

The Owatonna Public Utilities Commission met in regular session in the Commission Room. Present were Commissioners Schreiner, Truelson, Mayhew and Noyce. Also present were General Manager Shurts; City Administrator Sparks; Director, Finance & Administration Services Bruno; Director, Engineering & Field Services Morgan; Director, Marketing & Energy Management Green; Supervisor, Energy Management Warehime; Executive/HR Assistant Schmoll and Accountant Teresa Hottman. Special guests included Dave Berg, R.W. Beck.

Commissioner Truelson led the Pledge of Allegiance.

Minutes

The Minutes from the regular meeting of October 24, 2006 were presented to the Commission. Commissioner Truelson moved to accept the Minutes as presented. Commissioner Noyce seconded the motion. All Commissioners voting Aye, the motion passed.

The Minutes from the special budget meeting of November 7, 2006 were presented to the Commission. Commissioner Truelson moved to approve the Minutes as presented. Commissioner Noyce seconded the motion. All Commissioners voting Aye, the motion passed. Commissioner Mayhew abstained from voting due to being absent at the meeting.

Committee Reports

Personnel Committee – Commissioner Truelson reported the Personnel Committee did not meet, however he distributed packets for the General Manager’s review and instructed Commissioners to return their completed review to Commissioner Noyce, who will compile the final report.

Finance Committee – Commissioner Mayhew reported the Committee did not meet, however, one work order is being submitted to the Commission for a walk behind sweeper and is subject to budget approval. Also Commissioners Schreiner and Mayhew reviewed and approved Vouchers in the amount of \$5,177,710.20.

City Administrator’s Report

City Administrator Sparks discussed the next steps after the ½% sales tax was approved. Discussion ensued as to how this new sales tax would affect OPU’s budget. City Administrator Sparks continued by discussing budget hearings and property taxes with the Commission.

Electric Rates - Discussion – Dave Berg, R.W. Beck, Presentation

Dave Berg, R.W. Beck, distributed a final report on Electric Rates. He discussed the report with the Commission. The Commission also discussed reserve amounts and inquired how the reserve amounts correlated between the budget and the rates report with Mr. Berg. Mr. Berg also reported another rate class has been created between the Commercial and Time of Use rates that cover customers who are not big enough users for the Time of Use rates, but are too big to be on the Commercial rate. This will ensure each customer class is paying their fair share and is not supporting, or being supported by, another class of customer. OPU financial reserves were discussed in the case of a disaster and the Commission was assured if a disaster occurs, we would have enough investments, as well as reserves that would help cover the cost of recovery. Also, FEMA dollars may apply. The Commission thanked Mr. Berg for his presentation and Mr. Berg Left the meeting.

2007 Budget, 2008-2011 forecast

Director, Finance & Administration Services Bruno distributed the 2007 Budget, 2008-2011 Forecast books, as well as a report discussing changes made since the budget meeting of November 7, 2006. After a brief discussion on insurance premiums, City Administrator Sparks left the meeting. Director, Finance & Administration Bruno continued by discussing the changes made and indicated staff is considering adding 1 mill to all the electric rates to help bring electric financial reserves to a level which is more in line with our Financial Reserves policy. He further indicated the mill could be dropped in future years when financial reserves reach the appropriate levels. At this time, staff is asking for approval of the budget with an addendum adding the 1 mill to the electric rates. After discussion, Commissioner Mayhew moved to accept the 2007 Budget, 2008-2011 Forecast with the addendum of adding 1 mill to the electric rates. Commissioner Truelson seconded the motion. Commissioner Schreiner asked for clarification about how to handle the 2007 budget if the rates approved in December do not have the 1 mill adder. It was agreed that the budget would be re-approved as amended, without the adder. There being no further discussion, all Commissioners voting Aye, the motion passed.

Financial Reserves Policy

General Manager Shurts presented the Financial Reserves policy to the Commission explaining that we are changing the number of operating days available in financial reserve from 100 days to 50 days in the gas department. Commissioner Mayhew moved to approve the Financial Reserves policy, policy #800.10, as presented. Commissioner Noyce seconded the motion. Commissioner Mayhew inquired if the policy addresses debt reduction? After discussion, General Manager Shurts recommended the Commission approve the policy as submitted and staff will consider verbiage to address debt buy down under certain conditions. Commissioner Truelson added, he feels it would be appropriate protocol to review all policies yearly. There being no further discussion, all Commissioners voting Aye, the motion passed.

Water and Natural Gas Rates

Director, Finance & Administration Bruno presented water and natural gas rate policies, as well as the Purchase Gas Adjustment policy, to the Commission. He noted the policies did not change from the draft ones distributed at the October meeting.

Commissioner Truelson moved to approve the Water Rates policy, policy #502.11, 502.21, 502.31, 502.41 as presented. Commissioner Mayhew seconded the motion. All Commissioners voting Aye, the motion passed.

Commissioner Mayhew moved to approve the Residential Gas Rates policy, policy #503.10, as presented. Commissioner Noyce seconded the motion. All Commissioners voting Aye, the motion passed.

Commissioner Mayhew moved to approve the Purchase Gas Adjustment policy, policy #503.09, as presented. Commissioner Noyce seconded the motion. All Commissioners voting Aye, the motion passed.

Commissioner Mayhew moved to approve the Commercial Gas Rates policy, policy #503.20, as presented. Commissioner Noyce seconded the motion. All Commissioners voting Aye, the motion passed.

Commissioner Truelson moved to approve the Interruptible Gas Rates policy, policy #503.50, as presented. Commissioner Noyce seconded the motion. All Commissioners voting Aye, the motion passed.

Commissioner Truelson moved to approve the Crop Drying Gas Rates policy, policy #503.90, as presented. Commissioner Mayhew seconded the motion. All Commissioners voting Aye, the motion passed.

Contributed Services

The Contributed Services report as of October 31, 2006 was presented to the Commission. The Commission signed the report.

General Manager/Staff Report

General Manager Shurts reminded the Commission the OPU Employee Recognition Dinner is scheduled for December 8, 2006 at the VFW in Owatonna beginning with social hour at 6:00 p.m. and dinner starting at 7:00 p.m.

General Manager Shurts reported staff met with Northern Border Pipeline to discuss the possibility of connecting to their natural gas transmission line in Iowa. Mr. Shurts noted we will conduct a study to determine if the project makes sense for OPU and its customers.

Commission Roundtable

Commissioner Noyce – Nothing.

Commissioner Truelson – Nothing.

Commissioner Mayhew – Nothing.

Commissioner Schreiner – The regular December Commission meeting falls the day after Christmas and we would like to propose moving the meeting to another date. Commissioner Truelson moved to reschedule the December Commission meeting from December 26, 2006 to December 20, 2006. Commissioner Mayhew seconded the motion. All Commissioners voting Aye, the motion passed. Commissioner Truelson further noted the Personnel Committee meeting would be rescheduled from December 19, 2006 to December 12, 2006.

Commissioner Mayhew inquired about a performance review for the Commission from staff to ensure the Commission is performing as best they can to help staff. General Manager Shurts replied we can work on that with the Personnel Committee.

Adjournment

There being no further business to come before the Commission, Commissioner Mayhew moved to adjourn the meeting. Commissioner Noyce seconded the motion. All Commissioners voting Aye, the meeting adjourned at 5:53 p.m.

Respectfully submitted,

Tammy Schmoll
Executive/HR Assistant