

The Owatonna Public Utilities Commission met in rescheduled session in the Commission Room. The meeting was rescheduled due to the Christmas holiday. Present were Commissioners Schreiner, Emanuelson, Truelson, Mayhew and Noyce. Also present were General Manager Shurts; City Administrator Sparks; Director, Finance & Administration Bruno; Director, Engineering & Field Services Morgan; Director, Marketing & Energy Management Green; Supervisor, Gas & Water Services Bendorf; Supervisor, SCADA & Energy Management Warehime and Executive/HR Assistant Schmoll.

Commissioner Emanuelson led the Pledge of Allegiance.

Minutes

The Minutes from the regular meeting of November 28, 2006 were presented to the Commission. Commissioner Truelson moved to approve the Minutes as presented. Commissioner Mayhew seconded the motion. All Commissioners voting Aye, the motion passed.

Gas Odorant Injection Problem

Supervisor, Gas & Water Services Bendorf reported to the Commission in regards to the over injection of odorant into the natural gas system on Tuesday, December 19, 2006. He noted maintenance at the odorant station discovered ice build up in the odorant line and the procedure to correct that included purging all the odorant from the line. When the maintenance was complete, odorant was being added back to the system. Normally a high alarm would sound and close the valve, but the float in the day cylinder stuck allowing too much odorant into the system. By the time the maintenance personnel realized they weren't getting the alarm and fixed the valve, too much odorant was already in the system. General Manager Shurts reported seven OPU gas/water personnel and four fire fighters responded to over 1000 calls that were received by the personnel answering phones. He noted we checked or called back as many customers as possible that called in. Mr. Shurts explained that Mercaptan is the name of the odorant and upon checking the Material Safety Data Sheet on it, other than some slight irritation if contacted with the skin, this product does not have any health hazards. Commissioner Truelson inquired as to what personnel is doing to ensure this type of problem does not occur again. Supervisor Gas & Water Services Bendorf replied, the process involved is being evaluated and changed and once the valve is changed out, it is highly unlikely this will occur again. Commissioner Mayhew inquired as to a statement to the public to ensure that if they do smell natural gas in the future they do not just assume it is the same problem and fail to call in. Staff will be proactive by contacting the media.

Committee Reports

Finance Committee – Commissioner Emanuelson reported the Finance Committee met, reviewed and approved Income Statements, Cash Flows, Vouchers and several Work Orders.

Personnel Committee – Commissioner Truelson reported the Personnel Committee met and discussed the General Manager's review, as well as a management wage increase. He noted January 3rd will be the General Manager's review and reminded the other Commissioners to return their pre-work to Commissioner Noyce so she can compile the results. Commissioner Truelson reported the Personnel Committee is recommending a 3% increase, effective January 1st, for the management staff, except the General Manager which will be determined at the time of his review. Commissioner Truelson moved to award the management personnel a 3% wage increase effective January 1, 2007. Commissioner Mayhew seconded the motion. All Commissioners voting Aye, the motion passed.

City Administrator's Report

City Administrator Sparks reported the City Council held a tax & budget meeting for citizens to discuss property taxes and for the Council to discuss their budget for the year 2007. The Council approved the 2007 budget. Mr. Sparks also discussed the current new home building status for the last few years. He noted there were about 126 single family homes built in Owatonna in 2006. He further noted there are about 214 homes on the market. City Administrator Sparks and the Commission discussed the annexation agreements with the surrounding townships and the consistency of growth in Owatonna. Commissioner Truelson inquired about a joint OPU Commission/City Council meeting. City Administrator Sparks and General Manager Shurts will discuss some possible dates.

Electric Rates – Approval

General Manager Shurts presented to the Commission the Electric Rates policies for approval. He noted the rates reflect a 10% increase for each classification: residential, commercial and industrial. He further noted, these new rates ensure one rate classification does not subsidize any of the others. After extensive discussions, General Manager Shurts then presented the Energy Acquisition Adjustment policy, Policy #501.09, to the Commission for approval. Commissioner Truelson moved to approve the policy as presented. Commissioner Emanuelson seconded the motion. All Commissioners voting Aye, the motion passed.

