

The Owatonna Public Utilities Commission met in special budget session in the Commission Room. Present were Commissioners Stansberry, Schreiner, Emanuelson, Ihrke and Cosens. Also present were General Manager Shurts; Director, Financial & Administrative Services Bruno; Director, Engineering, Electric & Meter Services Johnson; Director, Gas, Water & Power Production Green; Manager, Energy Management & External Relations Warehime; Manager, HR, Safety, Risk & Loss Control Madson; Supervisor, Electric Services Deering; Supervisor, Gas, Water, Buildings & Grounds Bendorf; Supervisor, Information & Financial Services Turnbull; Supervisor, Meter Services Pelot; and Executive/HR Assistant Schmoll.

Joe Green led the Pledge of Allegiance.

General Manager Shurts began the meeting by having all staff members present introduce themselves. Mr. Shurts then turned the Commission's attention to the informational packet distributed with the budget. Mr. Shurts noted staff is not expecting 2010 to be significantly different as far as sales and purchases are concerned and discussed proposed rate increases assumed in the preparation of the budget. Commissioner Emanuelson inquired as to the reason behind a SMMPA rate increase in these economic times. General Manager Shurts noted there are several issues including coal contract pricing, high cost of having to purchase renewable energy, mercury rules for larger coal plants, and not catching up from the increases incurred from the Katrina Hurricane. Mr. Shurts further noted, none of these issues take into consideration any climate change legislation that may be implemented in the legislature. Commissioner Emanuelson further inquired how OPU's rates compare with other utilities in the area. Manager, Energy Management & External Relations Warehime distributed and discussed his bi-annual rate comparison including OPU's position in all three utilities. Director, Gas, Water & Power Production Green gave an explanation of OPU's hedging program.

Commission and staff discussed cash flow and funds available. Commissioner Cosens inquired if staff was uncomfortable with any of the current financial reserve levels. General Manager Shurts replied, no.

General Manager Shurts noted labor and capital expenses are the lowest since 2004 and any cost increases are due to the wholesale commodity side. Mr. Shurts discussed some of the capital items and projects scheduled for 2010. They include potential work at the new Highway 14/Interstate 35 interchange, changes to the security system, work on the vaults in the downtown area, remodeling of Building #5, blacktopping projects at main plant, vehicle replacements, replacement thumper, an office copier, and an upgrade to the SCADA Telegyr equipment.

Director, Financial & Administrative Services Bruno distributed and discussed the proposed rates included in the budget.

The Commission discussed the income, expenses and rest of the capital budget. There were no major concerns from the Commission.

General Manager Shurts concluded by noting the staff are frugal, prudent, and reasonable. They debate spending money and do everything possible to keep capital, labor and administrative costs down. The Commission concurred and thanked staff for their efforts, foresight and uniform approach to the budget and the process involved.

Adjournment

There being no further business to come before the Commission, Commissioner Emanuelson moved to adjourn the meeting. Commissioner Ihrke seconded the motion. All Commissioners voting Aye, the meeting adjourned at 6:41 p.m.

Respectfully submitted,

Tammy Schmoll
Executive/HR Assistant