

**Lanesboro Public Utilities  
Special Meeting, City Council Chambers  
Monday, August 29, 2016 6:00 p.m.**

Commissioners Present: Tom Dybing, Theresa Coleman, and Char Brown

Absent: None

Staff Present: Michele Peterson

Visitors: Michael Brown, Jim Watson, Shirley Mulder, Jerry Evenson, Elve Albrecht, Ron Flaa, John Dahle, Michael and Julie Charlebois, Richard Wolfgramm, Tricia Capua, Autumn Johnson, and Tom Nigon

**Call to Order:** Commissioner Dybing called the meeting to order at 6:02 p.m.

**New Business:**

**A. Electric Distribution Voltage Conversion Project – Public Information:** Commissioner Dybing began the discussion by noting how this project came to be. In conducting an electric line loss study, it was noted that there was a significant amount of loss. Due to this fact it was recommended by the engineer that the Commission complete an Electric Conversion Study. This study looked at ways to update our electric system to decrease the amount of loss, as well as decrease expenditures.

Tom Nigon with STAR Energy was present to discuss the findings of the Electric Conversion Study. The study reviewed losses with relation to low voltage distribution as well as the cost to upgrade the system. Nigon referred to a map of the electrical system in Lanesboro, noting several points:

- The line delivering electricity from Tri-county has to step down when coming in through our transformer.
- Until now the Hydro unit has supplemented peak demand, the demand has increased currently.
- Many other cities have already upgraded, up to 15 years ago.
- This has been discussed in the past, however at that time it was cost prohibitive.
- Capacity is less in the summer months, due to a larger pull of electricity.
- City Equipment is currently tripping out due to low voltage.
- Lanesboro is currently at or beyond capacity – upgrade is needed for growth.

There were two options put forth, one being to increase the number of lines which was done possibly 10 years ago. Secondly there was the option to convert to higher voltage, which would be the most cost efficient.

Member Brown then asked Tom Nigon to explain the safety concerns of the configuration. Nigon explained that the current Delta system is a 3 wire system which is

ungrounded. The wye system has four wires, including one that is grounded. The wye system also has the capability of carrying a higher voltage, as well as carrying it a further distance. As an example on the wye system if a line were to be on the ground, the protective equipment would de-energize the area. With the current delta system the line would remain energized, and therefore would be a great safety concern.

At this time the discussion was open to the public for comments, the following represent the comments made as well as input from the Public Utilities Commission:

- When are the meeting minutes posted? Minutes are drafted after each meeting, however are not official until the following meeting when they are reviewed for approval by the commission. Once approved the minutes are posted.
- Concerns were brought forward regarding the total cost of the project; property owners were concerned that this project would cause an increase in electric rates. Member Coleman noted that a rate study would be completed, whether or not there is a rate increase would be based on the results of the study.
- A discussion regarding the sale or outsourcing of the electric department. It was noted by visitors that they felt a larger group of customers could disburse the total cost of the service. It was also discussed that either way this update would need to be considered.
- How can the LPU commission be condemned? Member Coleman noted that it would require a referendum on election; this is dictated by MN statute.
- Member Coleman reported that the current Water Treatment facility equipment has been tripping out due to low voltage from increased demand. It was also noted that although the facility does have a backup generator, it does require a staff member to respond.
- The visitors also expressed concern with overall spending and planning from the commission. During this time it was discussed the projection of saving \$10,000 annually in reduced line loss. It was also noted that the City and Public Utilities are working with their financial advisor to plan out future projects in an effort to ensure fiscal responsibility.
- Member Brown noted that the commission is criticized either way; wait to upgrade infrastructure, or try to be proactive and correct a situation before it becomes a larger problem. The rate payers should be able to rely on the commission to make decisions to help prevent loss.
- Current status of the diesel generator? Due to new regulations the commission would have been faced with fees up to \$100,000 per year unless the unit was retrofitted.
- Could the Engineering services be bid out? Yes, the commission has not entered into a contract with STAR Energy.
- Member Coleman noted that unless bonding was going to be used to fund the project there was not a requirement for a public hearing. Member Brown stated that this meeting was not a required hearing; it was an effort of the commission

to be transparent to the rate payers. The hope was to develop a plan to be presented to the public as well as the Council, in an effort to educate everyone on the current concerns facing the Public Utilities. Brown encouraged the public to speak with a commission members, or request time on the next agenda in order to address concerns.

- A concern for the transparency during the water project was brought forward. Member Coleman noted that due to the State requirements with the level of Radium in the water, there were two options: complete the new well and treatment facility or pay annual fines. Concerns were also discussed with relation to the current water rates. Member Coleman stated the commission had used a proportionate distribution system, in which customers are charged based on their usage of the system. Rates were then set by City Council by ordinance.
- Member Brown noted that this upgrade of the electric system would sustain the growth of the community for the next 20-30 years.
- Would electrical lines be placed underground? Member Dybing replied that the engineers and contractors would work with staff to determine if that was necessary, however he felt that most would remain overhead.
- How would this project be funded? At this time an exact method had not been determined. The commission will be considering three options: Pay cash for the project, Finance the entire project, or a combination of the two.
- Do we have a date for the Waste Water project? Administrator Peterson noted that the application for permit is complete and has been received by the state. At this point we have to wait until the recommendations come back from the state as to what our requirements will be. Member Coleman noted that generally we would have 5 years to become compliant with the requirements.
- Are there other projects planned? Member Coleman stated that potentially there would be some electrical work if the Dam were to be repaired. Administrator Peterson noted that funds to cover this request had been included in the funding request for the rehabilitation of the Dam.

**Adjourn Special Meeting:** Motion was made by Commissioner Dybing to adjourn the special meeting of the PUC at 6:56 p.m. Motion was seconded by Commissioner Brown. Motion carried all in favor.

Respectfully Submitted,

Michele Peterson  
City Administrator/Clerk