

The Owatonna Public Utilities Commission met in regular session in the Morehouse Conference Room at the Owatonna Public Utilities. Present were Johnson, Zirngible, Kottke, Rossi and Doyal. Also present were General Manager Warehime; City Administrator Busse; Director, Finance & Administration Olson; Director, Engineering & Field Operations Fenstermacher; Director Information Technology & Metering Baum; Manager, Human Resources Madson; Manager, Facilities, Gas & Water Operations Prokopec; Supervisor, Accounting Linders; Executive, Communications & Administration Coordinator Schmoll; Key Accounts & Energy Conservation Officer Hendricks; Accountant Lori Jerpbak and Accounting Specialist Shanda Meier. Other guests included Jeff Elsted, Superintendent of Schools; Tom Olinger, Abdo (OPU's auditors); and Greg Vetter (new Commissioner).

President Johnson opened the meeting by leading the Pledge of Allegiance. He then asked for approval of the agenda and the consent agenda items. The consent agenda items included the minutes from the March 28, 2023 OPU Commission meeting and the contributed services report as of March 31, 2023. Commissioner Doyal moved to approve the agenda and consent agenda. Commissioner Rossi seconded the motion. All Commissioners voting Aye, the motion passed.

Committee Reports

Finance Committee – Commissioner Kottke reported the Finance Committee met, reviewed, and approved disbursements totaling \$11,677,073.62. The Committee reviewed work order status. There are four work orders closed year to date at 9.5% underbudget. There are still 66 open work orders budgeted at \$12 million. Past due aging is up slightly which is historically the trend in April when the Cold Weather Rule expires. The electric and water utilities are slightly better than month plan, however, the natural is slightly under. Gas prices are down, so less revenue is coming in. While this is good for customers, it reflects negatively in our financials. Mr. Kottke concluded by providing an update on investments and the rates of return on those.

Personnel Committee – Commissioner Rossi noted the Personnel Committee met and received a staffing update. He noted, Matthew Koch has been hired as the new gas/water engineering technician. There are currently four positions open of which active recruitment is ongoing. These positions are two Meter Serviceworkers, one Associate Engineer and one Engineering Project Coordinator. As of the date of the meeting, OPU had gone 101 days without an OSHA recordable.

City Administrator's Report

City Administrator Busse and School Superintendent Jeff Elsted distributed and discussed the 2022 annual report from the Owatonna Partners for Economic Development (OPED). After recapping the members, they recapped each section of the report. The sections discussed included new housing, workforce development, new industrial & commercial, major project development, and capital investments. It was noted the partnership of OPED does not exist in a lot of communities and serves as a huge asset for economic development, expansion of existing businesses and overcoming obstacles for new projects. Commissioner Kottke inquired, if the announcement of the new high school has taken a market jump in the number of inquiries of new businesses coming to Owatonna. Superintendent Elsted replied yes and in the number of families coming to town. Over the past year, 35-40 families are looking to relocate to Owatonna because of the new high school. He noted, just in one day they had 15 inquires. OHS' Career Pathways program is a large draw for families.

Audit Report

Director, Finance & Administration Olson introduced Tom Olinger from Abdo, OPU's auditors. Mr. Olinger presented to the Commission regarding the Auditor's opinion, any non-compliance issues, revenues and expenses, net position, cash flows from operations and cash balances from the electric, water and natural gas utilities. The audit returned an unmodified opinion or a clean audit with no instances of non-compliance. Commissioner Rossi inquired if Abdo audits other utilities. Mr. Olinger replied, yes, they have several utilities they audit and OPU is financially stable.

Customer, Donn Robinson, arrived at the meeting.

Customer Reimbursement Request

General Manager Warehime presented a recommendation to the Commission regarding a request from a customer for reimbursement of expenses incurred to move his water heater to make the water meter more accessible. Mr. Warehime's recommendation is to not honor the customer's request for reimbursement. After discussion, Commissioner Kottke moved to deny the request to reimburse expenses incurred. Commissioner Doyal seconded the motion. All Commissioners voting Aye, the motion passed.

General Manager/Staff Report

Director, Information Technology & Metering Baum presented to the Commission regarding the security camera project. Mr. Baum discussed the vision and timeline of the project. He compared the original scope with the updated scope, noting the first phase would focus on security of employees and commodity, specifically critical water infrastructure. Mr. Baum further noted existing hardware will be reused where possible for a cost savings. Commissioner Zirngible offered suggestions for things to keep in mind based on his experience at his company. Discussion ensued regarding signage, deterrent, replacement of the door access system versus upgrading the cameras, and supply chain issues. After discussion, Commissioner Kottke moved to allow a work order to be brought to the Finance Committee meeting for the cameras in 2023. Commissioner Rossi seconded the motion. All Commissioners voting Aye, the motion passed.

Director, Engineering & Field Operations Fenstermacher discussed and presented a grant proposal called the Midwest Coordinated Regional and Resilience Advancement. He noted the organizations involved in submitting this Federal grant are Minnesota Municipal Utilities Association, Minnesota Rural Electric Association, Minnesota Department of Commerce, Power System Engineering, Inc. and STAR Energy Services, LLC. Collectively there are 90 utilities joining forces for the potential to receive \$500 million for advancing the use of technology on the transmission, distribution, and combined system applications to:

- Harden regional and community power infrastructure
- Enhance grid resiliency for the Midwest region and its local communities
- Lower power costs by addressing transmission congestion and increasing grid operation efficiencies
- Make transformational changes to enable Minnesota's transition to a carbon free future with a high penetration of renewables and electric vehicles, and
- Engage, educate and include feedback from community groups in project implementation

Mr. Fenstermacher noted the first phase of the process is to ensure the Commission is interested in participating in the process to obtain the grant. If the grant is awarded, OPU's total project proposal is \$9.6 million over a 5-year period. OPU would be responsible for 50% of that. The first part of the project would consist of expanding the Hospital Circuit feeder and automating 17 switches in years one through four for a total of \$2.3 million. The second part of the project would include a full system automation consisting of

automating 93 switch points, beginning in year two, continuing through year 5 for a cost of \$6.1 million. A software called FLISR would be part of the purchase in in year one. The software allows for remote operation of switches resulting in getting more customers on faster in outage situations. It isolates the exact location of the outage which allows for more focused restoration efforts. Commissioners inquired if this replaces the AMI system. Mr. Fenstermacher ensured the Commission this does not replace the AMI system but enhances it. AMI tells us when the customers are out of power, this system helps with the restoration of the outage. Commissioner Rossi suggested adding a “cost per customer” to project presentations going forward. After discussion, the Commission gave Mr. Fenstermacher the permission to continue forward with the grant and proposed project and look forward to hearing more about the project once the project is ready to kick off.

General Manager Warehime thanked Commissioner Kottke for his 10 years of service on the Commission.

Commission Roundtable

The Commissioners thanked Mr. Kottke for his years on the Commission.

President’s Report

President Johnson thanked General Manager Warehime and Director, Information Technology & Meter Baum for the presentation on the cameras and security and noted that is exactly what he was looking for.

Audience Comments

Customer, Donn Robinson, attended the meeting to further discuss water issues at his residence.

Adjournment

There being no further business to come before the Commission, the meeting adjourned at 5:55 p.m.

Respectfully submitted,

Tammy Schmoll
Executive, Communications & Administration Coordinator