

The Owatonna Public Utilities Commission met in regular session in the Main Building Break Room. Present were Commissioners Truelson, Mayhew, and Noyce. Commissioner Schreiner arrived late. Commissioner Emanuelson was absent. Also present were General Manager Shurts; Director of Finance, IS & Meter Services Bruno; Director of Engineering & Field Services Morgan; Supervisor HR & Customer Service Madson; Supervisor of SCADA & EM Warehime; Accountant Teresa Hottman and Executive/HR Assistant Tammy Schmoll.

Director of Engineering & Field Services Morgan led the Pledge of Allegiance.

Minutes

The Minutes of the regular meeting of July 26, 2005 were presented to the Commission. Commissioner Noyce moved to approve the Minutes as presented. Commissioner Mayhew seconded the motion. All Commissioners voting Aye, the motion passed.

Committee Reports

Personnel Committee – the Personnel Committee did not meet.

Finance Committee - Commissioner Mayhew reported the Finance Committee met, reviewed and approved the balance sheet, income statement, cash flow statements, and vouchers. He further reported two work orders were approved. One was for the CIS system and the other was a work order addition for the SCADA system.

Gas Rates

Director of Finance, IS & Meter Services Bruno distributed a report discussing OPU's natural gas rates and proposing two options for changes. He noted this is a discussion item only and staff will be asking for approval at the September meeting. Mr. Bruno explained both options presented and stated staff is recommending Option A which amounts to approximately 2.33% increase to the customer. In Option B, the increase would be approximately 2.5%. Mr. Bruno explained how the Purchased Gas Adjustment (PGA) works. He noted the purchased gas adjustment is the difference between what we pay for the gas and our actual gas rate. He noted, previously the PGA has been calculated on gas prices of around \$5.00. The prices now are round \$8.50. Discussion ensued.

Contributed Services

The Contributed Services report as of July 31, 2005 was presented to the Commission. The Commission signed the report.

General Manager/Staff Report

Director of Engineering & Field Services Morgan reported to the Commission that the position of Supervisor of Gas & Water Services, to replace Ron Nelson when he retires on September 29th, has been filled. Doug Bendorf of the Engineering Department will be taking Ron's place. Mr. Morgan discussed the interview process and Doug's qualifications and background.

Director of Engineering & Field Services Morgan reported he participated in the annual review of the MMUA Safety Director, Norm Hauschildt, shared by Austin, Rochester and Owatonna. He noted things went very well and we are fortunate to have Norm.

General Manager Shurts noted an agreement has been reached with Alliant regarding the Majestic Oaks service territory. He further noted, staff will be meeting with our attorney regarding the Clinic property. Discussion ensued.

Executive/HR Assistant Tammy Schmoll reported the building project is moving along nicely. They will begin landscaping, and taping of sheetrock with painting to follow shortly thereafter. The driveway will be opened back up again and the brick work is done.

Supervisor SCADA & Energy Management Warehime distributed a table indicating how much we actually saved when calling peak alerts. Discussion ensued.

General Manager Shurts distributed a report on the proposed increase in SMMPA rates. He reported SMMPA is proposing to increase wholesale electric rates 5% each year for the next 5 years. He noted the rates have not been raised since 1992. In fact, they have been on the decline. Now it is time to add new resources and therefore rates need to increase again for a few years. This is an item that will be voted upon at the November SMMPA Board meeting.

Commission Roundtable

Commissioner Schreiner – Nothing.

Commissioner Noyce – Thank you to all the workers in the fair booth.

Commissioner Mayhew – I believe OPU has a very strong management team and I am proud to be part of it.

Commissioner Truelson – The September SMMPA Board meeting will be held in Owatonna on September 14, 2005 from 9:00 a.m. – 12:00 noon at the Arts Center.

Adjournment

There being no further business to come before the Commission, Commissioner Mayhew moved to adjourn the meeting. Commissioner Noyce seconded the motion. All Commissioners voting Aye, the meeting adjourned at 5:25 p.m.

Respectfully submitted,

Tammy Schmoll
Executive/HR Assistant