

The Owatonna Public Utilities Commission met in regular session in the training room at the Owatonna Fire Department. Present were Commissioners Schreiner, Cosens, Stansberry, Ihrke and Simon. Also present were General Manager Bruno; City Administrator Busse; Director, Engineering, Electric & Meter Services Johnson; Director, Gas, Water & Power Production Green; Manager, Energy Management & External Relations Warehime; Supervisor, Information & Financial Services Turnbull; Executive/HR Assistant Schmoll and Accountant Teresa Hottman.

Commissioner Ihrke led the Pledge of Allegiance.

Minutes

The Minutes from the November 23, 2010 meeting were presented to the Commission. Commissioner Ihrke moved to approve the Minutes as submitted. Commissioner Cosens seconded the motion. All Commissioners voting Aye, the motion passed.

Committee Reports

Personnel Committee – Commissioner Schreiner reported the Personnel Committee met and discussed management employee salaries for 2011. The Personnel Committee is recommending a 2.5% increase for management employees which coincides with the negotiated wage increase for union employees. He noted the union is in the last year of a three year contract. After discussion, Commissioner Ihrke moved to approve the recommended 2.5% increase for the management employees. Commissioner Simon seconded the motion. All Commissioners voting Aye, the motion passed.

Finance Committee – Commissioner Cosens reported the Finance Committee met, reviewed and approved 53 budgeted work orders in the amount of \$2,187,897.00. They also approved \$4,809,393.35 in Vouchers. Commissioner Cosens reported overall everything is right on target with budgeted amounts.

City Administrator's Report

City Administrator Busse reported the City Council approved the budget which included a .8% increase and staff is working on applying for various grants through the State, as well as working on FEMA applications. Commissioner Cosens inquired as to the replacing of 14th St. NE between St. Paul Road and Cedar Avenue. City Administrator Busse will check into it and report back.

Unit #7 SMMPA Contract

General Manager Bruno reminded the Commission that SMMPA will not be renewing the contract on Unit #6. It was OPU's intention to mothball the unit so it could be used as backup generation in the event of an emergency. With Unit #6 and Unit #7, 75% of the city could have been supplied electricity, but with the damage Unit #6 sustained in the flood, that option is no longer viable. The current contract includes Unit #6 and Unit #7 so the contract is being amended to only include Unit #7. The other change in the contract is SMMPA will only reimburse OPU for 3 full time employees' actual rate of pay plus 33%. Mr. Bruno also stated it is in SMMPA's budget to place a generating unit in Owatonna in the 2014 time frame. After discussion, Commissioner Cosens moved to sign the amended agreement with SMMPA regarding Unit #7. Commissioner Stansberry seconded the motion. All Commissioners voting Aye, the motion passed.

Natural Gas Energy Conservation Policy

General Manager Bruno distributed the Natural Gas Energy Conservation policy to the Commission. He explained the State mandates utilities to spend .5% of revenues on energy conservation in the natural gas area. State requirements are changing and this policy will adjust the charge for energy conservation based on State spending requirements. After discussion, and upon staff recommendation, the Commission agreed to table this policy until 2012. They directed staff to build the additional cost requirements into the 2012 budget. A similar policy will be developed for electricity and water.

Contributed Services

The Contributed Services report as of November 30, 2010 was presented to the Commission. General Manager Bruno noted a \$4,000 credit at the Law Enforcement Center. The meter was over-read and over-billed and the credit is to correct that error. The Commission signed the report.

General Manager/Staff Report

General Manager Bruno and Director, Engineering, Electric & Meter Services Johnson reported the engineering study for the mechanical portion of the power plant damage has been received and the estimated cost is \$569,000. We are still waiting on the electrical portion, so costs are expected to be much higher.

General Manager Bruno noted the new Director, Financial and Administrative Services, Beth Fondell, will be starting on Monday, January 3, 2011. He noted, he will be working with Beth to train her on monthly duties, cost of service studies, rate designs and budgets. Commissioner Cosens inquired about the time frame and process for the general manager replacement in October. Commissioner Schreiner replied the exact schedule has not been finalized but we are looking to have someone on board by September.

General Manager Bruno inquired if the Commission would be interested in a tour of OPU's facilities. After discussion, it was decided to wait until May, 2011.

Commission Roundtable

Commissioner Simon – Wished all present a Happy New Year.

Commissioner Stansberry – Wished everyone a Happy New Year.

Commissioner Ihrke – Wished everyone a Happy New Year.

Commissioner Cosens – Wished everyone a Happy New Year.

Commissioner Schreiner – The general manager's review will be towards the end of January. The date is yet to be determined.

Adjournment

There being no further business to come before the Commission, Commissioner Simon moved to adjourn the meeting. Commissioner Stansberry seconded the motion. All Commissioners voting Aye, the meeting adjourned at 4:52 p.m.

Respectfully submitted,

Tammy Schmoll
Executive/HR Assistant