

**AGENDA**  
**PUBLIC UTILITIES COMMISSION**  
**April 15, 2020**  
**3:00 P.M.**

A. Call to Order

B. Roll Call

C. Approve Consent Agenda

1. Approve Agenda
2. Approve Meeting Minutes
3. Payments Report

D. Utility Rate Study Proposal

E. Emergency Update

F. Adjourn

***Public Utilities Commission***  
***Minutes***  
***March 4, 2020***

Meeting was called to order by Chair George Wilkes at 3:00 p.m.

Members present: Tim Kennedy, Annie Possis, and George Wilkes

Absent:

Staff Present: Mike Roth, Shane Steele, and Haden Hinchman

**Motion by Kennedy, seconded by Possis to approve the Agenda; February 5th, 2020 Minutes; and Payment of Bills. Approved unanimously.**

Commissioner Kennedy gave an update on EICDA, the resolution was presented to the City Council in February. The resolution died with 2 in favor and 2 against. Commissioner Wilkes expressed his disappointment at the results and hopes the Council will work on alternate ways of state and federal advocacy.

Administrator Roth updated the Commission on the City's ongoing efforts to acquire a business park lot for a new dog pound. He mentioned that the lot would have plenty of space for a solar installation; however, for a solar installation of 21 kw it could just be put near the public works garage.

The Commission discussed the possibility of a rate study. Administrator Roth presented that he had requests for proposals out to multiple firms and he hopes to have options for the April meeting.

Commissioner Wilkes and Shane Steele updated the Commission about the Carolyn Foundation grant and how CCLEP is planning on utilizing that money.

The Commission discussed the upcoming special meeting with SMMPA representatives scheduled for March 19, 2020 from 3:00 to 4:30.

Commissioner Possis tells the Commission about upcoming energy efficiency workshops on March 24<sup>th</sup> and 25<sup>th</sup>.

Administrator Roth updates the Commission on the recent water main break on 8<sup>th</sup> Ave W.

There being no further business, the meeting adjourned at 3:51 p.m.



