

The Owatonna Public Utilities Commission met in regular session in the Commission Room. Present were Commissioners Truelson, Mayhew, Schreiner and Noyce. Absent was Commissioner Emanuelson. Also present were General Manager Shurts, City Administrator Sparks, Director of Financial & Administrative Services Bruno, Director of Engineering & Fields Services Morgan, Director of Marketing & Power Management Green, Manager HR & Customer Service Madson, Supervisor Gas & Water Services Bendorf, Supervisor SCADA & Power Management Warehime, Accountant Teresa Hottman and Executive/HR Assistant Tammy Schmoll.

Supervisor Gas & Water Services Bendorf led the Pledge of Allegiance.

### **Minutes**

The Minutes from the rescheduled meeting of September 20, 2005 were presented to the Commission. The meeting was rescheduled due to General Manager Shurts attending an APPA Business Conference. Commissioner Schreiner moved to approve the Minutes. Commissioner Mayhew seconded the motion. All Commissioners voting Aye, the motion passed.

### **Committee Reports**

Finance Committee – Commissioner Noyce reported the Finance Committee met, reviewed and approved Vouchers, investments, financial statements and one work order for a replacement welder.

Personnel Committee – Commissioner Schreiner reported the Personnel Committee met and discussed work force and employee count. Manager of HR & Customer Service Madson added we posted two open positions and have received internal candidates for both positions.

### **Power Sales Contract Schedule A**

General Manager Shurts reported the Schedule A is an amendment to the Power Sales Contract. The amendment covers voltage and delivery point changes that were made since the last time it was approved, so signing it is simply a formality. Commissioner Mayhew moved to sign the Amendment to the Power Sales Contract Schedule A. Commissioner Schreiner seconded the motion. All Commissioners voting Aye, the motion passed.

### **Policies**

General Manager Shurts reported staff is recommending canceling the Mileage Reimbursement policy and changing it into a procedure. The procedure follows the recommendations of the Internal Revenue Service. Commissioner Mayhew moved to eliminate the Mileage Reimbursement policy and replace it with a Mileage Reimbursement procedure. Commissioner Noyce seconded the motion. All Commissioners voting Aye, the motion passed.

Staff presented water and natural gas rate policies to the Commission for approval. Director of Finance & Administrative Services Bruno discussed the strategy for determining the rates to recommend. He further noted the budget has been based on these rates. Excluding the overall cost of the commodity itself, the overall cost increase in natural gas to the customer is 2.3%. In water the

average residential customer will pay an additional \$6 per year. Further discussion ensued. It was the consensus of the Commission to approve the rates after approving the budget. The rate policies were tabled until the November Commission meeting. Mr. Bruno added, Dave Berg from R.W. Beck will be at the November meeting to discuss electric rates.

### **2006 Budget, Forecast 2007-2010**

Director of Finance & Administrative Services Bruno distributed the 2006 Budget and the Forecast for 2007-2010. General Managers Shurts distributed an overview of the budget and several exhibits. Exhibit A is the SMMPA wholesale changes; Exhibit B is what is happening to gas rates; Exhibit C is the number of authorized positions at OPU versus the number of filled positions, Exhibit D is the request to add an Accounting Supervisor and Exhibit E is the vehicle list. Mr. Shurts briefly discussed the exhibits. Director of Finance & Administrative Services Bruno discussed the budget book noting the book has 6 sections and briefly described each section. Mr. Bruno noted the budget study session is scheduled for November 1<sup>st</sup>.

### **Contributed Services**

The Contributed Services Report as of September 30, 2005 was presented to the Commission. The Commission signed the report.

### **General Manager/Staff Report**

General Manager Shurts reported on the SMMPA Annual Meeting. He noted the meeting included a Policy Maker's workshop which he felt was conducted excellently.

Supervisor SCADA & Energy Management Warehime reported to the Commission on the Energy Audit program OPU is currently promoting in a bill stuffer and in a recent People's Press article. He noted we have contracted with an independent auditor to conduct the energy audits. Currently we have had over 70 customers sign up. Mr. Warehime discussed a phone call he received from a customer who was very impressed with the auditor and the audit. Commissioner Mayhew inquired if the impact of the changes a customer implements after the energy audit could be tracked and relayed to other customers. Staff will follow up with customers who have received these energy audits.

Supervisor SCADA & Energy Management Warehime reported to the Commission on the Solar Choice program OPU is currently participating in. He noted a stuffer went out with the October bills. He noted the program promotes solar energy by giving customers an opportunity to donate to the program, much like wind power, as well as offer incentives to install solar systems in their homes. Commissioner Mayhew inquired if focus groups are used to determine which programs the customers want to see. Mr. Warehime replied, we are currently moving that way. The first group meeting was held in October and focused on the general image of the utility. Results of that meeting will be presented at the November meeting.

Supervisor Gas & Water Services Bendorf reported on the building project. He noted we are waiting for an elevator and fire system inspection which will be conducted later in the week. Commissioner Truelson inquired how the project is compared to budget. Mr. Bendorf replied we should come in under budget. We will give a final cost report in December or January.

Director of Engineering & Field Services Morgan reported the fairgrounds water tower repair & repaint has been completed head of schedule. The anticipated life expectancy of the paint is about 15 years.

Director of Marketing & Power Management Green reported the State of the Utility meeting will be held November 1<sup>st</sup>. We will be covering several items such as growth of the utility, rate increases, risk management and a guest speaker, Jim Borowicz will be discussing the natural gas market.

**City Administrator's Report**

City Administrator Sparks reported the City Council held a study session to discuss the hospital project. He reported the City will be issuing revenue bonds totaling \$56 million. Allina will pay off the bonds and interest with revenue generated from the hospital. The City will also provide a \$1 million revolving loan fund to Allina to cover short-term cash flow problems, if any, at the hospital. It, too, will be repaid with interest. The City will take over the old hospital and will discuss redevelopment of that building. Mr. Sparks further reported the project is anticipated to begin in 2006 with an opening date of 2008.

**Commission Roundtable**

Commissioner Schreiner – Nothing.

Commissioner Noyce – Nothing.

Commissioner Mayhew – I am pleased we will be working with Alliant to try to acquire the new hospital service territory.

Commissioner Truelson – I would like to take the Building Committee out for lunch.

**Adjournment**

There being no further business to come before the Commission, Commissioner Mayhew moved to adjourn the meeting. Commissioner Noyce seconded the motion. All Commissioners voting Aye, the meeting adjourned at 5:30 p.m.

Respectfully submitted,

Tammy Schmoll  
Executive/HR Assistant