

The Owatonna Public Utilities Commission met in regular session in the Commission Room. Present were Commissioners Truelson, Schreiner and Noyce. Absent were Commissioners Moen and Mayhew. Also present were General Manager Kuntz, City Administrator Sparks, Field Services Manager Morgan, Energy Conservation/Marketing Specialist Finholdt, Accountant Teresa Hottman and Administrative Assistant Tammy Schmoll. Special guests included Dave Berg from R.W. Beck.

Commissioner Noyce led the group in the Pledge of Allegiance.

### **Minutes**

The Minutes from the regular meeting of May 28, 2002 were presented to the Commission. Commissioner Schreiner moved to approve the Minutes as presented. Commissioner Noyce seconded the motion.

### **Committee Reports**

Finance Committee – The Finance Committee did not meet.

Personnel Committee – Commissioner Schreiner reported the Personnel Committee met and discussed several issues. Commissioner Schreiner reported the vacant Plant Operator position has been filled by an external candidate who will begin on July 1<sup>st</sup>. The Committee also discussed the vacant janitorial position reporting the position is temporarily contracted to an outside firm. Other issues included overtime in the Power Plant as well as the vacant Customer Service Representative position in the front office.

### **Rate Survey Report**

General Manager Kuntz introduced Dave Berg from R.W. Beck reporting that R.W. Beck was contracted to perform a rate study. Mr. Berg reported to the Commission on the results of the study for all three utilities. Beginning with the electrical rates, Mr. Berg reported three different analysis were performed on the rates. They were a cost of service study, a projected operating results analysis, and an unbundling analysis. After explaining the three processes in detail, Mr. Berg reported R.W. Beck recommends a rate decrease in electricity.

Continuing with water, and using the same three areas for analysis, R.W. Beck recommends increasing the water commodity rates while leaving the cost of service the same. R.W. Beck also recommends a two-tiered water rate for those customers who use more water in the summer to promote water conservation.

In the gas utility, the same processes were used for analyzing the rates. R.W. Beck recommends a rate increase in commodity as well as an increase in the cost of service amount.

The Commission thanked Mr. Berg for attending the meeting and giving the report.

**Contributed Services**

The Contributed Services report as of May 31, 2002 was presented to the Commission. The Commission signed the report.

**General Manager's Report**

General Manager Kuntz reported OPU received a letter from APPA asking for financial support of the Telecommunications Services Campaign. The Campaign money will provide additional resources for APPA in Congress regarding telecommunications. Mr. Kuntz recommends donating \$500. The Commission tabled this issue until the next meeting.

Mr. Kuntz reported the MMUA Summer Meeting is scheduled for August 25 to 27. This meeting conflicts with the August Commission Meeting date and staff recommends the meeting be changed to Wednesday, August 28<sup>th</sup>. Commission concurred, the August Commission meeting will be rescheduled to August 28<sup>th</sup>.

General Manager Kuntz reported OPU has been experiencing an excessive amount of outages. He reported squirrels have caused most of these outages. Field Services Manager Morgan reported OPU makes every effort possible to deter the squirrels. Mr. Kuntz reported his article in the OPU Customer Newsletter will cover this very issue.

Mr. Kuntz reported the SMMPA Annual Meeting is scheduled for October 3<sup>rd</sup> and 4<sup>th</sup> at the Doubletree Hotel in Minneapolis. Any Commissioners wishing to attend, OPU will pay for their stay. Just let Tammy know and accommodations will be made.

Field Services Manager Morgan gave an update on the substation project. He reported the project should be completed the third week of July.

Mr. Kuntz reported service territory negotiations are on-going. OPU has met with Alliant and they are in the process of putting together a cost estimate of their equipment. When the numbers are in, negotiations will move forward.

Mr. Kuntz reported the Propane Contracts are being reviewed and Engineering is working with U.S. Energy to finalize the new contracts.

SMMPA approved a quick start contract for St. Peter and Grand Marais. The contract is for a 20 year time period. Also, SMMPA sold 15 acres located near the Byron Substation to a contractor for development.

Mr. Kuntz further discussed the retained earnings graphs for electricity, water and natural gas. Mr. Kuntz presented the Commission with a book that was given out at the APPA Summer Meeting entitled "It's Your Future, Lead It".

**City Administrator's Report**

City Administrator Sparks reported the City Council is having a study session on July 8<sup>th</sup> to discuss annexation and land issues. The Commission is invited to attend. Mr. Sparks reported several good comments were received about the community from the Fire Fighters Convention. Mr. Sparks also reported two block area of North St. will be closed for the Canning Co. for August and September due to the increased truck traffic during harvest.

**Commission Roundtable**

Commissioner Noyce – Nothing

Commissioner Schreiner – Nothing

Commissioner Truelson – Nothing

As a final note, General Manager Kuntz reminded the Commission of the Strategic Planning Session on July 18<sup>th</sup> from 1:00 p.m. to 5:00 p.m. in the Commission Room.

**Adjournment**

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

Respectfully submitted,

Tammy Schmoll  
Administrative Assistant