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## Payments

City of Grand Marais

Current Period: March 2020

Payments Batch 3-12-20 AP \$198,335.34

|                  |                 |                                       |                 |           |              |            |  |
|------------------|-----------------|---------------------------------------|-----------------|-----------|--------------|------------|--|
| Refer            | 79544           | <u>PUBLIC UTILITIES COMMISSION1</u>   | Ck# 004857E     | 3/4/2020  |              |            |  |
| Cash Payment     | E 602-49451-380 | Utility Services (GENER               | 2020            |           |              | \$1,071.70 |  |
| Invoice          | MARCH 2020      | 3/1/2020                              |                 |           |              |            |  |
| Cash Payment     | E 602-49480-380 | Utility Services (GENER               | 2020            |           |              | \$3,126.71 |  |
| Invoice          | MARCH 2020      | 3/1/2020                              |                 |           |              |            |  |
| Cash Payment     | E 601-49420-380 | Utility Services (GENER               | 2020            |           |              | \$2,423.87 |  |
| Invoice          | MARCH 2020      | 3/1/2020                              |                 |           |              |            |  |
| Cash Payment     | E 604-49551-380 | Utility Services (GENER               | 2020            |           |              | \$33.04    |  |
| Invoice          | MARCH 2020      | 3/1/2020                              |                 |           |              |            |  |
| Transaction Date | 3/3/2020        | Due 3/3/2020                          | MAIN CHECKING G | 10100     | <b>Total</b> | \$6,655.32 |  |
| Refer            | 79545           | <u>PSN</u>                            | Ck# 004858E     | 3/2/2020  |              |            |  |
| Cash Payment     | E 604-49590-432 | Credit Card Charges                   | 2020            |           |              | \$445.94   |  |
| Invoice          | 212525          | 3/2/2020                              |                 |           |              |            |  |
| Cash Payment     | E 601-49440-432 | Credit Card Charges                   | 2020            |           |              | \$125.42   |  |
| Invoice          | 212525          | 3/2/2020                              |                 |           |              |            |  |
| Cash Payment     | E 602-49490-432 | Credit Card Charges                   | 2020            |           |              | \$125.42   |  |
| Invoice          | 212525          | 3/2/2020                              |                 |           |              |            |  |
| Transaction Date | 3/3/2020        | Due 3/3/2020                          | MAIN CHECKING G | 10100     | <b>Total</b> | \$696.78   |  |
| Refer            | 79547           | <u>ARROWHEAD COOPERATIVE</u>          | Ck# 004859E     | 3/20/2020 |              |            |  |
| Cash Payment     | E 602-49490-321 | Telephone                             | 2020            |           |              | \$126.88   |  |
| Invoice          | 2121            | 3/1/2020                              |                 |           |              |            |  |
| Cash Payment     | E 604-49590-321 | Telephone                             | 2020            |           |              | \$188.96   |  |
| Invoice          | 2244            | 3/1/2020                              |                 |           |              |            |  |
| Transaction Date | 3/4/2020        | Due 3/4/2020                          | MAIN CHECKING G | 10100     | <b>Total</b> | \$315.84   |  |
| Refer            | 79549           | <u>METERING &amp; TECHNOLOGY SOLU</u> |                 |           |              |            |  |
| Cash Payment     | E 601-49430-220 | Repair/Maint Supply (GE               | 2020            |           |              | \$742.92   |  |
| Invoice          | 16467           | 2/27/2020                             |                 |           |              |            |  |
| Transaction Date | 3/4/2020        | Due 3/4/2020                          | MAIN CHECKING G | 10100     | <b>Total</b> | \$742.92   |  |
| Refer            | 79550           | <u>UTILITY CONSULTANTS, INC</u>       |                 |           |              |            |  |
| Cash Payment     | E 602-49480-300 | Professional Srvs (GENE               | 2020            |           |              | \$446.55   |  |
| Invoice          | 104378          | 2/26/2020                             |                 |           |              |            |  |
| Transaction Date | 3/4/2020        | Due 3/4/2020                          | MAIN CHECKING G | 10100     | <b>Total</b> | \$446.55   |  |
| Refer            | 79551           | <u>HACH COMPANY</u>                   |                 |           |              |            |  |
| Cash Payment     | E 602-49480-210 | Operating Supplies (GEN               | 2020            |           |              | \$134.00   |  |
| Invoice          | 11856243        | 2/26/2020                             |                 |           |              |            |  |
| Cash Payment     | E 601-49420-210 | Operating Supplies (GEN               | 2020            |           |              | \$488.24   |  |
| Invoice          | 11852758        | 2/25/2020                             |                 |           |              |            |  |
| Transaction Date | 3/4/2020        | Due 3/4/2020                          | MAIN CHECKING G | 10100     | <b>Total</b> | \$622.24   |  |
| Refer            | 79553           | <u>GRAND MARAIS AUTO PARTS, INC</u>   |                 |           |              |            |  |
| Cash Payment     | E 604-49570-210 | Operating Supplies (GEN               | 2020            |           |              | \$199.86   |  |
| Invoice          | 2088            | 2/22/2020                             |                 |           |              |            |  |
| Transaction Date | 3/4/2020        | Due 3/4/2020                          | MAIN CHECKING G | 10100     | <b>Total</b> | \$199.86   |  |
| Refer            | 79554           | <u>NORTH SHORE WASTE</u>              |                 |           |              |            |  |
| Cash Payment     | E 602-49480-384 | Refuse/Garbage Dispos                 | 2020            |           |              | \$92.43    |  |
| Invoice          | 71224           | 2/29/2020                             |                 |           |              |            |  |



