - PU	487.80

\$ 176,928.30

Electric \$ 154,007.06
 Sewer 6,272.54
 Water 16,648.70

Crew Updates

Electric: Director of Public Services Crocker informed the Commission the electrical department is reading meters and doing substation checks to replace batteries in reclosure boxes. He shared that Water Plant Substation Reclosure box needs repair, but it will cost a substantial amount of money. He had written a grant previously, but BPU did not receive it, he also shared MRES provides a 40% (MRES), 60% (Breckenridge Public Utilities - BPU) cost share to pay for grant funding that not only assists with the reclosure repairs/updates but also implementing an AMI system.

Water/Wastewater: The water/sewer are working on reading meters as well, and they had started getting Well #1 updated, but through the process Their Well who is doing the work found either a leak in the check valve or a hole in the casing in Well #2 where it's losing about 20 gallons per minute. After getting Well #1 updated there will be costs to repair Well #2.

MRES Off Peak S-1 Rate Changes for 2024

The Finance Officer provided a letter provided to BPU from MRES regarding a rate increase on off peak, mid peak and off peak with time of use energy rate increases as well as demand rate increases. Currently BPU has a load management system and how we charge customers is different than the costs we will pay for the rate increases and time of use energy rate increases that we will be charged. Discussion was held around the topic of time of use, no action taken as this was information only.

Electric Rate Increase Proposal

Finance Officer Johnson provided handouts to the Commission with four rate increase options. As noted previously MRES will be doing a 2.5% increase January 1, 2024, with rate increases from 2025 to 2028 at projected 5% annually for a total of approximately \$430,043.18. As discussed in prior meetings a meter rate increase and adding a kWh for both residential as well as Commercial/Government and Industrial was broken out below. Keeping the load management (LM) as is plays a large factor in keeping power costs low during high use times. So, there would be no increase to that rate. But the Industrial demand charges for kw (kilowatts) was agreed upon to increase to \$3.00 with the kWhs of residential, commercial, and governmental. Finance Officer Johnson provided various breakouts below; one that if nothing was increased BPU would in a deficit by 2027 and the revenue over the years is what allows BPU to do updates and repairs to infrastructure as well as assists with employee wages, etc.

Total Revenue	Total Expenses
05/16/2022-05/15/2023	(Energy Worksheet)
\$ 3,468,879.47	\$ 3,216,911.53
After Expenses	\$ 251,967.94

<u>IF REVENUE OVER CURRENT</u>		
<u>EXPENSES REMAINED THE SAME</u>		
Revenue after Expenses Remaining	<u>YEAR</u>	
\$ 204,185.37	2024	
\$ 156,402.79	2025	
\$ 60,837.64	2026	
\$ (34,727.51)	2027	
\$ (178,075.24)	2028	

The remaining options are broken out below as followed;

- Meter Increase

- Will get us some revenue but will be in a deficit by 2026
- Option 1: Meter and Electric increase at 1 cent to all Customers
 - This includes a meter increase for residential, commercial, governmental and industrial
 - This is an across the board increase for residential, commercial and governmental
 - It does not include an increase to the Load Management System
 - It does include an increase to the Industrial kW (kilowatts) with a \$3.00 increase for both seasons, but no change to the kWhs (kilowatt hours)
- Option 2: Meter and Electric increase at 2 cents to all Customers
 - This includes a meter increase for residential, commercial, governmental and industrial
 - This is an across the board increase for residential, commercial and governmental
 - It does not include an increase to the Load Management System
 - It does include an increase to the Industrial kW (kilowatts) with a \$3.00 increase for both seasons, but no change to the kWhs (kilowatt hours)
- Option 3: Meter and Electric increase of a ½ cent to Residentials and a 1.5 cent increase to Commercial/Governmental Customers
 - This includes a meter increase for residential, commercial, governmental and industrial
 - This is a separate increase to Residents at ½ cent, 1.5 cent increase to Commercial and Governmental Customers
 - It does not include an increase to the Load Management System
 - It does include an increase to the Industrial kW (kilowatts) with a \$3.00 increase for both seasons, but no change to the kWhs (kilowatt hours)

2024 Rate Increase Options with Revenue Over MRES Expense	
Only Meter increase	\$ 228,378.79
OPTION 1: Meter and Electric at .010\$	\$ 988,353.44
OPTION 2: Meter and Electric at .020\$	\$ 1,204,901.51
OPTION 3: Meter and .005 to Res; .015 to Comm/Indust	\$ 937,269.37
2025 Rate Increase Options with Revenue Over MRES Expense	
Only Meter increase	\$ 132,813.64
OPTION 1: Meter and Electric at .010\$	\$ 892,788.29
OPTION 2: Meter and Electric at .020\$	\$ 952,933.56
OPTION 3: Meter and .005 to Res; .015 to Comm/Indus	\$ 841,704.22
2026 Rate Increase Options with Revenue Over MRES Expense	
Only Meter increase	\$ (58,316.66)
OPTION 1: Meter and Electric at .010\$	\$ 701,657.99
OPTION 2: Meter and Electric at .020\$	\$ 918,206.06
OPTION 3: Meter and .005 to Res; .015 to Comm/Indus	\$ 650,573.92
2027 Rate Increase Options with Revenue Over MRES Expense	
Only Meter increase	\$ (249,446.96)
OPTION 1: Meter and Electric at .010\$	\$ 510,527.69
OPTION 2: Meter and Electric at .020\$	\$ 727,075.76
OPTION 3: Meter and .005 to Res; .015 to Comm/Indus	\$ 459,443.62
2028 Rate Increase Options with Revenue Over MRES Expense	
Only Meter increase	\$ (536,142.42)
OPTION 1: Meter and Electric at .010\$	\$ 223,832.23
OPTION 2: Meter and Electric at .020\$	\$ 440,380.30
OPTION 3: Meter and .005 to Res; .015 to Comm/Indus	\$ 172,748.16

Finance Officer Johnson also provided graphs provided from MRES that show where BPU sits regarding monthly bills of both residential and large general services, where Breckenridge is the second lowest bill out of eleven other utilities and for the large general services that only four utilities lower than Breckenridge and the median is only 3% higher. The Commission went through the various options thoroughly and felt the two absent commissioners should be in attendance before voting on an increase and/or what that increase would be. The topic was tabled to be voted on at the January 8th, 2024, meeting.

Other

None

Financials

November 30th, 2023, financial statements reviewed; no action necessary.

Commission Comments

None.

There being no further business, Commissioner Graves offered a motion to adjourn the meeting at 3:10p.m. The motion was seconded by Commissioner Summerville and carried unanimously.

Russell Graves, Secretary/Treasurer
Breckenridge Public Utilities Commission