

The Owatonna Public Utilities Commission met in regular session in the Morehouse Conference Room at the Owatonna Public Utilities. Present were Commissioners Johnson, Zirngible, Kottke, Rossi and Doyal. Also present were General Manager Warehime; City Administrator Busse; Director, Finance & Administration Olson; Director, Engineering & Field Operations Fenstermacher; Director, Information Technology & Metering Baum; Manager, Facilities, Gas & Water Engineering & Operations Prokopec; Supervisor, Accounting Linders; Executive, Communications & Administration Coordinator Schmoll; Key Account and Energy Conservation Officer Hendricks; and OPU employees Lori Jerpbak, Shanda Meier, Samuel Bahl, and Lance Diderrich. Virtual attendee included Rick Naymark, Q Market Research.

President Johnson opened the meeting by asking for approval of the agenda and the consent agenda items. The consent agenda items consisted of the Minutes from the special budget meeting of November 7, 2022; the regular Commission meeting of October 25, 2022 and the Contributed Services report as of October 31, 2022. Commissioner Doyal moved to approve the agenda and consent agenda. Commissioner Zirngible seconded the motion. All members voting Aye, the motion passed.

Committee Reports

Personnel Committee – Commissioner Rossi reported the Personnel Committee did not meet.

Finance Committee Update – Commissioner Kottke reported the Finance Committee met, reviewed, and approved Vouchers totaling \$4,961,657.96. He further noted 4 work orders were closed coming in more than 10% under budget. 43 work orders remain open and \$6.2M has been spent of \$10.8 approved. With interest rates rising about \$1.5M of reserves was invested in new CD's with rates above 4%. All three utilities have net incomes higher than budget and are doing well.

City Administrator's Report

City Administrator Busse reported the final budget and levy is scheduled to be acted upon by the City Council on December 20th. The budget included a \$1.6 million upgrade to the Council Chambers.

Customer Satisfaction Survey

Rick Naymark from Q Market Research discussed the results and the key findings of the most recent customer satisfaction survey. He noted, the Net Promoter Score is the one most looked at and currently OPU's is 57.4 which is in the excellent range.

2023 Budget, 2024-2027 Forecast

Director, Finance & Administration Olson presented the 2023 Budget and 2024-2027 Forecast to the Commission. Commissioner Kottke noted he feels there are some things in the budget that qualify as "nice to have" versus "need to have". With the increase in fixed costs Mr. Kottke feels now is not the time to do some of the "nice to have" projects. One of the projects that Mr. Kottke feels should be put on hold is the new AV system for the Morehouse Room. Mr. Kottke also asked for a 5-7 year technology outlook based on the Technology budget going from \$30,000 to \$500,000. The Commission needs a better understanding of what is included in these dollar amounts. Director, Information Technology and Metering Baum noted, beginning in January, the IT department will bring more information to the Commission regarding IT projects.

The other item the Commission voiced concerns about is the increased dollar amount for the Corridor Beautification project. They noted, in previous years, \$100,000 was set aside for Corridor Beautification beginning with Oak Ave. being the main focus to help encourage development in the south part of town. Then, we decided to shift some of those dollars into the Streetscape project. While the Commission understands

there are specific projects these dollars are assigned to, they do not feel the amount needed for these projects should quadruple. Director, Engineering & Field Operations Fenstermacher discussed the two different components associated with the projects in the budget. He noted there is the street light component that comes into play regarding parking lots and streets and then there is the underground component whereby OPU tries to coordinate with the City projects so streets only have to be opened up one time which leads to less inconvenience for our customers. The majority of this budget item is infrastructure which about \$150,000 being set aside for corridor restructure. After more discussion on the Riverfront project, Commissioner Kottke moved to approve the presented budget with a cap of \$200,000 on the corridor beautification item, and the removal of some of the information technology items previously discussed. Commissioner Zirngible seconded the motion. Four Commissioners voted approval, one Commissioner voted against. The motion passed.

Director, Finance and Administration Olson noted the discussed changes will be made and work orders will be brought to the next Finance Committee meeting.

Rate Policies

Director, Finance and Administration Olson presented the rate policies to the Commission. The policies included:

- 501.81 ER99 Residential Electric Rates
- 501.82 EC99 Commercial Electric Rates
- 501.33 EM05 TOU Electric Rates – Secondary Meters
- 501.34 EMP5 TOU Electric Rates – Primary Meters
- 501.83 ES05 TOU Electric Rates – Secondary Meters – Winter Peaking
- 501.84 ESP5 TOU Electric Rates – Primary Meters – Winter Peaking
- 501.80 EM6 TOU Electric Rates – Municipal Water Pumping
- Residential, Commercial and Industrial Water Rates
- 503.10 GR99 Residential Gas Rates
- 503.20 GC99 Commercial Gas Rates
- 503.51 GB50 Small Industrial Gas Rates
- 503.52 GB60 Medium Industrial Gas Rates
- 503.53 GB70 Large Industrial Gas Rates
- 503.30 GB98 Large Industrial Hedged Gas Rates
- 503.90 GC07 Crop Drying Gas Rates

After discussion regarding reserves and the purchased gas adjustment, Commissioner Kottke moved to approve the rate policies as presented with the understanding the Commission will review the impact on rates on a monthly basis and will make adjustments, as necessary. Commissioner Zirngible seconded the motion. All Commissioners voting Aye, the motion passed.

General Manager/Staff Report

General Manager Warehime introduced lineworkers Samuel Bahl and Lance Diderrich who presented to the Commission on their mutual aid trip to Florida. They recapped Hurricane Ian, their drive to Florida, the work they performed while there, and how the crew met OPU's core values while there including coming home safely with NO injuries.

Director, Engineering & Field Operations Fenstermacher updated the Commission on supply chain issues. He noted, product prices are beginning to soften but lead times on transformers continues to be an issue. On the 70 single phase and 12 3-phase transformers we have ordered, the lead time is 31 to 75 weeks.

Mr. Fenstermacher also updated the Commission on how the data being collected from the AMI system is helping to better size our existing transformers to better utilize the transformer stock we have.

Director, Finance & Administration Olson updated the Commission on the Feasibility Study. He noted, after Leo A. Daly reported to the Commission in September, the take aways from that meeting were passed along and they have been asked to come up with other options including leaving building #4 intact with a possible repurpose. The new report will be shared with the Commission once it is received.

General Manager Warehime encouraged the Commissioners to attend the State of the Utility meeting on December 9th.

Commission Roundtable

Commissioner Rossi expressed appreciation for the conversation surrounding the budget.

Commissioner Kottke thanked the linemen for their work in Florida and for their presentation, the team that supported the decision for them to go, as well as the ones who stayed behind to cover the work here. He noted, it reinforces the Owatonna Proud mentality.

Commissioner Zirngible complimented OPU on the customer service survey and encouraged them to keep up the good work.

Commissioner Doyal expressed how proud he is of OPU and its employees. The presentation on the hurricane mutual aid was impressive.

President Johnson added, great job on the customer service survey, noting it is very impressive. He thanked the linemen for their presentation on the hurricane mutual aid and for going there to perform the work. He concluded by thanking staff for the budget and all the work that went into it.

Adjournment

There being no further business to come before the Commission, the meeting adjourned at 5:36 p.m.

Respectfully submitted,

Tammy Schmoll,
Executive, Communications & Administration Coordinator