

The Owatonna Public Utilities Commission met in rescheduled session in the Morehouse Conference Room at the Owatonna Public Utilities. The meeting was rescheduled due to General Manager Fritsch attending the MMUA Summer Conference. Present were Commissioners Simon, Rossi, Cosens and Doyal. Absent was Commissioner Kottke. Also present were General Manager Fritsch; City Administrator Busse; Chief Financial Officer Fondell; Director, Engineering Johnson; Manager, Human Resources Madson; Supervisor, Accounting Services Sedivy; Supervisor, Meter Services Pelot; Supervisor, Substations & Generation Deering; Executive, HR & Administration Coordinator Schmoll; and Energy Conservation Officer Hendricks.

Commissioner Doyal led the Pledge of Allegiance.

Minutes

The Minutes from the regular meeting of July 25, 2017 were presented to the Commission. Commissioner Doyal moved to approve the Minutes as presented. Commissioner Rossi seconded the motion. All Commissioners voting Aye, the motion passed.

Committee Reports

Personnel Committee – Commissioner Rossi reported the Personnel Committee met and received updates regarding staffing. He reported the position of Electric Engineering Technician has been filled internally with Chris Johnson. Chris was formerly in the Meter Services department so there is now a Meter Serviceworker position open. Also, Phill Parker of the gas/water department will be retiring on August 31st. His position was filled with Joseph Cadorette, who the Commission met last month. Mr. Rossi will be talking with the Mayor about ensuring there is a woman placed on the Commission the next time he is choosing a Commission member.

Finance Committee – Commissioner Doyal reported the Finance Committee met, reviewed and approved Vouchers totaling \$4,620,668.70. Two work order additions were approved. One unbudgeted work order was approved for a 8 kW solar array on the south entrance of the building. Now is the best opportunity to do this due to a discount from SMMPA. Estimated length of payback is 8-10 years with a 25-year life expectancy of the array. Energy generated from the array will be placed back into the grid and the array will serve as an educational display for Community Solar.

City Administrator's Report

City Administrator Busse reported on the status of several street construction projects. She further reported on the City Council's study session regarding budgeting for the upcoming year. She noted the Council looked at long-term infrastructure needs and establishing a building maintenance fund as well as funds needed for general operations. She reported the proposed levy increase would be approximately 9.84%, which will equate to about an average of \$16 per year in property taxes for a home valued at \$150,000.

Move Order Policy

Chief Financial Officer Fondell presented the Move Order Policy to the Commission. She noted the policy was last updated in 1981. The objective of the policy is to recover, in part, those costs associated with a customer moving to a different or new location. Costs associated with the transfer or move of a customer include credit checks, meter reading, truck time, and administration. Other utilities in the area charge a fee ranging from \$10 to \$20 for this service. The current OPU policy is set at \$10

plus tax. Recommendation is to increase the fee to \$20. Commissioner Cosens felt the actual fee associated with this service should be recovered in full which is approximately \$50. Chief Financial Officer Fondell noted internal discussions revolved around keeping the impact to the customer in mind as well as trying to recover more of OPU's costs. Approval of this policy approval was tabled until after the discussion of the next policy.

Temporary Discontinuance of Service – Sealing and Unsealing of Meters

Chief Financial Officer Fondell presented the Temporary Discontinuance of Service – Sealing and Unsealing of Meters policy to the Commission. She noted the purpose of this policy is to recover the costs associated with the temporary sealing and unsealing of a meter by customers or landlords for their convenience. This policy was last updated in 1981, as well. Currently \$10 is charged per meter for the sealing and another \$10 per meter for the unsealing. Staff is proposing a flat fee of \$25 regardless of the number of meters at both the time of sealing and unsealing. After discussion, Commissioner Rossi moved to approve the policy as presented. Commissioner Doyal seconded the motion. Three Commissioners voted Aye, one Commissioner voted Nay, the motion passed.

Returning to the matter of the Move Order policy, Commissioner Doyal moved to approve the policy with a \$25 fee. There were no seconds to his motion. Commissioner Rossi moved to approve the policy as presented. There were no seconds to his motion. Commissioner Cosens moved to approve the policy with a \$50 fee. There were no seconds to his motion. After further discussion, Commissioner Rossi moved to approve the policy with a \$25 fee. Commissioner Doyal seconded the motion. Two Commissioners voted Aye, two Commissioners voted Nay, the motion failed. The policy is tabled and will be brought back to a future meeting.

Contributed Services

The Contributed Services report as of July 31, 2017 was presented to the Commission. The Commission signed the report.

Operations/Scorecard

Staff updated the Commission on changes to the July Scorecard.

General Manager/Staff Report

General Manager Fritsch updated the Commission on discussions of quality and accuracy that were held with the company contracted to conduct locates for OPU. He noted there had been a significant increase in mislocates and near misses in the past month and assured the Commission the contracting company is taking this issue very serious and has put measures in place to correct the issues.

General Manager Fritsch reported he will be presenting an addendum to the SMMPA Power Sales Contract at the next meeting. The Addendum adds the new Lemond Solar Field.

General Manager Fritsch updated the Commission on the gas leak that was found in Bridge Street. He noted the issue has been taken care of and are waiting for the railroad to supply a flag person so concrete can be poured back.

Director, Engineering Johnson updated the Commission on the annual gas leak survey. He noted it is a requirement and potential issues are found before they become big issues, which could be cost and labor intensive, as well as potentially be very dangerous.

Chief Financial Officer Fondell discussed the results of an internal natural gas cost of service study that was conducted in 2016. She noted cost of service studies are done periodically to ensure one class of customers is not subsidizing another class. In the natural gas utility, slight reallocation of costs is needed. She is recommending, for budgeting purposes, to use assumptions of increasing the monthly cost of service fee for all three classes of customers while at the same time decreasing the commodity charges. The impact to residential customers is approximately \$3 per year. After discussion, Chief Financial Officer Fondell asked the Commission for permission to move forward with the presented assumption. The Commission agreed.

Supervisor, Substations & Generation Deering offered tours of the substations to the Commission. Commissioner Cosens inquired as to the opening of the Owatonna Energy Station (OES). Mr. Deering noted that would be in October. Mr. Fritsch added the Commission will be invited to the dedication ceremony. Mr. Cosens further inquired as to the status of the contract employee who was injured at the OES. Mr. Fritsch noted as far as we know he is doing well. There are still not any official causes of the incident.

Commission Roundtable

Commissioner Rossi added to his Personnel Committee report that Chief Financial Officer Fondell has rejoined the succession planning for the General Manager position.

Commissioner Cosens stated he is proud of OPU and the way it is managed and run. He holds his head high when talking with the public and appreciates the differing opinions of the Commission and the discussions they have.

Commissioner Doyal seconded those remarks.

Adjournment

There being no further business to come before the Commission, Commissioner Cosens moved to adjourn the meeting. Commissioner Doyal seconded the motion. All Commissioners voting Aye, the meeting adjourned at 5:59 p.m.

Respectfully submitted,

Tammy Schmoll
Executive, HR & Administration Coordinator