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## Payments

City of Grand Marais

Current Period: March 2020

|                  |  |              |                       |              |                   |
|------------------|--|--------------|-----------------------|--------------|-------------------|
| Transaction Date | 3/4/2020                                     | Due 3/4/2020 | MAIN CHECKING G 10100 | <b>Total</b> | <b>\$92.43</b>    |
| Refer            | 79559 <i>US BANK</i>                         |              | -                     |              |                   |
| Cash Payment     | E 601-47027-611 Bond Interest                | 2020         |                       |              | \$718.00          |
| Invoice          | LOAN PAY 147 2/20/2020                       |              |                       |              |                   |
| Cash Payment     | E 601-47027-620 Fiscal Agent s Fees          | 2020         |                       |              | \$188.38          |
| Invoice          | LOAN PAY 147 2/20/2020                       |              |                       |              |                   |
| Transaction Date | 3/4/2020                                     | Due 3/4/2020 | MAIN CHECKING G 10100 | <b>Total</b> | <b>\$906.38</b>   |
| Refer            | 79560 <i>AMAZON CAPITAL SERVICES</i>         |              | -                     |              |                   |
| Cash Payment     | E 604-49551-210 Operating Supplies (GEN 2020 |              |                       |              | \$44.97           |
| Invoice          | 1491-1W6R-3V6J 2/20/2020                     |              |                       |              |                   |
| Transaction Date | 3/4/2020                                     | Due 3/4/2020 | MAIN CHECKING G 10100 | <b>Total</b> | <b>\$44.97</b>    |
| Refer            | 79562 <i>GEORGE WILKES</i>                   |              | -                     |              |                   |
| Cash Payment     | E 604-49590-330 Transportation/School        | NORTH BRANCH |                       |              | \$262.20          |
| Invoice          | SMPMA MEET 2/17/2020                         |              |                       |              |                   |
| Transaction Date | 3/4/2020                                     | Due 3/4/2020 | MAIN CHECKING G 10100 | <b>Total</b> | <b>\$262.20</b>   |
| Refer            | 79564 <i>BLOOMQUIST, LEN</i>                 |              | -                     |              |                   |
| Cash Payment     | E 604-49570-212 Motor Fuels                  | 2020         |                       |              | \$64.91           |
| Invoice          | DIGGER FUEL 2/20/2020                        |              |                       |              |                   |
| Transaction Date | 3/4/2020                                     | Due 3/4/2020 | MAIN CHECKING G 10100 | <b>Total</b> | <b>\$64.91</b>    |
| Refer            | 79567 <i>EATON</i>                           |              | -                     |              |                   |
| Cash Payment     | E 604-49570-227 Utility Maint Supplies       | 2020         |                       |              | \$1,522.17        |
| Invoice          | 939027823 2/18/2020                          |              |                       |              |                   |
| Cash Payment     | E 604-49570-227 Utility Maint Supplies       | 2020         |                       |              | \$5,266.24        |
| Invoice          | 939040192 2/19/2020                          |              |                       |              |                   |
| Cash Payment     | E 604-49570-227 Utility Maint Supplies       | 2020         |                       |              | \$438.85          |
| Invoice          | 939040178 2/19/2020                          |              |                       |              |                   |
| Transaction Date | 3/4/2020                                     | Due 3/4/2020 | MAIN CHECKING G 10100 | <b>Total</b> | <b>\$7,227.26</b> |
| Refer            | 79569 <i>NEON LINK</i>                       |              | -                     |              |                   |
| Cash Payment     | E 604-49590-310 Service Agreements           | 2020         |                       |              | \$418.00          |
| Invoice          | 1785 2/8/2020                                |              |                       |              |                   |
| Cash Payment     | E 601-49440-310 Service Agreements           | 2020         |                       |              | \$117.57          |
| Invoice          | 1785 2/8/2020                                |              |                       |              |                   |
| Cash Payment     | E 602-49490-310 Service Agreements           | 2020         |                       |              | \$117.57          |
| Invoice          | 1785 2/8/2020                                |              |                       |              |                   |
| Cash Payment     | E 604-49590-310 Service Agreements           | 2019         |                       |              | \$420.17          |
| Invoice          | 1765 1/29/2020                               |              |                       |              |                   |
| Cash Payment     | E 601-49440-310 Service Agreements           | 2019         |                       |              | \$118.18          |
| Invoice          | 1765 1/29/2020                               |              |                       |              |                   |
| Cash Payment     | E 602-49490-310 Service Agreements           | 2019         |                       |              | \$118.18          |
| Invoice          | 1765 1/29/2020                               |              |                       |              |                   |
| Cash Payment     | E 604-49590-310 Service Agreements           | 2019         |                       |              | \$419.10          |
| Invoice          | 1766 1/29/2020                               |              |                       |              |                   |
| Cash Payment     | E 601-49440-310 Service Agreements           | 2019         |                       |              | \$117.87          |
| Invoice          | 1766 1/29/2020                               |              |                       |              |                   |
| Cash Payment     | E 602-49490-310 Service Agreements           | 2019         |                       |              | \$117.87          |
| Invoice          | 1766 1/29/2020                               |              |                       |              |                   |
| Transaction Date | 3/4/2020                                     | Due 3/4/2020 | MAIN CHECKING G 10100 | <b>Total</b> | <b>\$1,964.51</b> |



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Payments

Current Period: March 2020

|                  |                 |                          |                 |       |  |  |              |              |
|------------------|-----------------|--------------------------|-----------------|-------|--|--|--------------|--------------|
| Refer            | 79582           | COOK COUNTY HOME CENTER  | -               |       |  |  |              |              |
| Cash Payment     | E 601-49430-240 | Small Tools and Minor E  | 2020            |       |  |  |              | \$30.60      |
| Invoice          | 1160            | 2/29/2020                |                 |       |  |  |              |              |
| Transaction Date | 3/5/2020        | Due 3/5/2020             | MAIN CHECKING G | 10100 |  |  | <b>Total</b> | \$30.60      |
| Refer            | 79589           | MPCA-FISCAL SVC          | -               |       |  |  |              |              |
| Cash Payment     | E 602-49490-230 | State Fees               | 2020            |       |  |  |              | \$1,450.00   |
| Invoice          | 10000093045     | 2/28/2020                |                 |       |  |  |              |              |
| Transaction Date | 3/5/2020        | Due 3/5/2020             | MAIN CHECKING G | 10100 |  |  | <b>Total</b> | \$1,450.00   |
| Refer            | 79591           | MN DEPT OF COMMERCE      | -               |       |  |  |              |              |
| Cash Payment     | E 604-49590-390 | Conservation Improve     | 2020            |       |  |  |              | \$519.00     |
| Invoice          | 1000044049      | 3/2/2020                 |                 |       |  |  |              |              |
| Transaction Date | 3/5/2020        | Due 3/5/2020             | MAIN CHECKING G | 10100 |  |  | <b>Total</b> | \$519.00     |
| Refer            | 79608           | ROTH, MIKE               | -               |       |  |  |              |              |
| Cash Payment     | E 604-49590-330 | Transportation/School    | OWATONNA        |       |  |  |              | \$413.71     |
| Invoice          | SMPA MEET       | 3/12/2020                |                 |       |  |  |              |              |
| Transaction Date | 3/12/2020       | Due 3/12/2020            | MAIN CHECKING G | 10100 |  |  | <b>Total</b> | \$413.71     |
| Refer            | 79614           | GREG LYKINS              | -               |       |  |  |              |              |
| Cash Payment     | E 601-49440-330 | Transportation/School    | ST CLOUD        |       |  |  |              | \$353.72     |
| Invoice          | SCHOOL          | 3/11/2020                |                 |       |  |  |              |              |
| Transaction Date | 3/12/2020       | Due 3/12/2020            | MAIN CHECKING G | 10100 |  |  | <b>Total</b> | \$353.72     |
| Refer            | 79615           | BUCK S HARDWARE HANK     | -               |       |  |  |              |              |
| Cash Payment     | E 604-49570-210 | Operating Supplies (GEN  | 2020            |       |  |  |              | \$201.17     |
| Invoice          | 2088            | 2/29/2020                |                 |       |  |  |              |              |
| Cash Payment     | E 601-49420-430 | Miscellaneous (GENERA    | 2020            |       |  |  |              | \$57.10      |
| Invoice          | 1160            | 2/29/2020                |                 |       |  |  |              |              |
| Cash Payment     | E 602-49480-401 | Repairs/Maint Buildings  | 2020            |       |  |  |              | \$5.29       |
| Invoice          | 1160            | 2/29/2020                |                 |       |  |  |              |              |
| Transaction Date | 3/12/2020       | Due 3/12/2020            | MAIN CHECKING G | 10100 |  |  | <b>Total</b> | \$263.56     |
| Refer            | 79619           | MN DEPT OF REVENUE-EFTPS | -               |       |  |  |              |              |
| Cash Payment     | G 601-20800     | Taxes Due (State MN)     |                 |       |  |  |              | \$817.00     |
| Invoice          | 1-815-919-136   | 3/5/2020                 |                 |       |  |  |              |              |
| Cash Payment     | G 604-20800     | Taxes Due (State MN)     |                 |       |  |  |              | \$13,690.00  |
| Invoice          | 1-815-919-136   | 3/5/2020                 |                 |       |  |  |              |              |
| Transaction Date | 3/12/2020       | Due 3/12/2020            | MAIN CHECKING G | 10100 |  |  | <b>Total</b> | \$14,507.00  |
| Refer            | 79620           | STUART C IRBY CO         | -               |       |  |  |              |              |
| Cash Payment     | E 604-49570-210 | Operating Supplies (GEN  | 2020            |       |  |  |              | \$71.92      |
| Invoice          | S011777322.001  | 3/6/2020                 |                 |       |  |  |              |              |
| Cash Payment     | E 604-49570-210 | Operating Supplies (GEN  | 2020            |       |  |  |              | \$88.00      |
| Invoice          | S011777177.001  | 3/9/2020                 |                 |       |  |  |              |              |
| Transaction Date | 3/12/2020       | Due 3/12/2020            | MAIN CHECKING G | 10100 |  |  | <b>Total</b> | \$159.92     |
| Refer            | 79622           | SMPA                     | -               |       |  |  |              |              |
| Cash Payment     | E 604-49560-388 | Purchase Power           |                 |       |  |  |              | \$160,005.00 |
| Invoice          | FEB 2020        | 3/1/2020                 |                 |       |  |  |              |              |
| Transaction Date | 3/12/2020       | Due 3/12/2020            | MAIN CHECKING G | 10100 |  |  | <b>Total</b> | \$160,005.00 |
| Refer            | 79623           | ZIEGLER INC.             | -               |       |  |  |              |              |





