

The Owatonna Public Utilities Commission met in regular session in the Morehouse Conference room at the Owatonna Public Utilities. Present were Commissioners Zirngible, Rossi, Johnson and Vetter. Also present were General Manager Warehime; Director, Finance & Administration Olson; Director, Engineering & Field Services Fenstermacher; Director, Information Technologies & Metering Baum; Manager, Gas/Water Operations Prokopec; Manager, Human Resources Madson; Supervisor, Accounting Linders; Executive, Communications & Administration Coordinator Schmoll; Accountant Lori Jerpbak; and Accounting Specialist, Shanda Meier. Other guests included customer, Roger Wacek.

President Zirngible called the meeting to order and led the Pledge of Allegiance. He then asked for any changes to, and/or approval of, the agenda and consent agenda. The consent agenda items consisted of minutes from the August 27, 2024 meeting and the contributed services report as of August 30, 2024. Commissioner Rossi moved to approve the agenda and consent agenda items. Commissioner Johnson seconded the motion. All Commissioners voting aye, the motion passed.

Committee Reports

Finance Committee – Commissioner Johnson reported the Finance Committee met, reviewed and approved vouchers totaling \$5,992,754.65. Two work orders were closed in August with 62 still open. Year to date work orders are 30% under budget. All three utilities are doing well year to date.

Personnel Committee – Commissioner Rossi reported the Personnel Committee met and received a staffing update. He noted, Caleb Scheel, AMI Specialist, has accepted a position with the Rochester Public Utilities in their energy conservation area. He also noted, Michael Enright has accepted the position of Manager, Electrical Services will be starting on September 30th. The Committee also discussed pay equity points study and the non-union wage adjustment for 2025.

City Administrator's Report

The City Administrator was not present to give a report.

Financial Reserves Policy – Draft

Director, Finance & Administration Olson discussed proposed changes to the Financial Reserves policy with the Commission. He discussed minimum reserves levels, the current process for managing the reserves balances and presented potential changes and discussed next steps. Mr. Olson will incorporate the Commission's feedback into a revised policy and will present it at the October Commission meeting for approval.

2025 Proposed Rates

Director, Finance & Administration Olson and Supervisor, Accounting Linders presented a preliminary rates outlook for 2025. They discussed some terminology, each utility's rate outlook, key rate drivers, potential rate adjustments, the 2025 combined rate impact, and a reserves outlook. Potential rate changes for 2025 included a 0% increase for electric, 10% increase for water, and a 6.6% combined rate impact for natural gas which includes a rate reduction in the commodity charge and an increase in the budgeted PGA rate. A combined rate impact for the average residential customer is \$7.12 increase per month. The increase in water will help cover the need for a new well and water tower in the near future.

General Manager/Staff Reports

Director, Engineering & Field Operations Fenstermacher updated the Commission on the Water Comp Plan. He recapped the results of the study and noted, if a large water user customer comes to town, we will need a new well within 5 years. Mr. Fenstermacher noted, well & tower maintenance are an ongoing budget item. Four towers will be cleaned and/or reconditioned over the next 5 years. They will be evaluated and inspected and if any work is needed it will be built into the budget. If a new well is needed, DNR permitting restrictions need to be met and it is better to start before the well is actually needed.

General Manager Warehime noted the December and January Commission meetings conflict with holidays and other meetings. The proposed new date of the December Commission meeting is December 23rd. The October Personnel Committee meeting is being cancelled. A new date for the January meeting will be set later.

Commission Roundtable

The Commission expressed their appreciation for the reserves policy presentation and all the work that went into it.

Audience Comments

Customer Roger Wacek expressed concerns with SMMPA spending money on new generation and Xcel Energy shutting down the coal fired SHERCO 3 plant and replacing it with a solar farm. He proposed, instead, using the money for nuclear. He further suggested a book, **A Bright Future / How Some Countries Have Solved Climate Change and the Rest Can Follow**, by Joshua S. Goldstein & Staffan A. Qvist, copyright 2019. It discusses how Sweden decarbonized in response to the oil crisis of the 70's. He further suggested SMMPA and Xcel consult with Mr. Qvist on decarbonizing measures.

Adjournment

There being no further business to come before the Commission, the meeting adjourned at 5:41 p.m.

Respectfully submitted,

Tammy Schmoll
Executive, Communications & Administration Coordinator