

The Owatonna Public Utilities Commission met in regular session via Microsoft Teams. Present were Commissioners Kottke, Doyal, Simon, Rossi and Keilman. Also present were General Manager Warehime; City Administrator Busse; Director, Engineering Johnson; Director, Finance & Administration Olson; Manager, Human Resources Madson; Manager, Electric Operations Deering; Executive, Communications & Administration Coordinator Schmoll; and Energy Conservation/Key Accounts Officer Hendricks. Also present was Mary Reedy, CliftonLarsonAllen LLP.

Minutes

The Minutes from the regular meeting of March 24, 2020 were presented to the Commission. Commissioner Doyal moved to approve the Minutes as presented. Commissioner Simon seconded the motion. On roll-call, Commissioners Kottke, Doyal, Simon and Rossi voted Aye. Commissioner Keilman abstained due to not being at the meeting. Motion passed.

Committee Reports

Finance Committee – Commissioners Doyal and Simon reported the Finance Committee met via MS Teams and approved Vouchers totaling \$6,408,297.53. The expenditures were higher than normal this month due to a payment made to the contractor working on the substation. They also approved one work order for the purchase of gas meters. The lead time in getting meters is almost a year, so therefore, we are ordering these now to have them on hand when the new projects begin in 2021. The work order was for \$135,000 which doubles the budget for this year.

Personnel Committee – Commissioner Rossi reported the Personnel Committee met and received a staffing update. We have several positions open at this time. They include two Apprentice Lineworkers; one Journeyman Lineworker; Meter Service Worker; Accounting Supervisor; Electric Engineering Technician and Director, Engineering & Field Operations. Commissioner Kottke inquired if applications were coming in for all positions. Manager, Human Resources Madson gave an update on that. She reported we will be getting a hold of a recruiter to try to get more applications for the Director, Engineering & Field Operations.

City Administrator's Report

City Administrator Busse reported City offices are closed although essential services continue to be provided including building inspections, police and fire, and wastewater. Park facilities are closed, although several playgrounds were reopened based on a clarification from the governor. The tennis center, west hills social commons and fitness centers remain closed. There is no Park and Rec programming through May. Decisions are being considered regarding opening the pool and if there should be any Park and Rec programming for the summer at all. Department heads have completed a revenue and expenses analysis trying to get a handle on revenue loss and possible expenditure reductions we can make this year. City Council approved a reduction in the liquor license piece. They will either get a refund or have that portion applied to next year. Street projects are underway.

Auditor's Report

Mary Reedy, CliftonLarsonAllen LLP, OPU's contracted auditors, reported no significant findings were noted and the audit was a clean report. Ms. Reedy reported OPU has strong operating income, overall stable results from operations and an increase in net position. Commissioner Rossi inquired if all utilities are given such a "rosy" report. Ms. Reedy replied, no there are several utilities where each department cannot operate on their own. Ms. Reedy concluded by noting everything was done electronically, so things took a little longer, but the Accounting department was very helpful.

The Commission thanked Ms. Reedy for her report and she left the meeting.

Contributed Services

Contributed Services dated March 31, 2020 were presented to the Commission. Commissioner Rossi moved to approve the Contributed Services, as presented. Commissioner Doyal seconded the motion. On a roll-call, all Commissioners voting Aye, the motion passed.

Operations/Scorecard

General Manager Warehime noted the cost savings/cost avoidance went up due to savings in project manager costs for the NiSC program, revenue from SMMPA in relation to economic development credits and an overcharge from Cintas, the company we get our flame-retardant clothing from.

General Manager/Staff Report

General Manager Warehime acknowledged Commissioner Simon for his 10 years on the Commission noting this is his last meeting. He thanked Mr. Simon for his great questions, and feedback over the years.

