

The Owatonna Public Utilities Commission met in regular session in the Morehouse Conference Room at the Owatonna Public Utilities. Present were Commissioners Johnson, Zirngible, Kottke, Rossi and Doyal. Also present were General Manager Warehime; City Administrator Busse; Director, Finance & Administration Olson; Director, Engineering & Field Operations Fenstermacher; Manager, Human Resources Madson; Manager, Facilities & Gas/Water Operations Prokopec; Supervisor, Accounting Linders; Executive, Communications & Administration Coordinator Schmoll; Energy Conservation & Key Accounts Officer Hendricks; and OPU employees Lori Jerpbak and Shanda Meier.

President Johnson opened the meeting by asking for approval of the agenda and the consent agenda items. The consent agenda items consisted of the Minutes from the August 25, 2022 Commission meeting, as well as the Contributed Services report as of August 31, 2022. Commissioner Doyal moved approval of the agenda and consent agenda. Commissioner Kottke seconded the motion. All Commissioners voting Aye, the motion passed.

Committee Reports

Personnel Committee – Commissioner Rossi noted the Personnel Committee meeting was rescheduled to September 28th due to scheduling conflicts. Through September 26, 2022, OPU has gone 80 days without an OSHA recordable injury.

Finance Committee – Commissioner Kottke reported the Finance Committee met, reviewed and approved Vouchers totaling \$5,246,604.02. He noted, one work order was added for a backup unit for a CGR which helps support the AMI system. He reported six work orders were closed in August; leaving 52 work orders open. Work orders are currently 30% under budget. Mr. Kottke further updated the Commission on OPU's financial status noting, even though we didn't receive the anticipated disbursement from SMMPA, all three utilities remain strong.

City Administrator Report

City Administrator Busse updated the Commission on the Streetscape Project and invited them to the ribbon cutting on October 13th at 5:30 p.m. She further noted the City Council has passed a preliminary budget with a 9% levy increase. She discussed the schedule for panel discussions for elected official positions that will be voted on in November, including City Council, Congress, School Board, and Sheriff. She also provided a project update.

Purchase Gas Adjustment – Gas True-up Charge Policy

General Manager Warehime presented and discussed the PGA-GTC policy to the Commission. He noted the topic was tabled at the last meeting. He discussed the purpose of the policy and provided background as to the reason for it. He noted, by splitting the Purchase Gas Adjustment into two components, it is fairer and more equitable for the customer. Mr. Warehime noted, the timing of when we receive invoices from our natural gas supplier can create a two-month lag when collecting it from the customers. During the natural gas event of February 2021, we had a charge created which helped us spread the charges over a year's time to lessen the impact on our customers. The Purchased Gas Adjustment will remain and is the anticipated costs for the current month. The Gas True-up Charge, once the commodity invoice is received, will be used to cover the difference in actual charges from two months back. Mr. Warehime displayed a sample of how it will appear on the customer's bill and noted the charge can be positive or negative. After discussion, Commissioner Zirngible moved to approve the policy, as presented. Commissioner Rossi seconded the motion. All Commissioners voting Aye, the motion passed.

Long Term Feasibility Study – Commission Discussion

General Manager Warehime opened the discussion noting due to the long presentation at the last meeting, there wasn't much chance for discussion. Commissioner Kottke inquired about moving a portion of the operations away from the building #4 site versus an all or nothing option. Mr. Kottke suggests researching the option of moving Building #5 and #6 into building #4, keeping the site, and building something on Walnut St. south of the plant to accommodate the current parking issues. He reminded everyone the Commission's main responsibility is to ensure utility services are delivered safely, reliably and at a fair cost. Commissioner Rossi inquired about management of a site that is in the industrial park, felt it was overkill to plan for growth of 10,000 residents per year and is in favor of solving the immediate problem. Director, Engineering & Field Operations Fenstermacher didn't feel management of a site in the industrial park would be an issue. Mr. Fenstermacher noted building #4 is currently used for parking and storage. Parking is tight, so if you build something new for the parking and keep building #4 for storage and move the cold storage into it, it should work. After further discussion, staff was directed to go back to Leo A Daly to ask for other options.

General Manager/Staff Report

Energy Conservation/Key Accounts Officer Hendricks discussed the most recent rate study with the Commission.

Director, Finance & Administration Olson presented and discussed the 2023 preliminary rates with the Commission. He discussed the outlook for each utility including the key rate drivers, proposed adjustments, combined rate impacts and controllable versus non-controllable expenses. The proposed rate increase and impact in electric is 13.5%; water is 5% and natural gas is 40.6%. He noted, in electric and natural gas, the proposed rate increases are due to large increases in commodity costs which make up 83% and 95% respectively of our expenses. The average residential customer could see an overall increase of approximate \$35 per month. These numbers are preliminary at this time. Commissioner Kottke encouraged staff to get the word out as soon as possible once the numbers are final.

Commission Roundtable

Commissioner Rossi expressed his concerns regarding the proposed rate increases.

Commissioner Doyal thanked everyone who was involved in the Streetscape project and expressed how impressed he is with the project. He further noted, he will be staying on the Commission for a bit longer.

Adjournment

There being no further business to come before the Commission, the meeting adjourned at 5:33 p.m.

Respectfully submitted,

Tammy Schmoll
Executive, Communications & Administration Coordinator