

The Owatonna Public Utilities Commission met in regular session in the Commission Room. Present were Commissioners Emanuelson, Stansberry, Mayhew, Schreiner and Ihrke. Also present were General Manager Shurts; City of Owatonna Finance Director Svenby; Director, Financial & Administrative Services Bruno; Director, Gas, Water & Power Production Green; Manager, Energy Management & External Relations Warehime; Supervisor, Engineering & Substation Services Johnson; Supervisor, Gas, Water, Buildings & Grounds Bendorf; Supervisor, Information & Financial Services Turnbull; and Executive/HR Assistant Schmoll. Special guests included two high school students.

Manager, Energy Management & External Relations Warehime led the Pledge of Allegiance.

Minutes

The Minutes from the regular meeting of August 26, 2008 were presented to the Commission for approval. Commissioner Mayhew moved to approve the Minutes as accepted. Commissioner Schreiner seconded the motion. All Commissioners voting Aye, the motion passed.

Committee Reports

Personnel Committee – Commissioner Schreiner reported the Personnel Committee had nothing to report.

Finance Committee – Commissioner Mayhew reported the Finance Committee met and reviewed the variance reports for electric, water and gas. He noted all three utilities are trending about the same as they have all year and OPU should hit their income projections for the year. Mr. Mayhew further reported at the next Finance Committee meeting year end projections and predictions will be discussed and invited the rest of the Commission to attend. Continuing on, Mr. Mayhew reported the Committee approved vouchers in the amount of \$4,229,354 for the month of August. One unbudgeted work order was approved for the purchase of the property at 312 S. Walnut Ave. in conjunction with the City of Owatonna and a grant from the Department of Natural Resources for 50% of the purchase price. The house on the property will be demolished. Commissioner Mayhew inquired if there was reason to believe the grant may not be awarded. Supervisor, Gas, Water, Buildings & Grounds Bendorf replied, as long as the City's application is open with the Department of Natural Resources the grant should be awarded. If the City does not apply for a grant within a year, the application closes and the grant would not be awarded. Discussion ensued.

City Administrator's Report

City of Owatonna Finance Director Svenby was present in place of City Administrator Busse. General Manager Shurts distributed a handout regarding the City's request for more funds for the flood mitigation project. The handout included an email from Ms. Busse regarding costs associated with the project, as well as options for OPU to consider including denying the request or providing the assistance. Mr. Svenby provided a brief background summary for the Commission, stating the City identified core projects needed and felt they had good estimates. However, bids are coming in higher than originally projected. The scope of the project at OPU has changed due to some underground utility conflicts and that is why the City is asking for OPU to bump their contribution up to \$200,000 from the \$100,000 originally agreed upon. Mr. Shurts explained the extent of the project changes. Commissioner Schreiner expressed concerns about setting precedents and if using Contributed Services was appropriate. Mr. Schreiner suggested determining the percent of increase associated with the changes required at the OPU site and increasing OPU's contribution according to that amount. Mr. Emanuelson

expressed his concerns, as well. Mr. Stansberry noted this is a request from the City for cash and cautioned it is not included in the scope of Contributed Services as spelled out by the City Charter. Commissioner Schreiner inquired if there are other services provided under the Contributed Services. General Manager Shurts explained the report the Commission approves every month are for utility services to the City facilities. Other services provided, such as hanging flower baskets, hanging banners, hanging Christmas lights, etc., are not included in that monthly report, but are included in the end of year figures. Mr. Bruno also noted, the City provides OPU with services, as well that are considered "Contributed". After further discussion, Commissioner Mayhew moved to approve funding 33% of the Walnut Avenue flood mitigation project costs not to exceed \$200,000 including engineering costs. Commissioner Stansberry seconded the motion. All Commissioners voting Aye, the motion passed.

Finance Director Svenby reported the City is working on a financial software conversion. Commissioner Emanuelson inquired about the City's investments with the state of the economy. Mr. Svenby noted the City has only very low-risk investments and is, therefore, not concerned with the current economic problems.

Elbow Zip Boom Bid Tabulation

The attached bid tabulation for an Elbow Zip Boom was presented to the Commission. Mr. Bruno noted the name on the bid tab included in the Commission packet was incorrect and distributed the corrected one. Mr. Bruno further noted two bids were received and staff is recommending awarding the bid to ABM Equipment & Supply in the amount of \$105,384. Mr. Bruno explained the bid received from Truck Utilities was not bid to specifications. To meet specifications, an additional \$3,345 would have to be added to their bid amount which would put them over the amount bid by ABM Equipment & Supplies. Commissioner Schreiner moved to award the bid to ABM Equipment & Supply in the amount of \$105,384 for an Elbow Zip Boom. Commissioner Ihrke seconded the motion. All Commissioners voting Aye, the motion passed.