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## Payments

City of Grand Marais

Current Period: March 2020

Payments Batch 3-26-20 AP \$343,662.73

|                  |                 |                              |                 |                    |  |              |              |
|------------------|-----------------|------------------------------|-----------------|--------------------|--|--------------|--------------|
| Refer            | 79627           | CANNON TECHNOLOGIES          | -               |                    |  |              |              |
| Cash Payment     | E 604-49570-227 | Utility Maint Supplies       | 35              | 430-ELA309SC351510 |  | \$15,359.88  |              |
| Invoice          | 939253210       | 3/13/2020                    |                 |                    |  |              |              |
| Transaction Date | 3/19/2020       | Due 3/19/2020                | MAIN CHECKING G | 10100              |  | <b>Total</b> | \$15,359.88  |
| Refer            | 79645           | US BANK                      | -               |                    |  |              |              |
| Cash Payment     | E 601-47027-611 | Bond Interest                |                 |                    |  | \$718.00     |              |
| Invoice          | 148             | 3/18/2020                    |                 |                    |  |              |              |
| Cash Payment     | E 601-47027-620 | Fiscal Agent s Fees          |                 |                    |  | \$184.40     |              |
| Invoice          | 148             | 3/18/2020                    |                 |                    |  |              |              |
| Transaction Date | 3/19/2020       | Due 3/19/2020                | MAIN CHECKING G | 10100              |  | <b>Total</b> | \$902.40     |
| Refer            | 79646           | HAWKINS, INC.                | -               |                    |  |              |              |
| Cash Payment     | E 601-49420-218 | Operating Supplies- Che      |                 |                    |  | \$642.44     |              |
| Invoice          | 4675394         | 3/5/2020                     |                 |                    |  |              |              |
| Transaction Date | 3/19/2020       | Due 3/19/2020                | MAIN CHECKING G | 10100              |  | <b>Total</b> | \$642.44     |
| Refer            | 79650           | EHLERS                       | -               |                    |  |              |              |
| Cash Payment     | E 604-47030-620 | Fiscal Agent s Fees          |                 |                    |  | \$475.00     |              |
| Invoice          | 56246           | 3/16/2020                    |                 |                    |  |              |              |
| Cash Payment     | E 604-47032-601 | Debt Srv Bond Principal      |                 |                    |  | \$110,000.00 |              |
| Invoice          | 56110           | 3/16/2020                    |                 |                    |  |              |              |
| Cash Payment     | E 604-47032-611 | Bond Interest                |                 |                    |  | \$10,500.00  |              |
| Invoice          | 56110           | 3/16/2020                    |                 |                    |  |              |              |
| Cash Payment     | E 604-47030-601 | Debt Srv Bond Principal      |                 |                    |  | \$180,000.00 |              |
| Invoice          | 56109           | 3/16/2020                    |                 |                    |  |              |              |
| Cash Payment     | E 604-47030-611 | Bond Interest                |                 |                    |  | \$8,918.75   |              |
| Invoice          | 56109           | 3/16/2020                    |                 |                    |  |              |              |
| Transaction Date | 3/19/2020       | Due 3/19/2020                | MAIN CHECKING G | 10100              |  | <b>Total</b> | \$309,893.75 |
| Refer            | 79651           | GRANITE ELECTRIC, LLC        | -               |                    |  |              |              |
| Cash Payment     | E 604-49570-210 | Operating Supplies (GEN      |                 |                    |  | \$37.50      |              |
| Invoice          | 2020.855        | 3/9/2020                     |                 |                    |  |              |              |
| Transaction Date | 3/19/2020       | Due 3/19/2020                | MAIN CHECKING G | 10100              |  | <b>Total</b> | \$37.50      |
| Refer            | 79655           | GRAND MARAIS AUTO PARTS, INC | -               |                    |  |              |              |
| Cash Payment     | E 604-49570-210 | Operating Supplies (GEN      |                 |                    |  | \$199.86     |              |
| Invoice          | 2088            | 2/22/2020                    |                 |                    |  |              |              |
| Transaction Date | 3/19/2020       | Due 3/19/2020                | MAIN CHECKING G | 10100              |  | <b>Total</b> | \$199.86     |
| Refer            | 79656           | MN DEPT OF REVENUE-EFTPS     | -               |                    |  |              |              |
| Cash Payment     | G 601-20800     | Taxes Due (State MN)         |                 |                    |  | \$817.00     |              |
| Invoice          | 1-815-919-136   | 3/5/2020                     |                 |                    |  |              |              |
| Cash Payment     | G 604-20800     | Taxes Due (State MN)         |                 |                    |  | \$13,690.00  |              |
| Invoice          | 1-815-919-136   | 3/5/2020                     |                 |                    |  |              |              |
| Transaction Date | 3/19/2020       | Due 3/19/2020                | MAIN CHECKING G | 10100              |  | <b>Total</b> | \$14,507.00  |
| Refer            | 79657           | WATER CONSERVATION SERVICE   | -               |                    |  |              |              |
| Cash Payment     | E 601-49420-300 | Professional Srvs (GENE      |                 |                    |  | \$2,119.90   |              |
| Invoice          | 10300           | 3/17/2020                    |                 |                    |  |              |              |
| Transaction Date | 3/19/2020       | Due 3/19/2020                | MAIN CHECKING G | 10100              |  | <b>Total</b> | \$2,119.90   |



Payments

City of Grand Marais

Current Period: March 2020

Fund Summary

|                           |                          |              |
|---------------------------|--------------------------|--------------|
|                           | 10100 MAIN CHECKING GMSB |              |
| 101 GENERAL FUND          |                          | \$10,081.98  |
| 211 LIBRARY               |                          | \$40.00      |
| 601 WATER                 |                          | \$4,481.74   |
| 604 ELECTRIC              |                          | \$339,180.99 |
| 609 MUNICIPAL LIQUOR FUND |                          | \$45,632.54  |
|                           |                          | <hr/>        |
|                           |                          | \$399,417.25 |

|  |                    |
|--|--------------------|
| Pre-Written Checks                     | \$0.00             |
| Checks to be Generated by the Computer | \$343,662.73       |
| Total                                  | <hr/> \$343,662.73 |

