

The Owatonna Public Utilities Commission met in regular session in the Commission Room. Present were Commissioners Stansberry, Schreiner, Ihrke, Cosens and Simon. Also present were General Manager Shurts; City Administrator Busse; Director, Financial & Administrative Services Bruno; Director, Engineering, Electric & Meter Services Johnson; Director, Gas, Water & Power Production Green; Manager, Energy Management & External Relations Warehime; and Executive/HR Assistant Schmoll. Other guests included Kim Hillberg of LarsonAllen Inc. and Kent Myers of Vision Consulting.

Commissioner Simon led the Pledge of Allegiance.

Minutes

The Minutes from the regular meeting of April 27, 2010 were presented to the Commission. Commissioner Cosens moved to approve the Minutes as submitted. Commissioner Schreiner seconded the motion. All Commissioners voting Aye, the motion passed.

Election of Officers

President Stansberry asked for nominations for the office of President. Commissioner Ihrke made a motion to nominate Commissioner Schreiner for the office of President and a unanimous ballot be cast. Commissioner Cosens seconded the motion. All Commissioners voting Aye, the motion passed.

Commissioner Stansberry next asked for nominations for the office of Vice President. President Schreiner moved to nominate Commissioner Cosens for the office of Vice President and a unanimous ballot be cast. Commissioner Ihrke seconded the motion. All Commissioners voting Aye, the motion passed.

Commissioner Stansberry discussed committee appointments before turning the meeting over to the new President, Commissioner Schreiner. After discussion, President Schreiner and Commissioner Ihrke will comprise the Personnel Committee with Commissioner Ihrke serving as chair person. Commissioners Cosens, Stansberry and Simon will comprise the Finance Committee with Commissioner Cosens serving as chairperson. President Schreiner took over running the meeting.

Committee Reports

Personnel Committee – The Personnel Committee did not meet.

Finance Committee – Commissioner Cosens reported the Finance Committee met, reviewed and approved Vouchers totaling \$4,849,484.04. The committee also approved a work order for the rehabilitation of Well #1 in the amount of \$602,000.00.

City Administrator's Report

City Administrator Busse reported the city tried to get permission from the Legislature to extend the sales tax for various projects. The extension was denied. She also reported LGA cuts for this year will be \$471,000 which is better than anticipated but will still have an impact. The police chief is resigning and the search for a new one will begin in June. In the meantime, Eric Rethemeier will be interim police chief.

2009 Audit Report

Director, Financial & Administrative Services Bruno distributed copies of the Audit for the year ending 2009 to the Commission. Kim Hillberg, LarsonAllen Inc., presented an overview of the audit. She reported the financial statements were audited and the opinion is unqualified or in other words, a clean audit. Mrs. Hillberg recommended the Commission read the Management's Discussion and Analysis and then focused the Commission's attention on the findings of the Audit found on page 43 and 44. The two finds are common in other utilities. The first deals with internal control over financial reporting which is due to the fact OPU does not prepare their own audit report. The other deals with journal entries. Mrs. Hillberg reported the audit went very smooth and all the information needed was obtained.

Commissioner Cosens inquired as to OPU's comfort level with these findings. Director, Financial and Administrative Services Bruno reported these are small items that will probably always be there and therefore, we have no problem with them. Commissioner Schreiner inquired on how OPU compares with other utilities LarsonAllen works with. Mrs. Hillberg replied, in terms of preparation and accuracy of information, there were few journal entries which is a very good thing.

The Commission thanked Mrs. Hillberg for her report. She left the meeting.

Strategic Planning Presentation

Kent Myers of Vision Consulting gave a presentation to the Commission regarding OPU's strategic planning measures. Mr. Myers discussed his findings after interviewing not only the Commission, but each management team member, as well. He discussed internal strengths, weaknesses, external opportunities and challenges or threats. Mr. Myers also discussed where OPU is heading and what the next steps are in the Strategic Planning process. The Commission requested they continue to be kept informed of the progress. General Manager Shurts assured the Commission that once goals and actionable items had been identified, they would be informed. The Commission thanked Mr. Myers for his presentation. He left the meeting.

Contributed Services

The Contributed Services report as of April 30, 2010 was presented to the Commission. Commissioner Ihrke inquired about city street lighting. General Manager Shurts replied that is all the lighting for the City of Owatonna. The street lights are not metered and therefore, the amount is based on estimated of hours of use. The Commission signed the report.

General Manager/Staff Report

General Manager Shurts reported there has been nothing new since the last Friday update. Senator Mike Parry stopped but and Mr. Shurts discussed such items as the renewable energy program, the conservation improvement program and climate legislation and how each affects the utility industry. Commissioner Cosens inquired as to the probability of softened standards in the future. Manager, Energy Management and External Relations Warehime replied it is a probability that all utilities will have a hard time meeting the standards in the future and therefore, they may need to be changed.

General Manager Shurts thanked Mr. Bruno and his staff for the best audit OPU has received in a long time.

Manager, Energy Management & External Relations Warehime reported things are going smoother with the new billing system and we feel the worst is behind us. Complaints have subsided. Commissioner Ihrke inquired about the Home Energy Reports and the costs associated with that program. Mr. Warehime noted the amount noted is for an annual licensing fee. The contract with OPower is two years and will continue until April 2011. At that time, we will decide if we should continue the contract and if so, how it will be structured.

Director, Gas, Water & Power Production Green reminded the Commission the Supervisor, Gas, Water, Buildings and Grounds, Doug Bendorf, will be leaving OPU after 25 years on May 31, 2010. He will be going to Staples, Minnesota. We are in the process of trying to fill his position.

Mr. Green further reported the load shedding of air conditioners has begun.

Director, Engineering, Electric & Meter Services Johnson noted a consultant will begin writing specifications for the rehabilitation of Well #1 and will be in contact with the well driller. Work will begin in September. Commissioner Cosens inquired how long the process will take and if cold weather will affect the project. Mr. Johnson replied hopefully only one or two months and the weather shouldn't affect it.

Commissioner Schreiner inquired about the cause of an outage affecting 1500 homes. Mr. Johnson replied, the cause has not been determined.

Commission Roundtable

Commissioner Cosens – Thanked General Manager Shurts for the explanation of why OPU would spend reserves on a project such as the rehabilitation of Well #1.

Commissioner Stansberry – Welcomed Dale Simon to the Commission.

Commissioner Ihrke – Also welcomed Mr. Simon and congratulated Commissioners Schreiner and Cosens on their new offices. Mr. Ihrke further complimented the huge improvement on the audit and the good presentation from Mr. Myers.

Commissioner Simon – Nothing.

Commissioner Schreiner – Thanked Commissioner Stansberry for being an outstanding President over the past year and thought the audit was wonderful.

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 5:08 p.m.

Respectfully submitted,

Tammy Schmoll
Executive/HR Assistant