

The Owatonna Public Utilities Commission met in regular session in the Morehouse Conference Room at the Owatonna Public Utilities. Present were Commissioners Rossi, Kottke, Simon, Doyal and Keilman. Also present were General Manager Warehime; City Administrator Busse; Director, Engineer Johnson; Manager, Human Resources Madson; Supervisor, Accounting Brase; Supervisor, Substations & Generation Deering; Executive, Communications & Administration Coordinator Schmoll; Energy Conservation & Key Accounts Officer Hendricks; Electric Engineer Dave Olson; and, Water Design Engineer Brian Clausen. Customer, Roger Wacek, was also present.

Commissioner Rossi led the Pledge of Allegiance.

Agenda Amendment

General Manager Warehime requested an amendment to the meeting agenda. He requested to add an agenda item called "West Owatonna Substation Expansion". He noted the bid tabulation had not been received from the Engineering firm in time to be included in the agenda packet and time is of the essence to move forward with this project. Commissioner Simon moved to amend the agenda. Commissioner Doyal seconded the motion. All Commissioners voting Aye, the motion passed and the agenda was amended to include the "West Owatonna Substation Expansion" as item #5.

Minutes

The Minutes from the April 23, 2019 regular Commission meeting were presented to the Commission. Commissioner Kottke moved to approve the Minutes as submitted. Commissioner Doyal seconded the motion. All Commissioners voting Aye, the motion passed.

Election of Officers

Commissioner Simon presented a proposed slate of officers, moved nominations cease, and a unanimous vote be cast to approve the following:

- President – Commissioner Kottke
- Vice President – Commissioner Doyal
- Personnel Committee members – Commissioner Rossi (as chair of the committee) and Commissioner Keilman with President Kottke being an ex-officio member.
- Finance Committee members – Commissioner Simon (as chair of the committee) and Commissioner Doyal with President Kottke being an ex-officio member.

Commissioner Keilman seconded the motion. All Commissioners voting Aye, the motion passed.

Committee Reports

Finance Committee – Commissioner Simon reported the Finance Committee met, reviewed and approved vouchers totaling \$6,037,633.77. He reported expenses are a little higher this month due to The Energy Authority taking their payment twice in the same month, as one payment didn't come out last month. He concluded by reporting all three utilities are operating in the black.

Personnel Committee – Commissioner Rossi reported the Personnel Committee met and received a staffing update. He reported, active recruitment is ongoing for the positions of Electric Engineering Technician (vacated by Chris Johnson when he accepted the Supervisor, Meter Services position), Journeyman Lineworker, and Afterhours Serviceworker. The process for hiring the new lead in the gas/water department has been completed with Dan Cammock being offered and accepting the

position. This opened up his position in the gas/water department and recruitment for that will begin soon. Josh Prokopec accepted the position of Gas Design Engineer so recruitment of his previous position as Gas/Water Engineering Technician will begin soon, as well.

City Administrator's Report

City Administrator Busse reported construction season has begun. The joint city/county roundabout project on 26th Street and Elm Avenue has been approved but the construction schedule is not yet finalized. Like OPU, the City of Owatonna has been working on recruiting and filling positions, as well. The street superintendent is retiring and Scott Overland accepted the position as his replacement. Michael Green was hired as a part-time community service officer; and Sandy Rickerl is retiring the end of June so the process of finalizing her replacement is underway, as well.

West Owatonna Substation Expansion Bid

The attached bid tabulation for the West Owatonna Substation (WOS) Expansion was presented to the Commission. Supervisor, Substations & Generation Deering reported the bid for the switchgear and the transformer for this project were previously presented and approved by the Commission. This bid is for the construction package. Mr. Deering noted, the bids came in higher than expected, and budgeted, due to contractors being very busy and material being higher priced than expected. Thirteen companies reviewed the bid package, however, only two submitted a bid proposal. Staff anticipates presenting an addendum for the amount over budget, to the Commission once the project is complete. Staff is recommending approval of the bid submitted by Harold K. Scholz Company. Commissioner Keilman inquired if this is a typical variance. Mr. Deering replied, no, we are usually closer. After discussion, Commissioner Doyal moved to accept the apparent low bid of Harold K. Scholz Company in the amount of \$2,289,800.00. Commissioner Simon seconded the motion. All Commissioners voting Aye, the motion passed.

