

The Owatonna Public Utilities Commission met in special budget session in the Morehouse conference room at the Owatonna Public Utilities. Present were Commissioners Doyal, Johnson, Kottke, Rossi and Zirngible. Also present were General Manager Warehime; Director, Finance & Administration Olson; Director, Engineering & Field Operations Fenstermacher; Manager, Facilities & Gas/Water Operations Krogh; Manager, Electric Services Deering; Manager, Human Resources Madson; Supervisor, Accounting Linders; Supervisor, Meter Services Johnson; Supervisor, Customer Care Van Esch; Executive, Communications & Administration Coordinator Schmoll; Energy Conservation/Key Accounts Officer Hendricks; and Accountant Lori Jerpak.

President Doyal called the meeting to order and Director, Finance & Administration Olson led the Pledge of Allegiance.

Director, Finance & Administration Olson discussed notable changes from the 2021 to the 2022 proposed budgeted. These changes included how sewer & stormwater administration fees will be allocated, how the revenue and expense for generator #7 will be accounted for; an excess reserve distribution from SMMPA, how hydrant refurbishment will be accounted for and a health insurance rate decrease.

Director, Finance & Administration Olson discussed rate concepts for electric, water and natural gas. For electric, there will be no net change in rates, except the EAA (energy acquisition adjustment) will be reduced to partially reflect the excess reserve distribution from SMMPA. Water rates will increase 4.9% as was recommended in the cost-of-service study conducted in 2018. Natural gas rates will remain the same; however, the PGA (purchased gas adjustment) will increase due to anticipated higher natural gas market prices. Mr. Olson further discussed the commodity trends for all three utilities. Supervisor, Accounting Linders discussed changes in non-commodity revenues and other expenses in the 2022 budget versus 2021 budget.

Supervisor, Accounting Linders discussed the budgeted labor and benefits. He noted there are 61 full time employees budgeted for 2022.

Director, Finance & Administration Olson discussed capital history and forecast, net income forecast, and reserves forecast for all three utilities.

Staff members each discussed increases and decreases in expenses and capital items in their respective departments.

There were not any suggested changes by the Commission. Supervisor and directors left the meeting.

Dave Effertz, North Risk Partners insurance company, arrived to discuss liability insurance levels and options with the Commission. He distributed an insight report that illustrated where OPU's insurance level is compared with other companies noting OPU sits in the middle of the range. Mr. Effertz also provided three examples of lawsuits and discussed the exposure each of the companies had. The Commission thanked Mr. Effertz for the information.

Adjournment

There being no further business to come before the Commission, Commissioner Kottke moved to adjourn the meeting. Commissioner Zirngible seconded the motion. All Commissioners voting Aye, the meeting adjourned at 6:54 p.m.

Respectfully submitted,

Tammy Schmoll
Executive, Communications & Administration Coordinator