Payments Batch 3-27-20 APP \$275.00

Refer 79666 FURTHER Ck# 004877E 3/24/2020

Cash Payment E 602-49480-131 Employer Paid Health \$275.00

Invoice 39365525 3/24/2020

|                  |           |               |                 |       |              |                |
|------------------|-----------|---------------|-----------------|-------|--------------|----------------|
| Transaction Date | 3/24/2020 | Due 3/24/2020 | MAIN CHECKING G | 10100 | <b>Total</b> | <hr/> \$275.00 |
|------------------|-----------|---------------|-----------------|-------|--------------|----------------|

Fund Summary

|                  |                          |             |
|------------------|--------------------------|-------------|
|                  | 10100 MAIN CHECKING GMSB |             |
| 101 GENERAL FUND |                          | \$49,988.54 |
| 602 SEWER        |                          | \$275.00    |
|                  |                          | <hr/>       |
|                  |                          | \$50,263.54 |

|  |                |
|--|----------------|
| Pre-Written Checks                     | \$275.00       |
| Checks to be Generated by the Computer | \$0.00         |
| Total                                  | <hr/> \$275.00 |



March 28, 2020

**Mr. Mike Roth**

City Administrator  
City of Grand Marais  
15 North Broadway  
Grand Marais, MN 55064

**Subject: Electric Rates**

Dear Mike:

It was a pleasure to speak with you last week and chat about the electric rates in Grand Marais. Based on our discussions, I believe I can help you folks examine the rates you charge your citizens for electric service. Attached to this letter is a summary of my rate experience. There were several rate issues we discussed which warrant examination, they include:

- The relative financial health of the electric utility
- Funding of upcoming capital improvements, particularly potential system rebuild
- Potential retail demand and energy rates for larger customers
- Rate design issues in support of Grand Marais Climate Action Plan
- Rate applications to support demand side management (DSM) options

I understand that for a utility your size, it is important to provide services like rate analysis at a reasonable cost. I have developed an approach specifically for Grand Marais to examine your rates and give you recommendations for rate revisions. The scope of services and proposed compensation are also attached to this letter. My proposed scope specifically includes:

- Issuing you a data request for information required
- Traveling to Grand Marais and spending a day in your offices to review data and begin analyses
- Preparing a 5-year projection for the electric utility with an emphasis on funding capital improvements and maintaining reserve fund levels
- Performing a cost-of-service analysis
- Specifically addressing demand rates for larger customers
- Expanded rate options utilizing new AMI system
- Provide rate recommendations in support of Grand Marais goals, including:
  - Electric vehicle charging and incentives
  - Incentivize hot water and space heating system electrification
  - Solar generation expansion
- Providing a draft report outlining work performed and rate-related recommendations

***Dedicated to providing personal service to consumer-owned utilities***

Dave Berg Consulting, LLC | 15213 Danbury Ave W, Rosemount, MN 55068 | 612-850-2305

[www.davebergconsulting.com](http://www.davebergconsulting.com)

- Discussing draft report with staff and finalizing report based on discussions
- Attending Public Utilities Commission meeting to explain analyses and recommendations

If you would like to proceed with this study, I can be available to perform the work whenever you are ready. I look forward to the prospect of working with you. If you have any questions, let me know.

Sincerely,

**Dave Berg Consulting, LLC**

A handwritten signature in black ink, appearing to read "David A. Berg". The signature is written in a cursive style with a long, sweeping underline.

**David A. Berg, PE**  
**Principal**

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## **Scope of Services:**

### **Task 1- Data Request**

Upon receiving notice to proceed, a written data request will be submitted to Grand Marais detailing the data required for the study. The data is necessary to facilitate an in-depth understanding of the relationship between Grand Marais' expenses, revenues and sales to retail customers.

### **Task 2 – Kickoff Meeting/Data Review**

Once Grand Marais staff has compiled the information requested as part of Task 1, I will travel to Grand Marais' offices to meet with staff to review goals for the study and the data compiled. I will plan to spend most of a day in Grand Marais' offices as part of this task. During this meeting I will conduct a comprehensive study of the data provided.

### **Task 3 – Financial Forecast – Existing Rates**

Based on projected sales to retail customers and estimated utility revenue requirements, a 5-year forecast (the Study Period) of Grand Marais' electric operating results will be prepared. Revenues for this forecast will be based on Grand Marais' existing retail rates. This forecast will also include funding for expected capital improvements during the Study Period and an analysis of the resulting impact on Grand Marais' reserve fund levels. The results of this task provide an important indication of the overall fiscal health of the utility and the need, if any, for additional revenues.

