

The Owatonna Public Utilities Commission met in special budget session in the Commission Room. Present were Commissioners Truelson, Schreiner, Noyce and Emanuelson. Absent was Commissioner Mayhew. Also present were General Manager Shurts, Finance Manager Bruno, Field Services Manager Morgan, Gas Marketing Manager Green, Electric Supervisor Busho, Engineering Design Supervisor Johnson, Information Services Supervisor Turnbull, HR/Administrative Supervisor Madson, Meter Shop Supervisor Prihoda, Production Supervisor Reese, Marketing/Energy Conservation Specialist Roger Warehime and Executive/HR Assistant Tammy Schmoll.

General Manager Shurts opened the meeting by stating the budget as presented are true needs. He noted there are not any proposed changes to the electric rates or the base rates for natural gas. The purchased gas adjustment for 2005 will be large due to the price of gas. Also, we will propose a rate increase in the water utility. Mr. Shurts discussed some graphs showing the actual price of each commodity compared to the National Consumer Price Index. Commissioner Schreiner inquired what the difference would be if we compared to the regional consumer price index. Mr. Warehime will check into that. Mr. Shurts added, the budget is a combination of both historical and projected growth as well as expected market conditions.

Finance Manager Bruno discussed the assumptions used for the budget as well as major changes. He stated the assumptions are normal, with the biggest change in interest income. He noted some of the major changes include labor being separated from the expense side of the budget. A separate section has been added for the labor summary. He noted another major change in the budget included how energy conservation dollars are shown. For this and future budgets, we will show both revenues and expenses, instead of netting them out.

Mr. Bruno discussed the summary as well as the graphs included in with the budget. In the water utility the biggest item to talk about is the proposed 4.4% rate increase. In natural gas, revenues increased 26% as did expenses due to the price of the commodity.

Mr. Bruno discussed the labor summary noting the employee count is down to 66. Mr. Shurts added we will be discussing the two open positions early in 2005 as to whether we will fill those positions or not.

Information Services Supervisor Turnbull discussed items in her budget including communications to the West Owatonna Substation including a security camera; a new customer information system; and a new telephone system.

Mr. Bruno moved on to the income part of the budget. Commissioner Truelson inquired what was included in miscellaneous sales. Staff will report back to the Commission.

The Commission moved onto the expense part of the budget. Items discussed included backflow prevention; Main Street lighting and Central Park lighting; upgrading of water meters; postage and mailing costs; newsletters; dues; Mayor expenses; Midwest Gas Task Force; janitorial expenses; and Enfinity Energy expenses. Staff will report back to the Commission with a list of annual dues and a small report on the Midwest Gas Task Force.

Mr. Bruno moved the Commission's attention to the capital part of the budget. Mr. Bruno noted the capital expenditures projected for 2005 amount to about \$3.1 million. Other items discussed in the capital section included Well #2 development rebuilding; truck replacement; office equipment in the Accounting area; electronic remote readers; load management; and tree trimming.

**Adjournment**

There being no further business to come before the Commission, Commissioner Schreiner moved to adjourn the meeting. Commissioner Noyce seconded the meeting. All Commissioners voting Aye, the special budget meeting adjourned at 7:07 p.m.

Respectfully submitted,

Tammy Schmoll  
Executive/HR Assistant