

The Owatonna Public Utilities Commission met in regular session in the Commission Room. Present were Commissioners Emanuelson, Stansberry, Mayhew, Schreiner and Ihrke. Also present were General Manager Shurts; City Administrator Busse; Director, Financial & Administrative Services Bruno; Manager, Energy Management & External Relations Warehime; Manager, HR, Safety, Risk & Loss Control Madson; and Executive/HR Assistant Schmoll.

Roger Warehime led the Pledge of Allegiance.

Minutes

The Minutes from the regular Commission meeting of November 25, 2008 were presented to the Commission for approval. Commissioner Mayhew moved to approve the Minutes as presented. Commissioner Schreiner seconded the motion. All Commissioners voting Aye, the motion passed.

Committee Reports

Personnel Committee – Commissioner Schreiner reported the Personnel Committee met and discussed management wage increases. Manager, HR, Safety, Risk & Loss Control distributed a wage survey she conducted of other utilities around the state. Mr. Schreiner reported, staff recommended a 3% wage increase, however, after much discussion, the Personnel Committee is recommending a 2% increase for the management staff. Mr. Schreiner continued, our recommendation is not a reflection of the people in the positions, but the state of the economy. Commissioner Mayhew added, also given the economy, the utility needs to be very prudent in filling any open positions. After discussion, Commissioner Schreiner moved to approve a 2% wage increase for the management staff. Commissioner Stansberry seconded the motion. All Commissioners voting Aye, the motion passed.

Finance Committee – Commissioner Mayhew reported the Finance Committee met, reviewed and approved Vouchers totaling \$4,367,110.51. Mr. Mayhew continued, the Committee also reviewed the financial statements, consolidated balance sheet, cash positions, and price variances. Mr. Mayhew stated the utility is in a strong position and should end the year positively. Mr. Mayhew also reported the Committee approved 56 work orders totaling \$2,800,187. All work orders are for items in the 2009 budget.

City Administrator's Report

City Administrator Busse reported the City is working on budget issues including a cut to local government aid. Mrs. Busse further reported the City is looking at cuts in other areas including delaying hiring, instituting a wage freeze, holding back projects, etc. The City Council and City management staff are committed to maintain the core services, but are looking at the non-core services for cuts.

Rates

Director, Financial & Administrative Services Bruno presented 6 rate policies to the Commission. He noted, 5 are electric utility rate policies and 1 is a water utility rate policy. Overall, a 4% rate increase is being recommended, which will affect average residential customers by about \$3.00 a month in electricity and \$1.00 a month in water. Staff is not recommending a rate increase in the natural gas utility rates. General Manager Shurts added, our electric wholesale supplier, SMMPA, is increasing their rates to us by 6% and that cost is about 80% of our total costs. So, we only increasing our rates to cover the rate increase from SMMPA. We would be well below our financial reserve policy

if we do not do this. Commissioner Mayhew requested some modeling of the rates using the cash flow statement for the next Commission meeting. Staff will prepare that report.

The Energy Acquisition Adjustment policy, #501.09, was presented to the Commission for approval. Commissioner Ihrke moved to approve the policy as submitted. Commissioner Mayhew seconded the motion. All Commissioners voting Aye, the motion passed.

The Electric Time-of-Day rate policy, #501.33, was presented to the Commission for approval. Commissioner Schreiner moved to approve the policy as submitted. Commissioner Stansberry seconded the motion. All Commissioners voting Aye, the motion passed.

The Electric Municipal Water Pumping rate policy, #501.80, was presented to the Commission for approval. Commissioner Stansberry moved to approve the policy as submitted. Commissioner Ihrke seconded the motion. All Commissioners voting Aye, the motion passed.

The Residential Electric rate policy, #501.81, was presented to the Commission for approval. Commissioner Schreiner moved to approve the policy as submitted. Commissioner Stansberry seconded the motion. All Commissioners voting Aye, the motion passed.

The Commercial Electric rate policy, #501.82, was presented to the Commission for approval. Commissioner Mayhew moved to approve the policy as submitted. Commissioner Ihrke seconded the motion. All Commissioners voting Aye, the motion passed.

The Water Rates policy; #502.11, 502.21, 502.31, 502.41; was presented to the Commission for approval. Commissioner Schreiner moved to approve the policy as submitted. Commissioner Stansberry seconded the motion. All Commissioners voting Aye, the motion passed.

Contributed Services

The Contributed Services report as of November 30, 2008 was presented to the Commission. The Commission signed the report.

General Manager/Staff Report

General Manager Shurts reported OPU staff and SMMPA staff met with representatives from Viracon and their parent company, Apogee on cost structure and impacts of pending or existing legislation. Areas of energy conservation and custom rebates were also discussed.

General Manager Shurts updated the Commission on SMMPA's wind turbine project.

General Manager Shurts noted the February Commission meeting is scheduled during the same time as the APPA Legislative Rally and requested the meeting be switched from Tuesday of that week to Thursday.

Commission Roundtable

Commissioner Schreiner – Wished everyone a Merry Christmas.

Commissioner Stansberry – Thanked staff for a good year in 2008 and stated he looks forward to 2009. Mr. Stansberry also wished everyone a Merry Christmas and a Happy New Year.

Commissioner Ihrke – Wished everyone a Merry Christmas and Happy New Year.

Commissioner Mayhew – Wished everyone Merry Christmas and Happy New Year.

Commissioner Emanuelson – Wished everyone a Merry Christmas and Happy New Year.

Adjournment

There being no further business to come before the Commission, Commissioner Schreiner moved to adjourn the meeting. Commissioner Ihrke seconded the motion. All Commissioners voting Aye, the meeting adjourned at 4:48 p.m.

Respectfully submitted,

Tammy Schmoll
Executive/HR Assistant