

The Owatonna Public Utilities Commission met in regular session in the Commission Room. Present were Commissioners Truelson, Mayhew, Schreiner & Emanuelson. Absent was Commissioner Noyce. Also present were General Manager Shurts, City Administrator Sparks, Director of Finance Bruno, Director of Engineering & Field Services Morgan, Director of Marketing & Energy Management Green, Manager HR & Customer Service Madson, Supervisor SCADA & Energy Management Warehime, and Executive/HR Assistant Tammy Schmoll.

General Manager Shurts led the Pledge of Allegiance.

Minutes

The Minutes from the November 22, 2005 Commission meeting were presented to the Commission. Commissioner Schreiner moved to approve the Minutes as presented. Commissioner Emanuelson seconded the motion. All Commissioners voting Aye, the motion passed.

Committee Reports

Personnel Committee – Commissioner Schreiner reported the Personnel Committee met and discussed personnel issues including lineworker and engineering technician interviews. The Committee also recommends a 2.5% salary increase for the management personnel effective January 1, 2006. Commissioner Mayhew moved to approve the salary increase as presented. Commissioner Emanuelson seconded the motion. All Commissioners voting Aye, the motion passed.

Finance Committee – Commissioner Mayhew reported the Finance Committee met, reviewed and approved financial statement, investments, cash flow statements and vouchers.

Commissioner Mayhew moved to add the Energy Acquisition Adjustment policy #501.09 to the agenda. Commissioner Emanuelson seconded the motion. All Commissioners voting Aye, the agenda for the meeting was adjusted.

2006 Budget, Forecast 2007-2010

Director of Finance Bruno presented a final version of the 2006 Budget, Forecast 2007-2010 to the Commission as well as changes made from the original preliminary budget. Mr. Bruno noted the majority of the changes were due to the wholesale electric rate approved by SMMPA. Mr. Bruno explained the R.W. Beck study indicated a 11.9% increase for electric rates was necessary and that is what we based our new electric rates on. General Manager Shurts discussed rate increases being proposed by surrounding electric companies. Commissioner Mayhew moved to approve the 2006 Budget, Forecast 2007-2010 as presented. Commissioner Emanuelson seconded the motion. All Commissioners voting Aye, the motion passed.

Rate Policies

The Energy Acquisition Adjustment Policy #501.09 was presented to the Commission for approval. Mr. Bruno explained the way the EAA is calculated was changed and that is the reason for the updated policy. After discussion, Commissioner Mayhew moved to approve the policy as presented. Commissioner Emanuelson seconded the motion. All Commissioners voting Aye, the motion passed.

The remaining electrical rate policies for residential, commercial, industrial and time-of-day, were presented to the Commission. After discussion, Commissioner Schreiner moved to approve the electrical rate policies as presented. Commissioner Mayhew seconded the motion. All Commissioners voting Aye, the motion passed.

The Purchase Gas Adjustment rate policy #503.09 was presented to the Commission for approval. Mr. Bruno noted the policy was based on the natural gas rates approved in November, 2005. Commissioner Schreiner moved to approve the Purchase Gas Adjustment policy as presented. Commissioner Mayhew seconded the motion. All Commissioners voting Aye, the motion passed.

General Manager Shurts discussed various ways OPU would be informing our customers of these increases. Supervisor SCADA & Energy Management Warehime discussed a draft press release with the Commission.

Work Orders

General Manager Shurts presented several work orders to the Commission for approval. He noted they were a separate agenda item due to needing to approve the budget before the work orders could officially be approved. The Commission signed the work orders.

Contributed Services

The Contributed Services report as of November 30, 2005 was presented to the Commission. The Commission signed the report.

General Manager/Staff Report

General Manager Shurts read a letter and Christmas card from an OPU customer.

Mr. Shurts discussed changing the February Commission meeting date due to the APPA Legislative Rally he will be attending on the date of the normal Commission meeting. Executive/HR Assistant Tammy Schmoll will send out proposed dates to move the meeting.

Director of Marketing & Energy Management Green discussed the natural gas prices. Mr. Green also discussed other strategies OPU is considering to help with the fluctuating natural gas prices.

Director of Engineering & Field Services Morgan discussed water main breaks and electrical outages which occurred over the last month.

Manager of HR & Customer Service Madson updated the Commission on staffing issues. She noted the lineworker interviews have been completed and we will be formulating an offer to one of the candidates. She further noted we will be re-advertising for the Engineering Technician in trade magazines.

Supervisor of SCADA & Energy Management Warehime discussed the Owatonna Business Incubator (OBI) and the grants they have been given. He discussed the budget amounts and what the grants were used for. After discussion, the Commission approved \$7,345 be given to OBI out of the

Economic Development budget for use towards their utility bill with the understanding this is not an ongoing grant.

City Administrator's Report

City Administrator Sparks reported to the Commission it has been very helpful having Roger, Joe and Steve on the Partners for Progress committee. He noted the site for the Gateway Phase 2 project has been cleared and progress is moving ahead there. Mr. Sparks noted the new City Council member, Brent Svenby, will be touring city facilities. Mr. Sparks discussed contracts and approved raises for the police sergeants and corporals. Mr. Sparks discussed the ½ cent sales tax proposal the City Council is discussing. Mr. Sparks reported the Allina Board has approved the proposal from the City and negotiations on the new hospital will be moving forward.

Commission Roundtable

Commissioner Mayhew – I would like to compliment the staff on the budget, job well done.

Commissioner Schreiner – Nothing.

Commissioner Truelson – I would like to wish staff and employees a prosperous new year.

Adjournment

There being no further business to come before the Commission, Commissioner Schreiner moved to adjourn the meeting. Commissioner Mayhew seconded the motion. All Commissioners voting aye, the meeting adjourned at 5:25 p.m.

Respectfully submitted,

Tammy Schmoll
Executive/HR Assistant