

The Owatonna Public Utilities Commission met in special budget session in the meeting room at the Owatonna Fire Department. Present were Commissioners Schreiner, Cosens, Stansberry, Ihrke and Simon. Also present were General Manager Bruno; Director, Engineering, Electric & Meter Services Johnson; Director, Gas, Water & Power Production Green; Manager, Energy Management & External Relations Warehime; Supervisor, Electric Services Deering; Supervisor, Information & Financial Services Turnbull; Supervisor, Meter Services Pelot; and Executive/HR Assistant Schmoll.

### **2011 Budget, Forecast 2012-2015**

General Manager Bruno discussed the assumptions used in each utility in preparing the 2011 Budget, Forecast 2012-2015. He noted a rate increase of 3.43% in electric is proposed, as well as no increase in water and a 7.82% decrease in natural gas. Other assumptions included a decrease in SMMPA payments due to the end of the contract for Unit #6 and a decrease in the number of employees SMMPA will reimburse OPU for. Commission Cosens stated he is not comfortable with a rate decrease in natural gas due to unknown expenses that may be coming in due to the flood. Commission and staff discussed bond issuance, debt and the financial reserves and how each utility is ran as a separate company.

General Manager Bruno discussed major changes with the Commission and noted two extra employees are included in the budget. One in the Engineering Department and one in the Marketing Department.

### **Summary**

General Manager Bruno reported the total proposed budget is \$53.4 million. He noted 9% of that is labor costs; 23% is gas purchases; 50% is electric purchases; 3% is contributed services; 2% is debt services and other expenses are 13%. He discussed the summary for each utility.

### **Labor**

General Manager Bruno reported labor costs will increase by \$100,737 in 2011 but is based on approval by the Commission of the two extra employees. It also includes two general managers for two months.

### **Income**

General Manager Bruno discussed the revenues, fees & charges, non-operating revenues and SMMPA payments.

### **Expenses**

General Manager Bruno discussed the expense portion of the budget. Commission Cosens inquired about the website and ability to view and pay your bill online. Manager, Energy Management and External Relations Warehime reported the target date for completion of that project is May, 2011.

### **Capital**

General Manager Bruno discussed items in the capital portion of the budget. Items included variable frequency drives for wells; water main replacement in conjunction with City street

replacements; replacement of the roof on the south end of Building #4; computer workstation in the Engineering area for the additional GIS Engineering Technician and the related software; replacement of truck #8; Telegyr software and hardware replacement in 2012; heating and ventilating system for the main office building; website design; and replacement of meters and regulators that were lost in the flood.

General Manager Bruno will make the discussed changes. The Personnel Committee will meet to discuss the proposal of two additional employees.

Commission directed staff to prepare a comparison using different rate increases, beginning with zero, in the electric utility to see how each affects OPU's bottom line.

**Adjournment**

There being no further business to come before the Commission, Commissioner Ihrke moved to adjourn the meeting, Commissioner Cosens seconded the motion. All Commissioners voting Aye, the meeting adjourned at 6:44 p.m.

Respectfully submitted,

Tammy Schmoll  
Executive/HR Assistant