

The Owatonna Public Utilities Commission met in regular session in the Commission Room. Present were Commissioners Simon, Schreiner, Cosens and Kottke. Absent was Commission Stansberry. Also present were General Manager Fritsch; City Administrator Busse; Director, Financial & Administrative Services Fondell; Director, Customer Service, Generation & Substations Green; Director, Operations Warehime; Supervisor, Substations & Generation Deering; Executive/HR Assistant Schmoll; and Engineering Technician, Gas, Jon Blough. Other guests included customer Roger Wacek.

Commissioner Cosens led the Pledge of Allegiance.

### **Minutes**

The Minutes from the regular Commission meeting of January 28, 2014 were presented to the Commission. Commissioner Cosens moved to approve the Minutes. Commissioner Kottke seconded the motion. All Commissioners voting Aye, the motion passed.

### **Committee Reports**

Finance Committee: Commissioner Cosens reported the Finance Committee met, reviewed and approved Vouchers in the amount of \$7,215,715.05. He further reported they approved two work order additions. Both were in conjunction with the Viracon project and OPU will be reimbursed by the City of Owatonna for these related expenses.

Personnel Committee: The Personnel Committee did not meet in February.

### **City Administrator's Report**

City Administrator Busse reported they have been very busy over the last month with snow removal. She explained the process involved when there is a snow event and explained with the retirement of the Streets Superintendent processes are being looked at and modified where appropriate to help the department become more efficient. Temporarily Kyle Skov will be overseeing the streets department.

### **Contributed Services**

The Contributed Services report for the month of January 31, 2014 was presented to the Commission. The Commission signed the report.

### **Operations/Scorecard**

Staff updated the Commission on the January 2014 scorecard. There were not any significant events or changes in January.

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

General Manager Fritsch reported the SHERCO 3 plant is back on-line. With the extended outage, SMMPA's reserves have been depleted to an uncomfortable level due to high costs of purchasing power from the market, so they may be looking at a slight rate increase in 2015 which is contrary to their previous prediction of a zero rate increase as was the case in 2014.

General Manager Fritsch reported on February 18, 2014 an organizational change was made to have all the operation areas report to Roger Warehime and all the engineering related functions be overseen by Ronnie Johnson. He felt the change would help the company function more efficiently.

General Manager Fritsch further updated the Commission on the power plant repurposing project and offered a tour of the plant to those who were interested.

Director, Customer Service, Generation & Substations Green reported natural gas consumption is up 11% in January from the previous year. He further reported the February consumption to date is on track to be 20% more than last year. Customers can expect some higher than normal utility bills with PGA levels still high in March and April.

Mr. Green also reported the contracts have arrived, and will be signed, for the new SCADA hardware and software upgrade. Implementation is set for later in 2014.

Director, Operations Warehime presented a power point to the Commission regarding installing a natural gas pipeline to the city of Hope. He noted the pipeline is being requested by Crystal Valley Co-op who is putting a large drying plant there. Mr. Warehime presented the proposed costs based on a couple different variables, the length of return on investments and the benefits of the project. He asked the Commission for their direction and input as to if OPU should proceed. Director, Financial and Administrative Services Fondell discussed OPU's reserves and forecasts and noted the financial reserves policy could be revisited as it is based on a very conservative approach. She felt the reserves are sound enough to move forward with such a project. The Commission directed Director, Operations Warehime to move ahead with negotiations with Crystal Valley on having a natural gas pipeline installed to the city of Hope. A more formal proposal will be brought back to the next Commission meeting.

### **Commission Roundtable**

None of the Commissioners had anything more to add.

### **Audience Comments**

Customer, Roger Wacek, recommended the Commission review a DVD entitled "Troubled Waters – A Mississippi River Story" which discusses the nitrogen & phosphorus levels in the nation's waterways.

### **Adjournment**

There being no further business to come before the Commission, Commissioner Schreiner moved to adjourn the meeting. Commissioner Kottke seconded the motion. All Commissioners voting Aye, the meeting adjourned at 5:09 p.m.

Respectfully submitted,

Tammy Schmoll,  
Executive/HR Assistant