

The Owatonna Public Utilities Commission met in regular session in the Morehouse Conference Room at the Owatonna Public Utilities. Present were Commissioners Rossi, Kottke, Cosens, Simon and Doyal. Also present were General Manager Fritsch; City Administrator Busse; Chief Financial Officer Fondell; Director, Engineer Johnson; Director, Field Operations Warehime; Manager, Human Resources Madson; Executive, Communications & Administration Coordinator Schmoll; and Energy Conservation/Key Accounts Officer Hendricks. Other guests included customer, Roger Wacek.

Commissioner Simon led the Pledge of Allegiance.

Minutes

The Minutes from the regular meeting of October 23, 2018 were presented to the Commission. Commissioner Doyal moved to accept the Minutes as presented. Commissioner Simon seconded the motion. All Commissioners voting Aye, the motion passed.

Committee Reports

Personnel Committee – General Manager Fritsch updated the Commission on items discussed at the Personnel Committee meeting including a staffing update and the Q12 Employee Engagement Survey. He noted, a more in-depth report will be given in January including department goals for engagement.

Finance Committee – Commissioner Doyal noted the Finance Committee met, reviewed and approved Vouchers totaling \$4,704,260.51. There are no other issues.

City Administrator's Report

City Administrator Busse gave an update on street projects. She noted the following projects are complete:

- Downtown Alley and Parking
- Mill Street and Caleta Place
- 18th Street SW and Trail
- Hemlock Avenue
- Library Stormwater Pond

and, the following projects are partially complete with the rest being finished in 2019:

- Mosher Avenue Sewer
- Park Drive
- Kohlmier Drive

She further discussed the truth in taxation hearing on December 4th. She noted, the levy being proposed is 6.26% down from the original preliminary 7%. Estimated growth for 2019 is 6.8% which will lessen the impact of the levy, as well as the value of homes and businesses is coming back.

2019 Budget, 2020-2023 Forecast

Chief Financial Officer Fondell presented the 2019 Budget, 2020-2023 Forecast to the Commission. She noted the only change from the original budget discussed at the special budget meeting deals with rates and the energy conservation investment. She noted, previously, customers would see an extra line item on their utility bills for the 1.5% energy conservation investment in both gas and electric. Our new system is not handling the different tax exemptions correctly when calculating the energy conservation investment so we redid the rates to include that 1.5% in the base

rates. There will no longer be a separate line items. The net change to customers is zero. She further noted, that is how most utilities handle this charge. Commissioner Cosens moved to approve the budget as submitted. Commissioner Simon seconded the motion. All Commissioners voting Aye, the motion passed.

Contributed Services

The Contributed Services report as of October 31, 2018 was presented to the Commission. The Commission signed the report.

Operations/Scorecard

There were no notable changes to the scorecard that needed discussion.

General Manager/Staff Report

General Manager Fritsch distributed and discussed SMMPA's placemat from their previous meeting. He further reported on issues at the Owatonna Energy Station.

General Manager Fritsch reported the Steele Waseca Coop Electric board of directors approved the agreement between them and Owatonna Public Utilities for service territory. Mr. Fritsch discussed the areas covered under this agreement. After discussion, Commissioner Doyal moved to approve the agreement with Steele Waseca Coop Electric for service territory. Commissioner Cosens seconded the motion. All Commissioners voting Aye, the motion passed.

Mr. Fritsch invited all the Commissioners to the Employee's Club Christmas party and reminded them this is his last report. Going forward Roger Warehime, OPU's new general manager beginning December 3rd will give the reports.

Director, Field Services Warehime gave an update on the gas turbine. He noted the repairs on the unit have come back very expensive. A less expensive option is for us to purchase a new, rebuild unit. Since we have a capacity purchase agreement with SMMPA, if the repairs are too much, they could decide to get rid of the generation capacity totally. We have come up with a proposal to offer them. If we can work out an agreement for the gas turbine, it provides us good back up.

Chief Financial Officer Fondell noted, she will bring all the rate policies to the next meeting. The policies will present the rates as laid out in the budget. She further discussed the Net & Gross Billing policy. She noted, it needs some updating. Our new billing system is not able to accommodate a tiered approach in late charges so the recommendation of the project team will be brought to the next meeting, as well.

Executive, Communications & Administration Coordinator Schmoll reminded the Commissioners of the State of the Utility meeting coming up on December 6th and invited them all to attend.

Commission Roundtable

Commissioner Kottke thanked Mr. Fritsch for his work on the service territory expansion. It was a long project and it is appreciated he was able to get it wrapped up.

Commissioner Rossi thanked Chief Financial Officer Fondell for the budget presentation. He noted it was easy to understand.

Commissioner Doyal expressed his regret this is General Manager Fritsch's last meeting and stated he enjoyed working with Mr. Fritsch, getting to know him and learning from him. He concluded, Mr. Fritsch has done great job at OPU.

Audience Comments

Customer, Roger Wacek, complimented Mr. Fritsch by saying he is the best Mr. Wacek has worked with at OPU. Mr. Wacek further recommended the Commission read a book called, Reinventing Fire. It is a 40 year plan for energy. He stated it was hard to put it down and would recommend it to anyone.

Adjournment

There being no further business to come before the Commission, Commissioner Cosens moved to adjourn the meeting. Commissioner Kottke seconded the motion. All Commissioners voting Aye, the meeting adjourned at 4:51 p.m.

Respectfully submitted,

Tammy Schmoll,
Executive, Communications & Administration Coordinator