General Manager Warehime updated the Commission on how OPU is handling the COVID-19 pandemic. He noted there are three main areas we are looking at. First, is the health and safety of our employees. Second, health and safety of the community and our customers. And, third is the financial impact. Mr. Warehime shared and discussed an Accounts Receivable graph showing the aging history of accounts. He noted, we do expect some increases in this area due to OPU's decision to not perform disconnects during this time and people having difficulty paying. The good news is we are starting the year lower than normal, due to all the work our meter services and customer service areas did throughout the winter working with our customers to try to get those payments in. We haven't really seen the effect of COVID, yet. We will continue to monitor.

Mr. Warehime further noted, we have also seen 15-20% decreases in the electric consumption. We will see in April how that translates to revenues. Our decrease has been approximately the same amount of an increase we saw at the end of last year due to the new service territory. We will be analyzing how much of this is due to Bushel Boy and their seasonal transition.

Mr. Warehime noted, we are extending our COVID restrictions out to the end of May. We need to be diligent in keeping our employees safe. In the customer service area, the CSRs are moving from a transactional focus (collecting payments, etc.) to more of a consultative position with helping customers with the website and online payments.

Mr. Warehime closed by discussing the "Can't Stop Our Heart" virtual race that OPU was hosting on May 2nd. He noted, Jeri Blazek, one of our meter serviceworkers came up with the idea to help raise funds for the 2020 From the Heart recipients. To date, this event has raised over \$2,000 with 9 employees and approximately 23 outside people participating.

Commissioner Kottke expressed his appreciation for the customer service area's willingness to transition and expand their role in helping out customers and noted, there will probably be several people who have modified roles once this is lifted.

Director, Finance & Administration Olson noted we are running financial scenarios of "what ifs" with decreased revenues in all three utilities at different levels to see how that affects us at year end in regards to net income, reserve levels, etc. Even with a 10% reduction in sales, we are looking like we will still have a positive income at the end of year and reserve levels will remain above target levels.

Manager, Electric Operations Deering, reported on the progress at the substation. He noted the goal is to have it energized this week and to get some load on the new transformer. The project is very close to being completed.

Commission Roundtable

Commissioner Rossi thanked the employees and OPU for all they do as things could be much worse.

Commissioner Doyal thanked Commissioner Simon for his service, expressed his appreciation in all Mr. Simon has taught over the years and noted he will be missed.

Commissioner Simon stated 10 years has gone by fast. He noted there has been some great changes, good people, and we have a good thing here in Owatonna. I appreciate that meeting after meeting we see consistent results. People know what they are doing and they feel accountable for everything they have done. I would encourage the Commissioners to continue to watch out for the rate payer. The people at OPU will watch out for everything else, so we want to have great service and we want it at a fair price, not cheapest, but fair. We consistently see that on the rate comparison charts. We offer a great value and have very little problems when big disasters like tornados or floods come through. There have been some amazing things that have come out over the last 10 years and I'm happy to say I was a little part of keeping it going.

Commissioner Kottke echoed comments shared earlier and expressed his sincere appreciate of everything Mr. Simon brought to the Commission. He continued, Mr. Simon brought great insight with his background at Viracon and it allowed him to share a unique perspective. We truly appreciate the work put through and the questions raised. Mr. Simon will be missed on the Commission.

Commissioner Kottke noted City Administrator Busse reported the City departments had gone through a review of revenue and losses and how it might look for the rest of 2020. I know Mr. Olson reported OPU is looking at what a 10% loss of revenue would do, but have we considered anything on the expense side based on the fact that revenues may be going down. General Manager Warehime replied, yes, we have supervisors looking at and identifying items we can hold off on. Director, Finance and Administration Olson added, we are well below budget on our controllable costs and we are going into this in solid shape. We will continue to look for areas where we can cut.

Adjournment

There being no further business to come before the Commission, Commissioner Simon moved to adjourn the meeting. Commissioner Doyal seconded the motion. On roll call, all Commissioners voted Aye. The meeting adjourned at 4:49 p.m.

Respectfully submitted,

Tammy Schmoll,
Executive, Communications & Administration Coordinator