

The Owatonna Public Utilities met in regular session via Microsoft Teams. Present were Commissioners Keilman, Kottke, Rossi and Johnson. Absent was Commissioner Doyal. Also present were General Manager Warehime; City Administrator Busse; Director, Finance & Administration Olson; Director, Engineering & Field Services Fenstermacher; Manager, Facilities & Gas/Water Operations Krogh; Manager, Electric Operations Deering; Manager, Human Resources Madson; Supervisor, Accounting Linders; Supervisor, Customer Care Van Esch; Supervisor, Meter Services Johnson; Executive, Communications & Administration Coordinator Schmoll; Key Accounts/Energy Conservation Officer Hendricks; and employees Roger Noble, Lori Jerpbak, Shanda Meier and Josh Prokopec. Other guests included Kevin Martin, John Raiford and RJ Thornbury from The Energy Authority; Mark Nibaur, General Manager Austin Utilities; Annie Granland, Owatonna Peoples Press; and customers Mike Brooks and Deb Flemming.

Vice President Keilman called the meeting to order and asked for approval of the agenda, including consent agenda items. The consent agenda items include the Minutes from the regular meeting of January 26, 2021, and the Contributed Services report as of January 31, 2021. Commissioner Johnson moved to approve the consent agenda as submitted. Commissioner Rossi seconded the motion. On roll-call, all Commissioners voting Aye, the motion passed.

Committee Reports

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

Finance Committee – Commissioner Kottke reported, the Finance Committee met, reviewed and approved disbursements totaling \$6,677,193.08. He further reported, two carry-over work orders were closed and came in right on budget. There are 53 work orders remaining open. Commissioner Rossi inquired about CDs and what the plan is when they come due. Director, Financial & Administration Olson replied, since May the money has been put into the Money Market because it was earning as much as you could get for CDs. Recently, we put a little into CDs, but got a very little interest rate.

City Administrator's Report

City Administrator Busse reported the strategic plan with the Council is complete. It will be refined to include more public engagement and a social media presence. She further reported things are moving ahead with the new high school and there will be a study session regarding transportation on March 16th. City Administrator Busse concluded by reporting the sewer rates have been reviewed and revised and a plan will be resubmitted for approval with a proposed implementation date of June 1.

Authorized Bank Signer Responsibility Change

Director, Finance and Administration Olson reported he needs to replace the previous CFO as an authorized signer on bank accounts related to OPU. He noted, currently, the General Manager is the only authorized one and there needs to be more than one. The statement to approve is: "The Owatonna Public Utilities Commission hereby authorizes, and approves, David Olson, acting in the roll of Director, Finance and Administration, to open or close banking and investment accounts and to transact banking business including signing checks or approving ACH or wire transfer of funds in the name of, and on the behalf of, the Owatonna Public Utilities." Commissioner Rossi moved to approve the statement. Commissioner Kottke seconded the motion. On roll-call, all Commissioners voting Aye, the motion passed.

Natural Gas Cost Recovery

General Manager Warehime stated, this will be a three-part presentation. The first part is to provide more information on what happened in the Market and the conditions we were dealing with. The second part is OPU's ability to pay for these high bills and the third part is how do we cover these costs from our customers without putting too much of a burden on them. General Manager Warehime introduced Kevin Martin and John Raiford from The Energy Authority (TEA). He noted, TEA is the company OPU uses to help do our gas trading, gas scheduling on the pipeline, they help us determine our hedge levels and they are not-for-profit. They are owned by larger municipal utilities and we consider them an extension of OPU because they work that closely with us. They give us a depth of talent and expertise we would not be able to have without them. Mr. Raiford and Mr. Martin discussed the incident that happened Presidents' Day Weekend related to the natural gas markets and what TEA did to help mitigate the impacts. Key points included unprecedented cold across the entire Midcontinent, natural gas supply curtailments and wellhead freeze-offs resulting in limited supply, and widespread power generation outages across all generation sources. What TEA did to help mitigate some of the impacts included securing natural gas prices before the market topped out, and they were able to sell some of the extra gas we didn't need due to conservation. Conservation efforts saved about \$120,000 per day.

General Manager Warehime presented a proposal for cost recover to the Commission. Key points included OPU's ability to pay, the recommended method of cost recover, customer impact, and other reasons for the recommended option. Mr. Warehime noted OPU will be looking to recover part of the cost in February through the Purchased Gas Adjustment and the rest will be recovered over a set monthly period based on the February consumption. After a lengthy discussion, the Commission agreed to spread the cost recovery attempts over 12 months. Commission Rossi made a motion to accept the recommended recovery proposal of recovering \$400,000 of the excess cost through the March PGA and recovering the remaining excess (approximately \$8.5 million) through a new billing mechanism which will allocate costs to customers based on their consumption billed in the month of February and will spread those costs over 12 months beginning in April 2021. Commissioner Kottke seconded the motion. On roll-call all Commissioners voting Aye, the motion passed.

Operations/Scorecard

There wasn't anything to discuss.

General Manager/Staff Report

We have a presentation from the Water Production Department. The Commission opted to defer this presentation to the next meeting.

Commission Roundtable

Commissioner Kottke shared his appreciation of the workers dedication and professionalism for having to work in such cold weather. He further thanked Roger and the whole team for all the information in regards to the natural gas event they have been getting. Commissioner Johnson echoed Commissioner Kottke and especially appreciated how easy the information is to understand.

Adjournment

There being no further business to come before the Commission, Commissioner Kottke moved to adjourn the meeting. Commissioner Johnson seconded the motion. All Commissioners voting Aye, the meeting adjourned at 5:48 p.m.

Respectfully submitted,

Tammy Schmoll
Executive, Communications & Administration Coordinator