

The Owatonna Public Utilities Commission met in special budget session via Microsoft Teams. Present were Commissioners Doyal, Kottke, Rossi and Johnson. Absent was Commissioner Keilman. Also present were General Manager Warehime; Director, Finance and Administration Olson; Director, Engineering & Field Operations Fenstermacher; Chief Information Officer Keltgen; Manager, Electric Operators, Deering; Manager, Gas & Water Operations Krogh; Manager, Human Resources Madson; Supervisor, Accounting Linders; Supervisor, Customer Care Van Esch; Supervisor, Meter Services Johnson; Executive, Communications & Administration Coordinator Schmoll and Energy Conservation/Key Accounts Officer Hendricks.

Director, Finance and Administration Olson welcomed the Commissioners, recapped the agenda, outlined how the meetings will go, discussed notable changes from the 2020 budget as well as things that are not yet in the 2021 budget. Mr. Olson further discussed proposed rate changes for 2021 and explained what EAA and PGA are and how they affect the rates. Proposed rate increases for electric and natural gas are a net increase of 0% and water will be consistent with the 2018 rate study recommended increase of 4.9% which nets an overall increase of 4.6%. Mr. Olson further discussed commodity revenues and expenses for all three utilities.

Supervisor, Accounting Linders, discussed non-commodity revenues, other expenses including depreciation, inter-utility rent, and contributions in aid of construction, and labor and benefits. He noted there are 62 employees budgeted for 2021 with anticipated additions in Meter Services and Electric Engineering. Labor dollars include regular, anticipated overtime and holiday pay. Health insurance costs are increasing 4.8% in 2021.

Director, Finance and Administration Olson concluded with a capital spending history including a forecast for capital spending in the next five years, a net income forecast, and reserve targets and forecasts. He noted, the target for reserves is to have at least a month of funds to cover operating expenses if our revenue stream went away and a portion of capital expenditures are reserved for future projects to ensure we can afford the project when it comes up.

Department Budget Reviews

Individual department directors and supervisors reported to the Commission changes to expenses and capital in their respective department budgets for 2020.

General Manager's Contract

As a follow-up to the General Manager's review and contract, Commissioner Doyal moved to approve Exhibit E as a part of the General Manager's contract. Commissioner Rossi seconded, the motion. All Commissioners, on-roll call, voted Aye, the motion passed.

Adjournment

There being no further business to come before the Commission, the meeting adjourned at 4:35 p.m.

Respectfully submitted,

Tammy Schmoll,
Executive, Communications & Administration Coordinator