

The Owatonna Public Utilities Commission met in special budget session in the Morehouse Conference Room at the Owatonna Public Utilities. Present were Commissioners Rossi, Kottke, Cosens and Simon. Absent was Commissioner Doyal. Also present were Chief Financial Officer Fondell; Director, Engineering Johnson; Director, Field Operations Warehime; Manager, Human Resources Madson; Manager, Information Technologies Keltgen; Supervisor, Accounting Brase; Supervisor, Customer Care Van Esch; Supervisor, Meter Services Pelot; Supervisor, Operations/Buildings & Grounds Krogh; Supervisor, Substations & Generation Deering; Executive, Communications & Administration Coordinator Schmoll; and Energy Conservation & Key Accounts Officer Hendricks.

Chief Financial Officer Fondell welcomed Commissioners, recapped the agenda and gave an overview of the 2019 draft budget. Her overview discussed revenues in the electric, water and natural gas utilities. The majority of our revenues come from commodity sales. Other sources of revenue include energy conservation, inter-utility rent, miscellaneous sales, interest income, gas transportation charges, water service line protection program, gas turbine, and antenna leases. Uses of revenue (expenses) include mostly purchased power and purchased natural gas but also operations & maintenance items, depreciation, contributed services, and labor. In each utility, Mrs. Fondell discussed historical rate changes, proposed rate changes for 2019, controllable costs, and reserves.

Proposed rate changes include a 3% commodity decrease in electric, a 4.9% increase in water, and a 2% commodity decrease in natural gas. Other changes include changing the load management program credit to be given only in the summer months instead of year round; the development of a winter peaking rate; and the inclusion of the Energy Conservation Investment into the base rate instead of being a separate line item, as it is now. The average residential customer will see an overall decrease of approximately 1.22% or \$24.25 annually.

Mrs. Fondell discussed the labor summary included in the proposed 2019 budget. She noted there are 59 employees budgeted for in 2019. This also includes employee health insurance benefit increases of 7.4%.

Department Budget Reviews

Individual department directors and supervisor reported to the Commission on changes to expenses and capital in their respective department budgets for 2019.

Adjournment

There being no further business to come before the Commission, the meeting adjourned at 6:03 p.m.

Respectfully submitted,

Tammy Schmoll
Executive, Communications & Administration Coordinator