

The Owatonna Public Utilities Commission met in regular session in the Commission Room. Present were Commissioners Cosens, Ihrke, Schreiner, Stansberry and Simon. Also present were General Manager Fritsch; Director, Financial and Administrative Services Fondell; Director, Engineering, Electric & Meter Services Johnson; Director, Gas, Water & Generation Green; Manager, Energy Management & External Relations Warehime; Manager, HR, Safety, Risk & Loss Control Madson; Supervisor, Information & Financial Services Turnbull and Executive/HR Assistant Schmoll. Kim Hillberg, Clifton, Larson & Allen, was also present.

Commissioner Cosens led the Pledge of Allegiance.

Minutes

The Minutes from the April 24, 2012 Commission meeting were presented to the Commission. Commissioner Simon moved to approve the Minutes. Commissioner Ihrke seconded the motion. All Commissioners voting Aye, the motion passed. Commissioner Simon abstained from voting due to being absent from the April meeting.

Election of Officers

President Cosens asked for nominations for the office of President. Commissioner Schreiner made a motion to nominate Commissioner Ihrke for office of President, a unanimous ballot be cast, and nominations cease. Commissioner Stansberry seconded the motion. All Commissioners voting Aye, the motion passed.

President Ihrke asked for nominations for the office of Vice President. Commissioner Cosens made a motion to nominate Commissioner Simon for office of Vice President, a unanimous ballot be cast, and nominations cease. Commissioner Schreiner seconded the motion. All Commissioners voting Aye, the motion passed.

The Finance Committee will consist of Commissioners Simon and Cosens with Commissioner Simon holding the office of President for that Committee.

The Personnel Committee will consist of Commissioners Stansberry and Schreiner with Commissioner Stansberry holding the office of President for that Committee. Commissioner Ihrke will be an ex-officio member on both committees.

Committee Reports

Finance Committee – Commissioner Cosens reported the Finance Committee met, reviewed and approved Vouchers totaling \$4,563,252.51. He noted the natural gas utility is still under-budget due to lack of usage, however gains were made in April due to being able to purchase natural gas at very low prices.

Personnel Committee – Commissioner Stansberry reported the Personnel Committee met and gave General Manager Fritsch his 6 month review. Commissioner Stansberry noted the Commission is very pleased to have Mr. Fritsch on board.

City Administrator's Report

City Administrator Busse was not present to give her report.

2011 Audit Report

Director, Financial and Administrative Services Fondell introduced Kim Hillberg of Clifton, Larson, Allen. Mrs. Hillberg recapped the audit findings for the Commission. She noted an unqualified audit was issued meaning it was a clean audit. Mrs. Hillberg discussed various aspects of the audit report including what the auditors look for. She further noted, audit findings in the past, which are common in other utilities, were not found this year. There were not any material journal entries, and the financial statements were prepared within OPU. She noted the audit went very well this year and expressed her appreciation for the Accounting team. The Commission thanked Mrs. Hillberg for her report and she left the meeting.

Contributed Services

The Contributed Services report as of April 30, 2012 was presented to the Commission. The Commission signed the report.

Operations/Scorecard

Director, Financial and Administrative Services Fondell distributed and discussed graphs showing 2012 reserves and net income through the month of April. The graphs also indicate where we are forecasting numbers to end up for 2012 compared to budgeted numbers. She noted in net income, electric shows it will end up slightly less than budgeted, water will be higher and gas is not looking good at all. On the reserves side, numbers are above target rates through April. Mrs. Fondell is continuing to gather data and will provide updates as the forecasting model improves.

There were not any changes in the cost savings/avoidance section of the scorecard.

Director, Engineering, Electric & Meter Services Johnson reported there was not much change in the electric reliability numbers this month due to limited outages.

Director, Gas, Water & Generation Green reported there were no natural gas or water main hits in April.

Manager, HR, Safety, Risk & Loss Control Madson reported there were not any OSHA recordable accidents in April.

General Manager Fritsch noted in the innovation section the numbers continue to climb due to the Revenue Recapture program.

Manager, Energy Management & External Relations Warehime reported the customer satisfaction and rate comparison numbers will stay the same until the 2nd half of the year. He further noted we are exceeding our conservation program goals in electric but are behind in natural gas. He stated that is not uncommon throughout the industry.

General Manager/Staff Report

General Manager Fritsch reported he has finished up the Strategic Planning sessions with the City of Owatonna. He noted each department has initiatives to move forward. They will also be developing scorecards as OPU has done.

General Manager Fritsch continued, there is nothing new to report on the Power Plant Repurposing project. We are still waiting to hear back from FEMA on a couple items. The Generation department is continuing to work with utility brokers on the sale of the turbine in the plant. The meter shop and both cooling towers have been dismantled and removed.

General Manager Fritsch noted the SHERCO 3 plant is still being projected to be online in the first quarter of 2013. SMMPA is not anticipating a rate increase in 2013.

Director, Financial & Administrative Services Fondell noted the agenda packet was extra thick this month due to the final December 2011 financial statements being included.

Mrs. Fondell directed the Commission's attention back to the audit report noting there is a lot of extra supplemental data incorporated that is unaudited. The lead auditor this year noted a lot of the data is not required to be included in the final audit. After discussion, staff will further evaluate and work with the auditors next year to possibly eliminate the extra detail.

Director, Engineering, Electric & Meter Services Johnson reported the contractors have wrapped up raising the wells. Final numbers will be presented at the next meeting.

Director, Gas, Water & Generation Green reported the flushing has been wrapped up for the year. The crews worked with Culvers to develop a solution to the problem they have with the filters on their pop machines when we flush. We installed a shut off on the building the customer can shut off the night before mains are flushed which should eliminate sediment getting into his building.

Manager, HR, Safety, Risk & Loss Control Madson reported two employees, Kathy Stoltz in the Accounting Department and Ray Edel in the Meter Services Department, will be retiring the end of May. Craig Thompson, from the Meter Services Department, will also retire sometime in June. All three employees have combined years of service over 100 years. A retirement luncheon honoring these employees will be held on May 31st in the Commission Room.

Commission Roundtable

Commissioner Stansberry – Congratulations to Beth and the accounting group for a wonderful audit.

Commissioner Simon – Thanks for the hard work on the audit. Also, great job on the natural gas purchases.

Commissioner Schreiner – Thanks to Commissioner Cosens for his great leadership on the Commission over the past year.

Commissioner Cosens – Great job on the audit. OPU has a great management team. When reflecting back on the amount of work that has been done since the flood, to prevent similar situations from happening in the future, it demonstrates a great mind set of being prepared for the future. I'm very impressed with the leadership of our management team. Thank you for the opportunity to serve as Commission President over the past year. I truly enjoyed it and received great input from the other Commissioners.

Commissioner Ihrke – Good job on the audit report. Thank you for the opportunity to serve as Commission President.

Adjournment

There being no further business to come before the Commission, Commissioner Cosens moved to adjourn the meeting. Commissioner Schreiner seconded the motion. All Commissioners voting Aye, the meeting adjourned at 5:04 p.m.

Respectfully submitted,

Tammy Schmoll
Executive/HR Assistant