

The Owatonna Public Utilities Commission met in regular session in the Commission Room. Present were Commissioners Truelson, Mayhew, Schreiner, and Noyce. Commissioner Emanuelson arrived late. Also present were General Manager Shurts, Finance Manager Bruno, Field Services Manager Morgan, Gas Marketing Manager Green, HR/Administration Supervisor Madson, Energy Conservation/Marketing Specialist Roger Warehime, Accountant Teresa Hottman, and Executive/HR Assistant Tammy Schmall.

Roger Warehime led the Pledge of Allegiance

### **Minutes**

The Minutes from the reschedule meeting of June 29, 2004 were presented to the Commission. Commissioner Mayhew moved to approve the Minutes as presented. Commissioner Schreiner seconded the motion. All Commissioners voting Aye, the motion passed.

### **Committee Reports**

Personnel Committee – Commissioner Schreiner reported the Personnel Committee met and discussed the history book that Mayor Tom Kuntz is working on for OPU. He reported Mr. Kuntz attended the meeting and is still working on the book.

Finance Committee – Commissioner Mayhew reported the Finance Committee met, reviewed and approved the vouchers, investment reports and Accounts Payable.

### **Joint OPU/SWCE Service Territory Agreement**

General Manager Shurts directed the Commission's attention to the joint service territory agreement included in their agenda packets. He explained the agreement states OPU will bill SWCE 50% of the cost of providing service to the area as well as 50% of the cost of future capital projects. He further reported the agreement states OPU will pay Steele Waseca Cooperative Electric a margin of 3.5 mils. The last item Mr. Shurts touched upon was the buyout clause in the agreement stating OPU is the only party who can ask for a buyout. Staff feels this is the correct business approach to make. Commissioner Mayhew moved to approve the joint service territory agreement with Steele Waseca Cooperative Electric as presented. Commissioner Noyce seconded the motion. All Commissioners voting Aye, the motion passed.

### **2005 Budget Schedule**

Finance Manager Bruno presented the 2005 Budget Schedule to the Commission. It was noted that the special budget meeting scheduled for November 2<sup>nd</sup> would have to be changed to November 3<sup>rd</sup> due to Election Day. General Manager Shurts explained what type of items would be detailed with the Commission during the budget process. Namely, big ticket items and capital projects.

### **Contributed Services**

General Manager Shurts presented the Commission with graphs detailing Contributed Services through June, 2004 as well as the percent of Contributed Services since 1997. Mr. Shurts further reported staff agreed to spend contributed services dollars to install a transformer and conduit by directional boring for lighting at the soccer fields. The total amount is around \$10,000.00. The

Contributed Services report as of May 31, 2004 was presented to the Commission. The Commission signed the report.

### **General Manager/Staff Report**

General Manager Shurts distributed graphs to the Commission comparing the budget to actual dollars spent for revenues, expenses, and net income.

General Manager Shurts presented conceptual drawings of the proposed building accessibility project to the Commission. Mr. Shurts noted we will be redoing the front entrance to make it ADA compliant by installing an elevator and enclosing the front steps. Mr. Shurts also noted the restrooms on the main floor will be made ADA compliant as well as restrooms will be installed in the lower level. HR/Administration Supervisor Madson noted 2004 is the second year we have received an extension for this work. Mr. Shurts reported the whole cost of the project will be around \$633,000. After discussion, Commissioner Schreiner moved to give authorization to retain the architect to begin the bid process. Commissioner Mayhew seconded the motion. All Commissioners voting Aye, the motion passed.

Field Services Manager Morgan reported a bid estimate has been received for the replacement of the water mains in the South Cedar area. We will be looking at completing the project as soon as possible.

Mr. Morgan distributed a graph to the Commission indicating outages and their reasons. He noted there was a total of 115,124 customer outage minutes out of 2,799,675,360 possible in the first six months of the year. This is a reliability percent of 99.995%. Main causes for the outages were squirrels, cable faults, overloaded fuses, and lighting. Mr. Morgan concluded by telling the Commission the 2400 volt system will be non-existent after July 29, 2004.

Finance Manager Bruno gave an update of the auditors' letter. He noted one of the items mentioned in the letter was how OPU does wire transfers. He noted that procedure has been changed and now the General Manager gets a message from the bank as well as a phone call. He further reported an accounting clerk has been moved over to the North Storage facility to get a better handle on inventory going in and out and random checks are being performed. The last item Mr. Bruno discussed was the auditor's comment of needing an Accounting Supervisor. Mr. Bruno stated we have looked at the work load and cannot justify an Accounting Supervisor.

Commissioner Truelson remarked, he would like to see a work comp. comparison from last year to current.

Gas Marketing Manager Green discussed a customer satisfaction survey that was performed on various pipelines around the country. He further reported the Energy Management program was run for two days. Mr. Green also reported on a survey sent out to random residential, commercial and industrial customers on energy management. Mr. Truelson remarked he would have liked to have a copy of the survey before they were mailed out.

Commissioner Emanuelson arrived.

Energy Conservation/Marketing Specialist Warehime distributed copies to the Commission of several graphs pertaining to rate comparisons. Mr. Warehime discussed the graphs. He noted we look favorable on average in every utility in every class. Commissioner Mayhew inquired as to what caused the OPU Industrial Rate Class in gas to drop as drastically as it did. Gas Marketing Manager Green replied, this has to do with the cost of the commodity and the hedging we have done.

### **Commission Roundtable**

Commissioner Emanuelson – Nothing.

Commissioner Noyce – Nothing.

Commissioner Mayhew – I would like to look further at and have more discussions on the format of the cash flow report and would like to review it with the whole Commission.

Commissioner Truelson – Nothing.

### **Adjournment**

There being no further business to come before the Commission, Commissioner Emanuelson moved to adjourn the meeting. Commissioner Noyce seconded the motion. All Commissioners voting Aye, the meeting adjourned at 5:50 p.m.

Respectfully submitted,

Tammy Schmoll  
Executive/HR Assistant