### **Task 4 – Cost of Service Analysis**

The results of Task 3 give an indication of overall revenue needs for the electric utility. The cost-of-service analysis is utilized to determine how the revenues should be collected from different classes of customers as well as through different components of the rates within each class. To facilitate the cost-of-service analysis, a 'test year' revenue requirement is established. The test year financial and operating statistics provide the basis for determining the relationship between sales and expenses for the utility. The test year revenue requirements are first functionalized by their operational category such as wholesale power, transmission, distribution

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and customer service. Within each function, the revenue requirements are then classified as demand, energy, customer, revenue-related or direct assignment. Based on the classified costs within each function, the revenue requirements are allocated to each of the customer classes. Specifically designed allocators appropriate to each cost classification are utilized to allocate costs. Based on this analysis, the allocated cost to serve each customer class is determined. The allocated cost to serve each class is then compared to the revenues received from that class to determine if any class-specific revenue adjustments are warranted. Additionally, the cost-of-service study yields specific function/classified costs for each class which can be utilized in the design of individual rate components for each class of customers.

### **Task 5 – Interim Report**

An interim report will be prepared summarizing the analyses prepared to date. This interim report will be sent to Grand Marais staff for review and comment. The purpose of the interim report is to clearly demonstrate to Grand Marais the basis for moving forward with rate design.

### **Task 6 – Rate Design Discussion**

A telephone conference call will be conducted with Grand Marais staff to discuss specifics related to alternatives for consideration in the design of proposed retail rates.

### **Task 7 – Rate Design**

Based on the revenue needs of the utility, the results of the cost-of-service analysis and discussions with Grand Marais staff, proposed rates will be developed for each of the retail customer classes. The rates will be designed to meet the overall revenue goals of the utility as well as specific rate design goals of Grand Marais management. Specific items to be addressed in rate design will include any subsidies between classes of customers as determined by the cost-of-service analysis and the establishment of demand and energy charges for larger customers. It is recognized that Grand Marais has not had demand rates for larger customers in the past and is in the process of collecting monthly demand readings for its larger customers through its new AMI system. A plan will be developed for a potential multi-year roll-out of retail demand rates. Rate comparisons will be prepared to compare the class by class proposed rates to the existing rates. Other rate issues important to

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Grand Marais identified and discussed during the kickoff meeting will be addressed. These may include:

- The relative financial health of the electric utility
- Funding of upcoming capital improvements, particularly potential system
- Rate design issues in support of Grand Marais Climate Action Plan
- Rate applications to support demand side management (DSM) options
- Expanded rate options utilizing new AMI system
- Electric vehicle charging and incentives
- Incentivize hot water and space heating system electrification
- Solar generation expansion

### **Task 8 - Financial Forecast – Proposed Rates**

The financial forecast prepared as part of Task 3 will be revised to show the impact of the proposed rates on Grand Marais’ five-year Study Period. A primary focus of the analysis will be the resulting cash balances in Grand Marais’ reserve funds.

### **Task 9 – Preliminary Report**

The results of Tasks 6-8 will be added to the Interim Report prepared in Task 5 and submitted to Grand Marais for review as a preliminary report for the study.

### **Task 10 – Report Review**

A telephone conference call will be held with Grand Marais staff to discuss the preliminary report with a focus on any areas requiring additional explanation or areas of the study requiring additional analysis.

### **Task 11 – Final Report**

Based on the discussions in Task 10, the preliminary report will be finalized and both electronic and hard copies of the report will be provided to Grand Marais.

### **Task 12 – Report Presentation**

A presentation will be prepared and delivered at a Grand Marais Public Utilities Commission meeting to explain the conduct of the study and resulting rate recommendations as well as to answer any questions.

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## **Meetings**

The scope includes one meeting as part of task 2 and one meeting as part of task 12.

## **Fee for Services:**

Consultant will perform the scope of services outlined above for a fixed fee of \$10,000 plus actual applicable expenses. Applicable expenses would be for mileage, meals, lodging, copying services and shipping. Expenses are estimated to be \$600. Consultant will bill Grand Marais for the \$10,000 fixed fee in two installments: 1) \$6,000 following the submittal of the interim report in Task 5; and 2) \$4,000 following the report presentations in Task 12 or completion of the study. Itemized expenses will be added to each applicable fixed fee invoice.

## **Schedule:**

The study is anticipated to take 12 weeks to complete from notice to proceed.

# **Qualifications and Experience**

## **Personnel**

Dave Berg Consulting, LLC is a single person entity that specializes in financial services to municipal utilities such as Grand Marais, especially rate related services. Dave would serve as project manager and rates analyst for this assignment. This approach ensures that Dave's experience and judgment will be applied to every phase of the study. At no time will any tasks be delegated to an inexperienced junior analyst. Dave formed Dave Berg Consulting in late 2012 after spending 28 years working for large consulting firms, the last 25 with R.W. Beck/SAIC located in the Minneapolis/St. Paul metro area. Dave has Bachelor's and Master's degrees in Electrical Engineering from North Dakota State University.