Contributed Services

The Contributed Services report as of August 31, 2008 was presented to the Commission. The Commission signed the report.

General Manager/Staff Report

General Manager Shurts reported, as a formality, documents needed to be signed by the Commission President, David Emanuelson, regarding the service territory acquisition petition with Alliant being sent to the Public Utilities Commission (PUC). Mr. Shurts further reported the joint service territory agreement for the Aquatic Center land is on the PUC's docket.

General Manager Shurts reported the URGE test of generating equipment for Unit #6 is scheduled for later in the week. He noted the unit will be on-line for two days with the megawatt output being ramped up from 6 MW to 20 MW. The output amount is what is credited on the power pool.

Supervisor, Engineering & Substation Services Johnson reported a complete electric system assessment was conducted to determine the exposure of an electric arc for employees working on or near energized parts. The study was conducted to ensure compliance with new Arc Flash code standards.

Mr. Johnson reported the main recommendation from the study is the replacement of all feeder and power transformer over-current electromechanical relays with microprocessor-based relays. He explained OPU's current relays are 25 plus years old and therefore, slower and far less flexible. The new requirements are for the safety of all employees and will include different flame retardant clothing, different work practices and training. Mr. Johnson will present an unbudgeted work order at the October Commission meeting requesting part of the funds for this project. The rest of the funds will be budgeted for in 2009. Commissioner Mayhew inquired if there is a less expensive way to accomplish meeting the requirements and why OPU is not asking for approval of the whole project in 2008. Mr. Johnson replied we would be required to shut off everything when working on it and that is not practical. The costs include the design, engineering and material associated with the project, so the first part would be to get the materials in-house. OPU will then do the actual installation after the first of the year under a second, budgeted work order. After discussion, Commissioner Mayhew requested the unbudgeted work order be presented to the Commission for the entire cost of the project stressing that safety is #1 and reliability is #2, and therefore, the entire project should be funded in 2008 and not included in the 2009 budget.

Director, Gas, Water & Power Production Green reported the RFP's have been received and evaluated for our natural gas supplier. Mr. Green reported, after evaluation, OPU will be signing a contract with BP to be our natural gas supplier.

Commission Roundtable

Commissioner Schreiner – Expressed his appreciation of the new financial reports and variances.

Commissioner Stansberry – Also expressed his appreciation of the new financial reports. Mr. Stansberry further noted, on September 26, 2008 the Challenger train will be coming through, and stopping in, Owatonna from Cheyenne, Wyoming on its way to St. Paul and noted his cousin is the engineer.

Commissioner Ihrke – Thanks Mr. Bruno for the new financial reports.

Commissioner Mayhew – Thanked OPU staff for their good work of running the utilities.

Commissioner Emanuelson – Inquired about the SMMPA rate increase and when the Commission will be meeting regarding the budget. Mr. Bruno noted the budget meeting is scheduled for November 5, 2008 at 4:00 p.m. Mr. Emanuelson also inquired about OPU's investments. Mr. Bruno explained OPU has no commercial paper investments, is trying to limit investments to one year, and is trying to keep investments local. Mr. Emanuelson further expressed appreciation to Manager, HR, Safety, Risk & Loss Madson for her work in acquiring bids, and therefore savings, associated with excess liability rates.

Adjournment

There being no further business to come before the Commission, Commissioner Mayhew moved to adjourn the meeting. Commissioner Schreiner seconded the motion. All Commissioners voting Aye, the meeting adjourned at 5:20 p.m.

Respectfully submitted,

Tammy Schmoll
Executive/HR Assistant

BID TABULATION

Project: Elbow Zip Boom

Project #: EO39208798

Budget #: 08-2210-0218

Date/Time of Opening: September 10, 2008 1:00 p.m.

Budget Amt: \$170,000.00

Project Amt: \$170,000.00

Est. Budget Portion: \$170,000.00

Acct. Number: 1392.000

Vendor	Bid Security	Signed Contract	Amount Bid
ABM Equipment & Supply Inc.	Yes	Yes	\$105,384.00 **
Truck Utilities, Inc.	Yes	Yes	\$104,226.00

Truck Utilities bid was not to the specifications required. To meet the specifications, add \$3,345.00 as indicated on their bid.

** - Apparent Low Bidder

Bidders List

Project: Elbow Zip Boom

List of Firm Furnished Bid Documents:

**ABM Equipment & Supply Inc.
Altec Industries Inc.
Truck Utilities Inc.
Dueco Inc.**

List of Ineligible Bidders:
