

The Owatonna Public Utilities Commission met in regular session in the Morehouse Conference room at the Owatonna Public Utilities. Present were Commissioners Johnson, Zirngible, Kottke, and Rossi. Absent was Commissioner Doyal. Also present were General Manager Warehime; City Administrator Busse; Director, Finance & Administration Olson; Director, Engineering & Operations Fenstermacher; Director, Information Technologies & Metering Baum; Manager, Human Resources Madson; Manager, Facilities & Gas/Water Operations Prokopec; Supervisor, Accounting Linders; Executive, Communications & Administration Coordinator Schmoll; Energy Conservation & Key Accounts Officer Hendricks; OPU Employees Lori Jerpbak and Shanda Meier. Other guests included Dave Geschwind, CEO SMMPA; Beth Fondell, CFO SMMPA; City Council Member Kevin Raney and customer, Roger Wacek.

President Johnson called the meeting to order and asked for a motion to approve the agenda. Commissioner Zirngible moved to approve the agenda. Commissioner Rossi seconded the motion. All Commissioners voting Aye, the motion passed. President Johnson then asked for approval of the Consent Agenda. The consent agenda included the minutes from the June 28, 2022 meeting, as well as the Contributed Services report as of June 30, 2022. Commissioner Rossi moved to approve the consent agenda as presented. Commissioner Kottke seconded the motion. All Commissioners voting Aye, the motion passed.

Committee Reports

Finance Committee – Commissioner Kottke reported the Finance Committee met, reviewed and approved vouchers totaling \$4,831,317.38. He further reported two work orders were closed resulting in 6% underbudget for the year. He reported the electric, water and gas utilities are favorable and are on target for year end.

Personnel Committee – Commissioner Rossi reported the Committee received a staffing report, and after 808 days, there was an OSHA recordable injury resulting in an employee getting stitches in his finger; however, there was no lost time, the employee returned to work.

City Administrator's Report

City Administrator Busse updated the Commission on the Streetscape project, the groundbreaking for the Wastewater Treatment plant expansion and National Night Out. She reminded the Commission of the upcoming joint subcommittee meeting. She noted, the topic of the meeting will be community engagement and how board members can stay positive and supportive of each other.

SMMPA Presentation – Short Term Financial Forecast and Cash Burn Mitigation

General Manager Warehime introduced Dave Geschwind and Beth Fondell from the Southern Minnesota Municipal Power Agency, OPU's wholesale provider. Mr. Geschwind recapped discussions the SMMPA Board had as well as current market conditions, challenges, future predictions, and coal supply issues. He noted, there has not been a rate increase since 2017, in fact, SMMPA has been returning overages to its customers the past few years. Mrs. Fondell discussed how high costs of electricity have been draining reserves, rate stabilization, and pass-through mechanisms. She noted, SMMPA does not have a pass-through tool available so therefore a rate increase is necessary to help recover the funds. The SMMPA Board of Directors, approved a rate increase up to 10% of member sales to become effective November 1, 2022. SMMPA staff will continue to evaluate the numbers and will present a final number at an upcoming meeting.

SMPA Board Actions Impact to Customers

Director, Finance and Administration Olson recapped the recent SMPA Board actions, and the cancellation of the second cash distribution from SMPA. Mr. Olson noted both cash distributions from SMPA are built into the 2022 budgeted rates. The first one we received. We need to determine how to handle the cancellation of the disbursement. He presented two options to the Commission. The first option was to absorb the loss of \$850K in budgeted revenue whereby reducing reserves. The second option is to pass it through to the customers, spread-out for the rest of the year, through the Energy Acquisition Adjustment (EAA). This option would impact the average residential customer about \$3.26 per month. After discussion, Commissioner Rossi moved to adopt Option #2 and use the EAA to pass the loss onto the customers through the end of the year. Commissioner Zirngible seconded the motion. All Commissioners voting Aye, the motion passed.

General Manager/Staff Report

General Manager Warehime informed the Commission on the proposed rate increase from Northern Natural Gas. He noted, this will impact us in January until the issue is settled. He noted, OPU is a member of the Minnesota Regional Gas Task Force. The Task Force has hired a lawyer to represent us in fighting for lower rates.

General Manager Warehime reminded the Commission of the August meeting date change, noting the meeting has been changed to Thursday due to the MMUA Summer Conference.

Director, Finance & Administration Olson reported OPU has begun their budgeting process and reminded them of the special meeting invite they should have received. Mr. Olson will give a preliminary update in September.

Director, Engineering & Field Operations Fenstermacher updated the Commission on supply chain issues and an update on some outages relating to the transmission lines over the previous weekend.

Commission Roundtable

President Johnson expressed his appreciation to the staff for keeping the Commissioners informed of upcoming issues.

Adjournment

There being no further business to come before the Commission, the meeting adjourned at 5:19 p.m.

Respectfully submitted,

Tammy Schmoll
Executive, Communications & Administration Coordinator