General Manager Shurts presented the Residential Electric Rates policy, Policy #501.81, to the Commission for approval. Commissioner Mayhew moved to accept the policy as presented. Commissioner Emanuelson seconded the motion. All Commissioners voting Aye, the motion passed.

General Manager Shurts presented the Commercial Electric Rates policy, Policy #501.82, to the Commission for approval. Commissioner Emanuelson moved to accept the policy as presented. Commissioner Truelson seconded the motion. All Commissioners voting Aye, the motion passed.

General Manager Shurts presented the Commercial Electric Rates – Demand Metered policy, Policy #501.82d, to the Commission for approval. Commissioner Mayhew moved to accept the policy as presented. Commissioner Emanuelson seconded the motion. Discussion ensued. All Commissioners voting Aye, the motion passed.

General Manager Shurts presented the Electric Time-of-Day Rates policy, Policy #501.33, to the Commission for approval. Commissioner Truelson moved to accept the policy as presented. Commissioner Mayhew seconded the motion. All Commissioners voting Aye, the motion passed.

General Manager Shurts presented the Electric Peak-controlled Service Time of Day Rates policy, Policy #501.80, to the Commission for approval. Commissioner Emanuelson moved to accept the policy as presented. Commissioner Truelson seconded the motion. All Commissioners voting Aye, the motion passed.

2007 Budget, 2008-2011 Forecast – Approval

General Manager Shurts explained to the Commission, the 2007 Budget needs to be reapproved due to the new rate changes. The original budget was approved previously with a 1 mill adder to the rates to help recover some of the financial reserves. The rates approved at this meeting by the

Commission, did not have that adder and therefore, the budget needs to approved without the 1 mill adder as well. Mr. Shurts clarified, in the original budget, the 1 mill adder was not included but was approved as an addendum to the budget. Commissioner Truelson moved to approve the budget without the 1 mill adder addendum. Commissioner Mayhew seconded the motion. All Commissioners voting Aye, the motion passed.

Contributed Services

The Contributed Services report as of November 30, 2006 was presented to the Commission. The Commission signed the report.

General Manager/Staff Report

General Manager Shurts reported to the Commission the IRS is increasing the amount allowed for mileage reimbursement from 44.5 cents to 48.5 cents effective January 1, 2007 and therefore, OPU will be changing our Mileage Reimbursement Procedure to coincide with the IRS amount.

Executive/HR Assistant Schmoll reported to the Commission on the United Way drive. She reported on the games played and that the OPU employees donated over \$3500.

Supervisor, SCADA & Energy Management Warehime reported the Owatonna Business Incubator (OBI) has a new tenant coming in. The business heard about the OBI through the television ad that OPU paid for. He further reported there is one year left in the funding agreement between OBI and OPU.

Supervisor, SCADA & Energy Management Warehime reported OPU is helping the Hospital retain the services of the Weidt Group. This Group can help the hospital save up to 30% on their energy bills for the new hospital, helping them to be a leader in both health care and energy management.

Supervisor, SCADA & Energy Management Warehime reported on projects OPU is working on with the City. He further reported some energy management letters have been send out to area industrial customers and will be followed up on after Christmas.

Commission Roundtable

Commissioner Mayhew – How will the new ½ percent sales tax affect OPU and its budget? Director, Finance & Administration Bruno will get back to the Commission.

Commissioner Emanuelson – I would like to wish staff and employees a Merry Christmas! I also feel it is important to ensure customers do not take the odorant issue for granted and encourage them to call OPU immediate if they smell gas.

Commissioner Truelson – I would like to wish all employees a Merry Christmas and a Happy New Year.

Commissioner Noyce – Happy Holidays to all OPU staff and Commissioners. I would also like to remind Commissioners to get their General Manager Review packets back to me as soon as possible as I will be leaving on vacation.

Commissioner Schreiner – Nothing.

Adjournment

There being no further business to come before the Commission, Commissioner Mayhew moved to adjourn the meeting. Commissioner Truelson seconded the motion. All Commissioners voting Aye, the meeting adjourned at 5:43 p.m.

Respectfully submitted,

Tammy Schmoll
Executive/HR Assistant