

The Owatonna Public Utilities Commission met in regular session in the Commission Room. Present were Commissioners Stansberry, Schreiner, Emanuelson and Cosens. Absent was Commissioner Ihrke. Also present were General Manager Shurts; City Administrator Busse; Director, Financial & Administrative Services Bruno; Director, Engineering, Electric & Meter Services Johnson; Director, Gas, Water & Power Production Green; Manager, Energy Management & External Relations Warehime; Manager, HR, Safety, Risk & Loss Control Madson; Supervisor, Information & Financial Services Turnbull and Executive/HR Assistant Schmoll.

Ronnie Johnson led the Pledge of Allegiance.

Minutes

The Minutes from the regular Commission meeting of October 27, 2009 were presented to the Commission. Commissioner Schreiner moved to approve the Minutes as presented. Commissioner Cosens seconded the motion. All Commissioners voting Aye, the motion passed.

The Minutes from the special Budget meeting of November 4, 2009 were presented to the Commission. Commissioner Emanuelson moved to approve the Minutes as presented. Commissioner Cosens second the motion. All Commissioners voting Aye, the motion passed.

Committee Reports

Personnel Committee – Commissioner Schreiner reported the Committee did not meet.

Finance Committee – Commissioner Emanuelson reported the Finance Committee met, discussed and approved Vouchers in the amount of \$3,838,121.74. The Committee also reviewed the financial statements, cash flow statements, the investment report, net incomes and the variance report.

City Administrator's Report

City Administrator Busse reported the City Council has been presented the City's budgeted, which contains a zero levy for their approval. She reported a Truth in Taxation hearing will be held December 1st with the budget being adopted on December 15th. Ms. Busse further reported further cuts of the Local Government Aid are expected in the rest of 2009 and into 2010. She reported the cuts have been supported by wage freezes, staff reduction, and prioritization of services and programs.

2010 Budget, 2011-2014 Forecast

Director, Financial & Administrative Services Bruno and General Manager Shurts distributed and discussed changes to the 2010 Budget and 2011-2014 Forecast. Mr. Bruno noted most of the changes were due to the fact that when staff reduced the SMMPA expenses in the budget we missed the equivalent reduction in SMMPA revenues. Commissioner Cosens asked, we are projecting a loss this year, is this normal? General Manager Shurts replied we try to be as close to zero as possible. When making a rate increase, we balance how close we want to get to zero with how much of an impact on the customers there will be. Mr. Bruno added, it really isn't a loss, it's just not meeting our reserve requirements, but our reserve requirements state we should be as close to zero within three years. After discussion, the Commission decided to talk about the proposed rate policy changes before approving the budget.

Rate Policy Changes

General Manager Shurts distributed and discussed proposed rate policy changes in the electric utility. He noted three examples are provided using a 4%, 4.7% and 5.67% increase and how they impact net income and reserves. Commissioner Cosens inquired as to how realistic it is to project zero unencumbered funds three years in the future. Mr. Shurts stated, we are fairly confident our reserves will build up to policy level within three years, barring any unforeseen changes. He added that, we use SMMPA's projected 5 year plan to help determine whether we will have a rate increase or not. The Commission discussed the pros and cons of each scenario and each Commissioner voiced their thoughts. Commissioner Cosens moved to approve a 4.7% rate increase to the electric rates. Commissioner Schreiner seconded the motion. Discussion turned to the R.W. Beck cost of service study. After that discussion, all Commissioners voting Aye, the motion passed.

President Stansberry now asked for approval of the 2010 Budget, 2011-2014 Forecast. Commissioner Emanuelson moved to approve the budget as amended. Commissioner Schreiner seconded the motion. All Commissioners voting Aye, the motion passed.

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

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

The Electric Commercial Rates Policy, Policy #501.82, was presented to the Commission for approval. Commissioner Schreiner moved to approve the policy as submitted. Commissioner Cosens seconded the motion. All Commissioners voting Aye, the motion passed.

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

The Electric Peak-Controlled Rates Policy, Policy #501.80, was presented to the Commission for approval. Commissioner Cosens moved to approve the policy as submitted. Commissioner Schreiner seconded the motion. All Commissioners voting Aye, the motion passed.

General Manager Shurts noted the water and natural gas rate policies will be presented at the next meeting.

Contributed Services

The Contributed Services report as of October 31, 2009 was presented to the Commission. The Commission signed the report.

General Manager/Staff Report

Manager, Energy Management & External Relations Warehime noted a Community workshop was held to expand the Utilities' current energy audit program. He continued that 52 households were in attendance with 70 in Austin. The workshop was free and will provide a pricing decrease for attendees from the normal cost of an audit of \$50 to \$25.

Supervisor, Accounting & Information Services Turnbull reported the "go-live" date of the new customer information has been postponed until February 1, 2010. She noted some outstanding issues were identified and we just weren't comfortable going live with it.

Director, Engineering, Electric & Meter Services Johnson reminded the Commission work orders will be presented at the next meeting.

Commission Roundtable

Commissioner Schreiner – Thanks to everyone for their hard work on the budget.

Commissioner Cosens – Also, thanks to everyone for their work on the budget.

Commissioner Emanuelson – Thanks for the work on the budget and good luck to Commissioner Ihrke.

Commissioner Stansberry – Nothing.

Adjournment

There being no further business to come before the Commission, Commissioner Schreiner moved to adjourn the meeting. Commissioner Cosens seconded the motion. All Commissioners voting Aye, the meeting adjourned at 5:07 p.m.

Respectfully submitted,

Tammy Schmoll
Executive/HR Assistant