

The Owatonna Public Utilities Commission met in regular session in the training room at the Owatonna Fire Department. Present were Commissioners Cosens, Ihrke, Schreiner, Stansberry and Simon. Also present were General Manager Fritsch; City Administrator Busse; Director, Financial & Administrative Services Fondell; Director, Engineering, Electric & Meter Services Johnson; Director, Gas, Water & Generation Green; Manager, Energy Management & External Relations Warehime; Manager, HR, Safety, Risk & Loss Control Madson; Executive/HR Assistant Schmoll; and Accounting Teresa Hottman.

City Administrator Busse led the Pledge of Allegiance.

Minutes

The Minutes from the meeting of December 27, 2011 were presented to the Commission. Commissioner Schreiner moved to approve the Minutes as presented. Commissioner Simon seconded the motion. All Commissioners voting Aye, the motion passed.

Committee Reports

Finance Committee – Commissioner Cosens reported the Finance Committee met, reviewed and approved one work order for tools and a lift in the mechanic's shop in the amount of \$3,000 and Vouchers in the amount of \$4,634,518.88. The Committee was presented, and discussed, a 10 year history of uncollectible accounts. After discussion, they approved writing off 263 accounts in the amount of \$121,873.30 for which collection is doubtful at this time. Going forward accounts will be written off monthly.

Personnel Committee – Commissioner Schreiner reported the Committee did not meet.

City Administrator's Report

City Administrator Busse thanked General Manager Fritsch for discussing the power plant repurposing project with the City Council. She also reported the City will be filling two positions. One will be a human resources position and the other will be a community development specialist who will be involved in the community development and planning. Mrs. Busse further reported the City is working on development of a Technology Road Map which evaluates future needs, ensures equipment is up to date, and lays out a software plan for the future. Mrs. Busse concluded by reporting the City Council has a strategic planning session the end of March that General Manager Fritsch will be helping facilitate.

Needs Assessment, Repurposing Pre-Design and Campus Reconfiguration/Master Plan Approval

Director, Financial & Administrative Services Fondell reported she drafted language stating the Commission approves the Master Plan, acknowledges that it will change over time, and supports the implementation of the Plan. She noted a work order has been approved for the project and the next steps involve cleaning out the plant, getting rid of equipment by salvaging some or keeping some for our own uses, hazardous materials abatement and detailed design work. Commissioner Schreiner presented a resolution he drafted stating the Commission supports the project and the intent is to complete the project without having to

raise rates. Commissioner Cosens inquired if the whole management staff is on board with the project. Director, Financial & Administrative Services Fondell reported after a discussion at the staff meeting, management staff agrees it is not the perfect solution but is the right solution as opposed to abandoning the facility. After discussion, the resolution Commissioner Schreiner presented was proposed to the Commission, as it reads, for approval. Commissioner Schreiner moved to approve the Resolution giving Commission support to the Needs Assessment, Repurposing Pre-Design and Campus Reconfiguration/Master Plan with the intent of not raising rates to complete the project. Commissioner Ihrke seconded the motion. All Commissioners voting Aye, the motion passed.

Net & Gross Billing Policy

Director, Financial & Administrative Services Fondell recapped to the Commission the visit of a representative from Pearson during the last Commission meeting regarding the Net & Gross Billing policy. She noted after the visit, she researched the net and gross billing policies of other utilities throughout the country. Terms varied across the board, but there were not any other utilities that differentiated payment terms across customer classes. Staff recommends changing the Net and Gross Billing policy to make the industrial customer class Net 21 days like the commercial and residential customers. After discussion, Commissioner Schreiner moved to approve the Net and Gross Billing Policy as presented. Commissioner Stansberry seconded the motion. All Commissioners voting Aye, the motion passed.

Gas Transportation Rate Policy

Director, Financial & Administrative Services Fondell presented the Gas Transportation Rate Policy to the Commission. She noted the policy includes a rate decrease which coincides with the other gas rate policy decreases presented at the December meeting. Commissioner Simon moved to approve the policy as presented. Commissioner Schreiner seconded the motion. All Commissioners voting Aye, the motion passed.

Hydrant Connection Policy

Director, Financial & Administrative Services Fondell presented the Hydrant Connection Policy to the Commission. She noted, the policy proposes to meter 2.5" large hydrant connections to ensure OPU is recovering costs associated with the equipment and the installation/removal of the connections. Mrs. Fondell discussed other changes in the policy. After Commission discussion, Commissioner Stansberry moved to approve the policy as presented. Commissioner Ihrke seconded the motion. All Commissioners voting Aye, the motion passed.

Contributed Services

The Contributed Services report as of December 31, 2011 was presented to the Commission. The Commission signed the report.

General Manager/Staff Report

General Manager Fritsch reported to the Commission, OPU is working on finalizing a 3 - 5 year strategic plan which will include the power plant repurposing project. Mr. Fritsch further noted OPU has been contacted by a customer looking to locate a data center in Owatonna. They want to ensure they have back-up power in the event of a major catastrophe and have requested to have another utility provide that backup power. OPU is willing to work with the customer and come to an agreement including the understanding, in the event of a catastrophe, once OPU's services are restored OPU will once again become their main provider.

General Manager Fritsch updated the Commission on the last SMMPA meeting and the ongoing inspection of SHERCO 3 damage. The root cause is yet to be determined, however it is appearing there will be a minimal impact on the rates.

Director, Engineering, Electric & Meters Services Johnson updated the Commission on an outage affecting the downtown area.

Director, Gas, Water & Generation Green reminded the Commission of the upcoming Trade Ally Meeting.

Manager, Energy Management & External Relations Warehime noted OPU is helping a large customer in town with their energy savings measures as they bring several positions back to the Owatonna offices. Mr. Warehime informed the Commission OPU now has a social media presence on Facebook, Twitter and UTube.

Commission Roundtable

Commissioner Stansberry – How close are we to being back in the plant for our meetings. Mr. Johnson replied, very close, should be next month.

Commissioner Simon – Nothing.

Commissioner Schreiner – Nothing.

Commissioner Ihrke – Nothing.

Commissioner Cosens – Complimented Mr. Fritsch on his weekly updates to the Commission and Mrs. Fondell on her preparations for the Finance Committee meeting and the Commission meeting. Commissioner Cosens further complimented the efforts to keep the repurposing in the public eye.

Adjournment

There being no further business to come before the Commission, Commissioner Simon moved to adjourn the meeting. Commissioner Ihrke seconded the motion. All Commissioners voting Aye, the meeting adjourned at 4:52 p.m.

Respectfully submitted,

Tammy Schmoll
Executive/HR Assistant