

The Owatonna Public Utilities Commission met in special budget session the Commission Room. Present were Commissioners Truelson, Moen, Mayhew, Schreiner, and Noyce. Also present were General Manager Kuntz, Field Services Manager Morgan, Manager of Gas Marketing Green, Electric Supervisor Carsrud, Information Services Supervisor Turnbull, HR/Administrative Supervisor Madson, Meter Shop Supervisor Prihoda, Production Supervisor Reese, Accountant Teresa Hottman, Administrative Assistant Tammy Schmoll, and Engineering Technician Doug Bendorf.

Commissioner Truelson called the meeting to order.

General Manager Kuntz distributed the assumptions used to prepare the budget and requested the Commission e-mail any questions to Tom or Mike. Mr. Kuntz explained this is the first meeting to analyze the budget and stated the electric, water and gas, as well as, the 5 year forecast have all been combined.

Mr. Kuntz first discussed the summaries for electric, water, and natural gas as well as the combined totals. Mr. Kuntz next discussed the assumptions used for preparing the budget. He stated a 3% wage increase is assumed with no additional staff being added in 2003. Other assumptions included an electric rate decrease, a water rate increase and no change in the gas rates.

### **Electric Expenses**

The Commission's attention was then pointed to the Electric Expenses part of the budget and was opened for questions. Commissioner Moen inquired as to the reason for the decrease in anticipated kWh. General Manager Kuntz replied, part of the decrease is due to the loss of Power Team. Commissioner Moen inquired about the increase in Tree Trimming dollars. Electric Supervisor Carsrud explained two crews are usually required. One crew performs the service calls and the other crew is on cycle trimming. A lot of the service calls that come in are on back lot lines that are hard to reach. We try to trim  $\frac{1}{4}$  of the town every year so the whole town is on a four-year cycle. The budget dollars for 2002 are close to being used up and therefore, one of the crews had to be released. That is the reason for the increase in dollars for 2003.

Commissioner Mayhew inquired as to the reason for the electric rate decrease. General Manager Kuntz replied, we have tried to establish a procedure to have 100 days of operating revenue in reserve. We currently have 130 days. Commissioner Mayhew inquired, will the reduction in rates be noticeable? General Manager Kuntz replied, it would amount to approximately 2%. Commissioner Moen inquired if this decrease would be packaged with the increase in the water. General Manager Kuntz replied, yes. Commissioner Moen concluded, I would like to see that money applied to economic development instead.

### **Water Expenses**

There being no further questions in the electric expenses, the Commission moved to water expenses. General Manager Kuntz reminded the Commission the R.W. Beck study recommended a rate increase in all water rate classifications. Staff is recommending a 5% increase in all classes with a lower percent of increase in 2004 and 2005. Commissioner Mayhew inquired what year is the new water tower scheduled for. General Manager Kuntz replied, 2005. Engineering is continuing work on the water tower package. Further analysis and recommendations will be coming. Commissioner Mayhew inquired if the amount in the preliminary budget could increase. General Manager Kuntz replied, no, the amount will not change, however it could be moved to a different year. Discussion ensued.

**Gas Expenses**

General Manager Kuntz stated staff is recommending the complete removal of rural charges in 2003. The reason being there is not any historical value and the City does not have any requirements for the rates to stay in place.

The next item discussed was insurance. A 10% increase has been figured into the numbers placed in the budget.

**Capital**

Commissioner Moen inquired if the items in the budget were actual items needed, or if they were items staff would like to see. Field Services Manager replied, this is a realistic budget. General Manager Kuntz reported to the Commission the service territory agreement with Alliant Energy has been signed and interim service facilities will be installed to the new territory.

Field Services Manager Morgan reported to the Commission on street lighting. He noted there are several poles in the downtown area that need replacing.

Another major capital item discussed was the downtown conversion from 2400 to 12.5 kV. Mr. Morgan remarked there is a lot of work to be done here, but are planning to have the conversion completed next year.

Commissioner Truelson inquired if OPU is looking at purchasing the Consolidated Freight property. Mr. Morgan replied it has been discussed, but further evaluation will be needed.

Mr. Morgan asked the Commission for authorization to proceed on obtaining the property on Bridge St. where the building burned down. Commissioner Mayhew moved to grant \$65,000 towards the acquisition of the downtown property with the understanding it is politically correct with the City fathers. Commissioner Moen seconded the motion. All Commissioners voting Aye, the motion passed.

**Adjournment**

There being no further business to come before the Commission, Commissioner Mayhew moved to adjourn the meeting. Commissioner Moen seconded the motion. All Commissioners voting Aye, the meeting adjourned at 5:35 p.m.

Respectfully submitted,

Tammy Schmoll  
Administrative Assistant