Distributed Energy Resources Changes

Energy Conservation and Key Accounts Officer Hendricks present to the Commission Distributed Energy Resources policies replacing the previous Distributed Generation Policy. He noted the changes are at a state-wide level and include non-generation resources such as storage. All municipal utilities in the state are being asked to adopt these documents. Over a year ago the first policies were submitted for approval to ensure local authority over distributed generation. The new changes include updates to the Minnesota Public Utilities Commission's (MPUC) interconnection process and must be in place by June 17, 2019.

Mr. Hendricks discussed the documents that changed and highlighted the major points; discussed the accountability timelines for both the customer and OPU and explained the fees now associated with a distributed energy project and noted, this is not just for solar arrays. The rates and structure changes are to ensure we are not socializing the fees for non-distributed energy customers. He further noted, the new fees cover costs associated with an inspection of the electrical work including a safety shutoff to ensure there is no back-feed into our system from the array.

After discussion, Commissioner Kottke moved to approve the changes to the Distributed Generation/Net Metering Policy and the Distributed Generation Rules Policy, policies 604.00 and 604.10 respectively. Commissioner Doyal seconded the motion. All Commissioners voting Aye, the motion passed.

Contributed Services

The Contributed Services Report as of April 30, 2019 was presented to the Commission. The Commission signed the report.

Operations/Scorecard

There were not any significant changes to discuss.

General Manager/Staff Report

Water Design Engineer Brian Clausen discussed with the Commission challenges and upcoming changes to the Water Service Line Protection Program. He reminded them the program was implemented to provide owners of residential properties an option for affordable protection against significant costs of repair or replacing leaking or frozen water service lines. The program is also designed to minimize disruption and public hazard due to leaks. Changes to the program consist of the customer being able to hire the contractor of their choice to fix the leak and then OPU making payment directly to the customer. The changes are being implemented to help address the challenges and to improve the program overall. The changes will take effect July 1, 2019.

Commissioner Rossi inquired why this program is not offered for Commercial and Industrial customers. Mr. Clausen replied, with commercial customers there is a higher variable as to where the service line is located, the impact of the break, and the costs associated with the repair are higher. All of these factors can vary greatly versus the average residential repair which is fairly standard. The pool of customers is also smaller which would most likely require a higher monthly fee structure. Also, due to the varying costs associated with Commercial repairs, we do not want to lump those costs in with the residential customers and have them subsidize these higher costs. Commissioner Doyal recommended looking into the feasibility of a program specifically for commercial customers with stand-alone fees and criteria.

After discussion, the consensus of the Commission was the program is well received and any changes made to improve the program should be moved forward.

Executive, Communications and Administration Coordinator Schmoll reported, OPU once again received Diamond Designation for the American Public Power Association's Reliability Public Power Provider award. She noted OPU received a score of 100%.

Supervisor, Substations & Generation Deering reported Requests for Proposal for the propane plant are currently being advertised with a bid opening date of July 2, 2019.

Commission Roundtable

Commissioner Doyal congratulated OPU for their award.

Audience Comments

Customer, Roger Wacek, discussed a book called The Uninhabitable Earth: Life After Warming by David Wallace-Wells. He noted the book addresses the consequences of global warming and read a short excerpt from the book. Mr. Wacek also discussed the importance of having pollinator friendly lawns.

Adjournment

There being no further business to come before the Commission, Commissioner Simon moved to adjourn the meeting. Commissioner Kottke seconded the motion. All Commissioners voting Aye, the meeting adjourned at 5:05 p.m.

Respectfully submitted,

Tammy Schmoll
Executive, Communications & Administration Coordinator

BID TABULATION

Project: West Owatonna Substation Expansion

Project #:

Date/Time of Opening: May 23, 2019, 1:00 pm

Budget #: 201921100139
Budget Amt: \$3,100,000

Project Amt:
Est. Budget Portion: \$1,550,000.00
Acct. Number: 1-00-10100-3560

Bidder	10% Bid Bond	Acknowledge Add 1 & 2	Total Bid	Comments
Harold K Scholz Company	X	X X	2,289,800.00 ***	
National Conductor Constructors	X	X X	2,441,936.68	

*** Apparent low bidder

Bidders List

Project: West Owatonna Substation Expansion

List of Companies Furnished Bid Documents:

**Brink Constructors, Inc.
Harold K. Scholz Company
Michels Power
Paradigm Enterprises
Highmark Erectors
Forbes Brothers
E & I Specialist, Inc.
Hooper Corporation
Timberline Construction, Inc.
CEO Corporation
IES
Stark International
High Country Line Construction, Inc.
National Conductor Constructors**

List of Ineligible Bidders:

None