## **Experience**

Dave has more than 35 years of experience providing professional consulting services to utilities. These services have required a combination of technical and economic expertise to assist clients with important decisions affecting the operational and financial health of their utilities. Over the course of his career he has managed projects including retail and wholesale utility cost-of-service and rate design, power generation feasibility studies, power supply planning analyses, energy supply contract negotiations, consulting engineer reports in support of bond financings and utility education courses.

## **Retail Cost of Service and Rate Design**

Dave has directed retail cost-of-service and rate design studies for over 90 separate utilities, including multiple studies for many utility clients. These studies have been performed for electric, natural gas, water, wastewater, steam and hot water and communications utilities. He has an in-depth understanding of the analysis of utility costs and the design of rates with the goals of meeting utility revenue requirements, managing customer expectations and delivering proper price signals to end users. His rate design experience ranges from relatively simple rates to more complex time-based rates for use with advanced metering systems. He has worked with many utility clients to assist them in managing difficult transitions from current rate structures (that may have been established years ago) to updated rates that more properly reflect current utility costs. His client base has been predominately public power utilities ranging in size from a few hundred customers to more than one million customers.

In recent years, a focus of electric rate studies performed by Dave has been on emerging utility issues such as distributed generation, time-of-use and other specialized rates, storage, electric vehicles, conservation and advanced metering considerations.

Since 2004 he has been an instructor for an in-depth electric cost-of-service and rate design course that has been taught throughout the U.S. This course has been attended by U.S. and foreign based utility staff including investor and consumer owned utilities, state utility commissions, independent power producers, attorneys and other industry professionals. More than 1000 utility professionals have attended his training courses. He has also provided in-house training to both utility and state commission staff. In-house training sessions have been for entities such as the Iowa Utilities Board staff, California State PUC

staff, Utah State PUC staff, Texas State PUC staff, Hawaii PUC staff, Kauai Island Utility Cooperative staff, Caribbean Electric Utility Service Corporation members, Austin, TX utility staff, Southern Minnesota Municipal Power Agency members, Indiana Municipal Power Agency members, Duke Energy staff and New Brunswick Power staff.

He is a frequent speaker at various state and national conferences and has presented results of rate analyses to numerous city councils and public power boards and commissions. He has also testified in state PUC and court proceedings as an expert witness in rate related cases.

## Clients

Shown below is a representative list of clients that Dave has provided rate related services to during the last 30 years.

- Alameda, CA
- Alexandria, MN
- Ames, IA
- Anaheim, CA
- Anoka, MN
- Auburn, IN
- Austin, MN
- Austin, TX
- Bagley, MN
- Baudette, MN
- Brainerd, MN
- Brigham, UT
- Brownton, MN
- Bryan, TX
- Buhl, MN
- California Public Utilities Commission
- Cedar Falls, IA
- Del Rio, TX
- Denison, IA
- Detroit Lakes, MN
- Duluth, MN
- Elk River, MN
- Estherville, IA
- Eugene, OR
- Fairmont, MN
- Fosston, MN
- Grafton, ND
- Grand Rapids, MN
- Halstad, MN
- Hannibal, MO
- Harlan, IA
- Hawarden, IA
- Hawley, MN
- Hutchinson, MN
- Imperial Irrigation District, CA
- Indiana Municipal Power Agency
- Iowa Utilities Board
- Keewatin, MN
- Lake City, MN
- Lehi, UT
- Levan, UT
- Litchfield, MN
- Logan City, UT
- Los Angeles, CA
- Manti, UT
- Marshall, MN
- Missouri River Energy Services, SD
- Moorhead, MN
- Murray, UT
- Muscatine, IA
- Nephi, UT
- New Braunfels, TX
- New Brunswick Power
- New Hampshire Electric Cooperative
- New Ulm, MN
- North Branch, MN
- Ohio Gas Company
- Owatonna, MN
- Palo Alto, CA
- Park River, ND
- Payson, UT
- Pella, IA
- Princeton, MN
- Provo, UT
- Redwood Falls, MN
- Riverside, CA
- Rochester, MN
- Rock Rapids, IA
- Roseau, MN
- Salem, UT
- Santee Cooper, SC
- Shakopee, MN
- Sioux Center, IA
- Southern Minnesota Municipal Power Agency
- Spanish Fork, UT
- Springfield, MO
- Stanton Co. Public Power District, NE
- Stephen, MN
- Thief River Falls, MN
- TransGas Energy
- Utah Municipal Power Agency
- Vermont DPS
- Vinton, IA
- Volga, SD
- Wadena, MN
- Warren, MN
- Warroad, MN
- Watertown, SD
- Waukee, IA
- Waverly, IA
- West Bend, WI
- Willmar, MN