

The Owatonna Public Utilities Commission met in regular session in the Morehouse Conference Room at the Owatonna Public Utilities. Present were Commissioners Rossi, Kottke, and Doyal. Absent were Commissioners Cosens and Simon. Also present were General Manager Warehime; City Administrator Busse; Chief Financial Officer Fondell; Director, Engineering Johnson; Supervisor, Substations & Generation Deering; Executive, Communications & Administration Coordinator Schmoll, and Energy Conservation/Key Accounts Officer Hendricks.

Commissioner Kottke led the Pledge of Allegiance.

Minutes

The Minutes from the regular meeting of December 19, 2018 were presented to the Commission. Commissioner Doyal moved to approve the Minutes as presented. Commissioner Kottke seconded the motion. All Commissioners voting Aye, the motion passed.

Committee Reports

Personnel Committee: Commissioner Kottke reported the Personnel Committee met and received a staffing report.

Finance Committee: Commissioner Doyal reported the Finance Committee met and approved Vouchers totaling, \$5,006,963.31.

City Administrator's Report

City Administrator Busse gave an update including organizational meetings, study sessions and street projects. Commissioner Kottke asked if OPU works with the City on coordinating utility work with street projects. City Administrator Busse and Director, Engineering Johnson replied yes, OPU and the City work very closely together. Director, Engineering Johnson added, OPU works closely with Jaguar, as well, to coordinate work being performed.

Authorized Bank Signer Responsibility Change

Chief Financial Officer Fondell reported, for our new banking institute, Bremer Bank, we are required to make an official statement and motion to change the Authorized Bank Signer Responsibility from Mark Fritsch to Roger Warehime. Commissioner Kottke moved to change the Authorized Bank Signer Responsibility from Mark Fritsch to Roger Warehime. Commissioner Doyal seconded the motion. All Commissioners voting Aye, the motion passed.

Four Seasons Building Utilities Approval

General Manager Warehime presented a recommendation to the Commission to continue providing partial Contributed Services to the Four Seasons' Centre for up to \$100,000. He noted annually the Centre's financial statements are reviewed and OPU believes it is still in the best interest of the Community to continue to offer contributed services to the Centre. Mr. Warehime discussed some of the uses of the facility, their expenses and noted a one year notice to discontinue the agreement is needed. If approved this agreement would be for 2020 utilities. After discussion, Commissioner Rossi moved to accept the recommendation as presented. Commissioner Doyal seconded the motion. All Commissioners voting Aye, the motion passed.

Distributed Generation Rules

Energy Conservation/Key Account Officer Hendricks presented to the Commission on the approval of the Distributed Generation Tariff for 2019. He noted, in 2018, OPU adopted the template policies from MMUA that aligns with state laws and statutes to keep any disputes related to distributed generation local. It is required to approve the rules, Schedule 1 and 5 annual. This is a requirement to approve very year. Mr. Hendricks explained each of the schedules, how the rates are established and asked for Commission's approval of the Tariff. After discussion, Commissioner Kottke moved to approve the Tariff, the Schedule 1 and 5, as well as the QF report. Commissioner Doyal seconded the motion. All Commissioners voting Aye, the motion passed.

Contributed Services

The Contributed Services report as of December 31, 2018 was presented to the Commission. The Commission signed the report.

Operations/Scorecard

OPU finished the year with zero OSHA recordable incidents. There were not any other notable items to discuss.

General Manager/Staff Report

General Manager Warehime reported to the Commission, he will be attending the MMUA Legislative Rally in the coming week. He further reported, SMMPA authorized the work to be completed on our gas turbine and we received notification OPU received diamond designation in the APPA Reliability Public Power Provider award.

Chief Financial Officer Fondell updated the Commission on Phase 2 of the NISC system implementation. She reminded the Commission Phase 1 was implementation of the customer information system in October. Accounting and Payroll is Phase 2 and will be implemented February 19th. She further noted, this move will poise us very well for moving into the AMI systems.

Supervisor, Substations & Generation Deering updated the Commission on the transformer located at the Faribault substation. He noted, in October 2017, lighting struck the transformer causing it to become non-operational. He noted, the transformer is in Jordon, Minnesota being rebuilt. It was originally slotted to be back in service in August, however the process took longer than expected. Mr. Deering explained the process for rebuilding the transformer. It is expected the transformer will be back in service in February of this year.

Commission Roundtable

Commissioner Rossi inquired about uncollectible accounts and the process surrounding the collection of them. Chief Financial Officer Fondell explained the process and noted OPU is comparable with other utilities in the percentage of write-offs. She noted, the bill winter collection process has changed over the past couple years to include less unproductive time for the field crews in the form of no truck roll for winter disconnects. The customer service representatives make phone calls to customers to remind them April 15th is the end of the Cold Weather Rule and they may be subject to disconnection if their bill is behind. The impact to the bad debt write-offs doesn't outweigh the costs we were incurring by implementing a truck roll.

Commissioner Kottke inquired about the history & intent behind the utilities for the Four Season's building being considered contributed services. Mr. Warehime noted, when originally implemented, the agreement was not expected to continue past the bond period for the second sheet of ice. After that period was over, a new agreement was drafted because it is such a benefit to the residents of Owatonna to be able to use the facility. It is anticipated approximately 77% of the use of the facility is by City residents. If the Four Seasons was to incur that additional \$100,000 per year, the costs associated with the use of the facility would increase dramatically. Even with the Four Season's building, the total contributed services amount continues to trend well below the 4% as set by the City Charter.

Commissioner Doyal expressed how proud he is of how this utility is so well respected.

Adjournment

There being no further business to come before the Commission, Commissioner Doyal moved to adjourn the meeting. Commissioner Rossi seconded the motion. All Commissioners voting Aye, the meeting adjourned at 4:56 p.m.

Respectfully submitted,

Tammy Schmoll
Executive, Communications & Administration Coordinator