

The Owatonna Public Utilities Commission met in special budget session in the Morehouse Room at the Owatonna Public Utilities. Present were Commissioners Kottke, Cosens, Schreiner, Stansberry and Simon. Also present were General Manager Fritsch; Chief Financial Officer Fondell; Director, Engineering Johnson; Director, Field Operations Warehime; Manager, Human Resources Madson; Supervisor, Customer Care Heimerman; Supervisor, Information Technologies Keltgen; Supervisor, Meter Services Pelot; Supervisor, Operations/Buildings & Grounds Krogh; Supervisor, Substation & Generation Deering; Executive, HR & Administration Coordinator Schmoll; Marketing/Energy Conservation Officer Hendricks; Electric Engineer Brian Kelly; Water Design Engineer Brian Clausen; Gas Engineer Jon Blough, and Accountant Melissa Meixner.

Commissioner Stansberry led the Pledge of Allegiance.

Electric Engineer Brian Kelly; Water Design Engineer Brian Clausen and Gas Engineer Jon Blough presented an overview to the Commission on the state of the electric, water and gas utility systems, respectfully. Each engineer covered the current state of their respective system, the status of current capital projects and upcoming projects. The Commission thank the engineers for their presentations and the engineers left the meeting.

Chief Financial Officer Fondell discussed an overview of the budget, assumptions made to create the budget and a more accurate way of accounting for labor budgets. She noted assumptions included a 4% electric rate increase in 2016 based on anticipated rate increases from our wholesale supplier, Southern Minnesota Municipal Power Agency, as well as increases anticipated for 2017-2020; no rate increase anticipated in water; and a 2.5% rate decrease in natural gas for 2016. Notable changes included a different way of accounting for labor which will result in a more accurate departmental budgeting compared to applying a fixed percentage across all employees; health Insurance costs are decreasing in 2016 due to the transition to a consumer-driven health plan; purchased commodity adjustments will be figured differently to allow for easier monitoring of budget versus actual results during the year; and OPU will be working with Steele Waseca Co-Op Electric on the purchase of service territory.

Each department presented on proposed 2016 capital and expense items and discussed how they differed from their 2015 capital and expense items, including the impact on their overall budget.

Chief Financial Officer Fondell reported, and discussed the advantages of, OPU contracting with The Energy Authority (TEA) to help with the hedging of our natural gas and resale of commodities.

Chief Financial Officer Fondell discussed reserves and different scenarios based on varying rate increases. After discussion, the Commission instructed Mrs. Fondell to put together more scenarios to be reviewed before the budget is finalized.

Adjournment

There being no further business to come before the Commission, Commissioner Schreiner moved to adjourn the meeting. Commissioner Stansberry seconded the motion. All Commissioners voting Aye, the meeting adjourned at 7:14 p.m.

Respectfully submitted,

Tammy Schmoll,
Executive, HR & Administration Coordinator