

The Owatonna Public Utilities Commission met in regular session in the Commission Room. Present were Commissioners Emanuelson, Schreiner, Stansberry, and Ihrke. Absent was Commissioner Mayhew and City Administrator Busse. Also present were General Manager Shurts, Director, Financial & Administrative Services Bruno; Director, Gas, Water, & Power Production Green; Manager, Energy Management & External Relations Warehime; Manager, HR, Safety, Risk & Loss Control Madson; Supervisor, Gas, Water, Buildings & Grounds Bendorf; Supervisor, Power Production Reese; Supervisor, Meter Services Pelot; Teresa Hottman, OPU employee and Violet Paleczny, OPU employee. HR/Executive Assistant and Commission minute recorder Schmoll was absent.

President Emanuelson led the Pledge of Allegiance.

### **Minutes**

The Minutes from the regular meeting of April 22 were presented to the Commission. Commissioner Schreiner moved to accept the minutes as presented. Commissioner Stansberry seconded the motion. All Commissioners voting aye, the motion passed.

### **Election of Officers**

President Emanuelson explained election of officers for the coming year is conducted at the May Commission meeting. He asked for nominations for the office of President from the floor. Commissioner Schreiner made a motion to nominate Commissioner Emanuelson for the office of President, Commissioner Stansberry for the office of Vice- President, and an unanimous ballot be cast for Commissioner Emanuelson as President and Commissioner Stansberry as Vice President. Commissioner Ihrke seconded the motion. All Commissioners voting aye, the motion passed. President Emanuelson then discussed the Commission committees, when the committees typically meet and the responsibility of the Finance Committee and the Personnel Committee. Following the discussion, President Emanuelson respectfully assigned Commissioners Mayhew and Ihrke to the Finance Committee and Commissioners Schreiner and Stansberry to the Personnel Committee.

### **Committee Reports**

Finance Committee – President Emanuelson gave a recap of the Financial Statements for the Commission's information. He noted for the first four months ending April 30, electric revenues were \$10,429,606, water revenues were \$942,684, and gas revenues were \$12,720,683. This is less than 1% off from our 2008 budget. The electric utility is showing a current year-to-date net income of \$302,382, water, \$156,297, and gas \$1,327,053. Finance Director Bruno noted accounts receivables were up due to the 2008-09 Cold Weather Rule expiring April 15 which generated many payments on consumers accounts. The balance sheet, investment report, disbursements, and 1 work order were approved. The Work Order was for the Water System to install communications equipment.

Personnel Committee – The Personnel Committee did not meet. HR Manager Madson noted Mr. Gary Strohman has been hired for the position of After Hours Serviceworker in preparation for the retirement of our current After Hours Serviceworker. Also, the search is continuing for the open position of Director, Engineering and Electric Services.

**Load Management & Conservation Report**

Manager, Energy Management & External Relations Warehime presented the Commission with a report on OPU's Load Management & Conservation Spending program. He discussed the state required Energy Conservation Investment Program (CIP) and initially how dollars collected from the customer could be spent on load management and energy conservation programs. The mandated CIP dollars collected from the customer each month is 1.5% of the electric bill and ½% of the natural gas bill. He further explained how the CIP program is moving from a spending requirement to an actual energy savings requirement. Graphs were presented showing total load management and conservation spending, electric conservation spending and energy saved, electric conservation spending by customer class, electric conservation kWh saving by customer class, natural gas conservation spending, natural gas conservation spending and energy saved, natural gas conservation spending by customer class, and natural gas conservation MCF saving by customer class. Mr. Warehime then discussed a home energy report program emphasizing conservation piloted in a few areas in California, whereby customers are provided with their own energy usage data, how implementing conservation methods can reduce the energy consumption and how it compares with other customer's usage data. A grant application has been submitted to the state to do a pilot of this home energy report program in Owatonna and Austin and we are awaiting the state's decision. In addition to helping the customer to conserve and save energy, an important advantage to OPU is we can target what can be done to control our peak.

**Clean, Repair, & Paint Towers 5, 8, & 9 Bid Tabulation**

The Commission directed their attention to the bid tabulation for the project to clean, repair and paint water towers 5, 8, and 9. Supervisor, Gas, Water, Buildings & Grounds Bendorf explained bids have come in higher than anticipated due to outdated engineering estimates, as well as, KLM Engineering, the firm that prepared the bid package for us, stated most bids for projects such as ours are coming in higher than anticipated this year. Mr. Bendorf discussed the tower 9 repair/recondition project. The low bid to complete this project was \$199,368. This project was under budgeted and it has been delayed since 2003. General Manager Shurts added to prevent further deterioration of this tower, we need to bite the bullet and get this completed. The water utility is doing better financially so we can fund it with cash to get it done. The additional cost is \$124,368. The repair and recondition of interior spot areas on tower 5 was discussed next. The low bid for this project was \$66,940 and the recommendation from staff is to complete this work also. The tower 8 project was cleaning only. After an inspection, due to a layer of paint falling off and the current paint on the tower is 20 years, KLM engineering has advised to complete a total strip, repair, and re-paint of the tower inside and out. The estimated cost of this is \$400,000. Staff is recommending not to clean 8 at this time. Instead a 2009 budget request item to repair and repaint tower 8 inside and out will be submitted for approval during the budget process this fall. Commissioner Schreiner made a motion to award the bid for work on towers 5 and 9 to the low bidder, Classic Protection Coatings, Inc. in the amount of \$66,940 for tower 5 and \$199,368 for tower 9. Commissioner Stansberry seconded the motion. All Commissioners voting aye, the motion passed. The Work Order for tower 9 will be revised to include the additional funds of \$124,368.

