

The Owatonna Public Utilities Commission met in regular session in the Commission Room. Present were Commissioners Truelson, Moen, Schreiner and Noyce. Absent was Commissioner Mayhew. Also present were General Manager Shurts, Finance Manager Bruno, Field Services Manager Morgan, Gas Marketing Manager Green, Production Supervisor Reese, Accountant Teresa Hottman and Administrative Assistant Tammy Schmoll.

Commissioner Moen led the Pledge of Allegiance.

Minutes

The Minutes from the regular meeting of October 28, 2003 were presented to the Commission. Commissioner Moen moved to approve the Minutes as presented. Commissioner Schreiner seconded the motion. All Commissioners voting Aye, the motion passed.

Committee Reports

Personnel Committee – The Personnel Committee did not meet.

Finance Committee – Commissioner Moen reported the Finance Committee met, reviewed and approved the Vouchers and Financial Statements as well as several work orders. Included in the work orders were standard budget work orders as well as the joint service territory work orders.

Contributed Services

The Contributed Services report as of October 31, 2003 was presented to the Commission. The Commission signed the report.

General Manager/Staff Report

Production Supervisor Reese gave a detailed report of the events surrounding the outage of November 24, 2003 as well as the steps taken to resolve the problem. Mr. Reese reported the outage occurred due to iced lines and high winds.

General Manager Shurts reported to the Commission on the joint service territory venture. Mr. Shurts noted a draft agreement is in-house and the next step will be to meet with Steele Waseca to get their input on the draft agreement. Mr. Shurts continued by stating the agreement is well written and OPU only made a few changes. We will discuss buyout language at a later date with R.W. Beck.

Mr. Shurts reported that #7 unit, which is a combustion turbine, will have equipment added to it to allow automatic generation control. This will allow the unit to be remotely pulsed versus the current manual operation. This means the unit will run more, but OPU will be compensated for it.

Mr. Shurts reported SMMPA approved their budget in the amount of \$138.2 million which is 1.89% above last year's budget. Our expected average increase is 1% in wholesale costs from 4.76 cents to 4.80 cents. Mr. Shurts further reported the SMMPA Board re-elected officers. Rick Kittelson from Blooming Prairie is president; Jerry McCarthy from Austin is vice president, Dennis Seuer of New Prague is Secretary and Larry Koshire of Rochester is treasurer. Also at the SMMPA Board meeting the board authorized the purchase of 2-4 more wind turbines. Two more will be located in Fairmont, one each in Wells or Redwood Falls. Mr. Shurts noted more studies will be performed. Mr. Shurts

noted the next SMMPA Board meeting is in Owatonna at Cabela's on December 10th. As a final note regarding SMMPA, Mr. Shurts would like to have SMMPA give a presentation to the OPU Board in January or February regarding SMMPA and the industry.

Gas Marketing Manager Green distributed slides from the Industrial Roundup and gave a brief update of the roundup including all speakers.

Finance Manager Bruno reported work is continuing on the Lease/Leaseback agreement. He noted, we can still back out at anytime, and are looking at a finalization date in July or August, 2004.

Mr. Shurts concluded by noting the December Commission meeting is December 23rd. There being no problems with that date, the meeting will be held as scheduled. Also, the Personnel Committee approved 4 hours off for all employees on Christmas Eve.

Commission Roundtable

Commissioner Noyce – Nothing.

Commissioner Moen – I will be leaving the Commission to serve on the City Council. We have found a replacement Commissioner, Dave Emanuelson. Mr. Emanuelson has been sworn in and will attend the meeting in December. I would like to introduce Dave and then leave the meeting.

Commissioner Schreiner – Congratulations to John.

Commissioner Truelson – Thanks to the staff for the Industrial Roundup.

Adjournment

There being no further business to come before the Commission, Commissioner Schreiner moved to adjourn. Commissioner Moen seconded the motion. All Commissioners voting Aye, the meeting adjourned at 5:08 p.m.

Respectfully submitted,

Tammy Schmoll
Administrative Assistant