**Amendment to Power Sales Contract between SMMPA and OPU**

General Manager Shurts presented an Amendment to Schedule A to the Power Sales Contract between SMMPA and OPU. He explained this is strictly a formality that reflects changes that are made to the electric system as it interconnects between Owatonna Public Utilities and SMMPA.

Commissioner Stansberry made a motion to approve amending the Power Sales Contract between SMMPA and OPU as presented. Commissioner Ihrke seconded the motion. All Commissioners voting aye, the motion passed.

### **Amendment to Joint Venture Agreement between Steele Waseca Cooperative Electric and OPU**

General Manager Shurts presented the amendment to the Joint Venture Agreement between Steele Waseca Cooperative Electric and OPU for Commission approval. He explained this amendment brings the aquatic acreage into the joint service territory agreement between OPU and Steele Waseca. Commissioner Schreiner made a motion to enter into the agreement as amended. Commissioner Stansberry seconded the motion. All Commissioners voting aye, the motion passed.

### **Contributed Services**

The Contributed Services report as of April 30, 2008 was presented to the Commission. General Manager Shurts noted the overall contributed services for the month was 2.12%. Director, Gas, Water, and Power Production Green reported the Four Seasons Centre completed a lighting retrofit on both arenas which will bring excellent energy savings. President Emanuelson asked staff to prepare a document on the parameters OPU uses to determine when OPU provides CIP dollars for conservation projects on buildings and equipment owned and operated by the city or provides rebate dollars for the project. OPU staff will prepare this document for the commission.

### **General Manager/Staff Report**

Supervisor, Power Production Reese distributed informational graphs showing the operating hours of Units #6 and #7. Unit #6 is a steam unit and Unit #7 is the gas turbine. Larry discussed the downward trend on operating hours. He also noted the continuous running of #6 unit for 37 consecutive days (October 26-November 21, 2007) while the Austin Northeast plant was shut down for repairs. SMMPA needed spinning reserve at the time and OPU's power plant personnel worked 12 hours shifts continuously during that time. It was noted Unit #7 (gas turbine) can come on line within minutes versus #6 takes 12 hours to come up, so it is good option for SMMPA to dispatch when needed for short period of time. General Manager Shurts added, Larry and his Crew really maintain our units well and SMMPA feels we have one of the best power plant operating crew and equipment in the state. General Manager Shurts thanked Larry for the report and noted this Friday Larry will retire from OPU and invited all to attend a luncheon in his honor at 11:30 Friday in the Commission Room. Larry's dedication to his job to keep our power plant, gas turbine, and substations in tip-top shape will be sorely missed and we congratulate him on his retirement.

Supervisor, Meter Services Pelot presented a 2008 review on the Radio Read Program (ERT). He discussed the program's progress since 1999. The projected completion date is 2011, 2 years ahead of schedule. Mr. Pelot then discussed the goal is to have the project 83% completed by the end of 2008, as well as, the full implementation of the mobile collector completed. The mobile collector unit is a scaled down version of a van based system and it eliminates the need for a permanent mount in a dedicated vehicle. It also uses our existing hand held units so we did not need to purchase an additional laptop. In addition, the mobile unit is much faster than traditional meter reading of routes. A route of 400 meters can be read in 5 seconds. It takes longer to drive the unit to the site than read the meters. With radio reads, there are less transcription errors increasing our accuracy of readings, fewer field rechecks because of questionable readings, fewer estimated bills, missed readings, and fewer corrected

bills. With the new computer system, we will add tamper detection as part of the ERT reading process, as well as, reading sealed meters monthly to verify zero usage on a sealed meter. General Manager Shurts thanked Shawn for the report.

**Commission Roundtable/Audience Comments**

Commissioner Ihrke – inquired of Shawn, will OPU be able to detect things internally with this technology. Mr. Pelot replied, it is a pie in the sky, it is out there.

Commissioner Stansberry welcomed Commissioner Ihrke to his first official meeting. The rest of the Commission joined in welcoming him, echoing it was great to have him on board.

**Adjournment**

There being no further business to come before the Commission, Commissioner Stansberry moved to adjourn the meeting. Commissioner Ihrke seconded the motion. All Commissioners voting aye, the meeting adjourned at 5:49 P.M.

Respectfully submitted,

Marjorie Madson,  
Manager, Human Resources