

The Owatonna Public Utilities Commission met in regular session via Microsoft Teams. Present were Commissioners Doyal, Keilman, Rossi and Johnson. Absent was Commissioner Kottke. Also present were General Manager Warehime; City Administrator Busse; Director, Finance and Administration Olson; Director, Engineering and Field Operations Fenstermacher; Chief Information Officer Keltgen; Manager, Human Relations Madson; Supervisor, Accounting Linders; Supervisor, Electric Operations Deering; and, Key Accounts/Energy Conservation Officer Hendricks. Also present was customer, Mike Brooks.

President Doyal called the meeting to order and asked for approval of the agenda, including the consent agenda items. The consent agenda items included the Minutes from the August 25, 2020 meeting and the Contributed Services Report as of August 31, 2020. Commissioner Keilman moved to accept the agenda as presented. Commissioner Rossi seconded the motion. On roll-call, all Commissioners voting Aye, the motion passed.

Committee Reports

Personnel Committee – No report. They will be meeting on Friday of this week.

Finance Committee – Commissioner Johnson reported the Finance Committee met, reviewed and approved disbursements totaling \$5,024,479.47. They also approved one work order addition for refurbishing and painting of hydrants. They did more than originally budgeted for so it ran over by \$13,000. Commissioner Johnson further reported one work order was closed and came in well under budget leaving 45 open work orders with about \$10 million left to spend for the year. Overall, work orders are 30% under budget. He concluded discussing where each of the utilities are relative to their budgeted amounts. All three utilities remain strong.

Director, Finance & Operations Olson discussed preliminary rate considerations the Commission may see during the budget session. Mr. Olson discussed recent rate studies and the suggested target rates and stressed these proposed rates are preliminary at this time. In the electric utility, the commodity rates will stay the same but it makes sense to move forward towards the target service charge rate as recommended in the rate study. In natural gas, there is no proposed rate increase and water the suggested increase would be approximately 5% which is consistent with the recommendations of the rate study.

City Administrators Report

City Administrator Busse reported the City is doing a rate study for the Wastewater Treatment Plant and are starting to plan for an expansion of the treatment plant due to being at about 85% capacity. The expansion will be approximately \$40 million. An item to look at is switching to a continuous billing for the sewer charges, versus the current which uses a winter average. This type of rate style promotes water conservation, but people will have to pay sewer charges in the summer when they are watering their lawn. That study session is coming up so at this point we do not know which way it will go. If we do go this way, we will have to do a major communications rollout to the community including talking points for people who may be affected.

City Administrator Busse further reported the 2021 preliminary levy was set at 3% and the tax capacity of our Community is up about 8% with 32% of that being new growth which helps spread the tax burden. Labor contracts settled with wage increases of 2% in January and 1% mid-year which works out to about 2.5% for the year and keeps our wages competitive.

Operations/Scorecard

There was a slight increase in the cost savings/cost avoidance due to being able to do the ACA reporting in-house through our accounting software versus a third-party vendor. It results in a \$2500 savings.

General Manager/Staff Report

Chief Information Officer Keltgen gave a presentation to the Commission regarding the AMI project. Mr. Keltgen recapped the advantages for moving to an advanced metering infrastructure (AMI) system and discussed the timeline from beginning to end. He noted meter deployment will begin October 12th beginning with the gas and water meters before moving to electric. The gas and water meters will be left in “radio read” mode until the electric meters are installed and then everything will be switched over to the “mesh” network where all meters will communicate on a two-way basis. He concluded by discussing risks and challenges and stressed that, true to OPU’s Mission and Vision, OPU is an example of excellence nationwide by leading other utilities in these types of endeavors. OPU doesn’t want to be happy with the status quo but wants to continuously move forward.

The Commission thanked Mr. Keltgen for his report.

Commission Roundtable

President Doyal is looking forward to the data that will be collected through the AMI system.

Commissioner Keilman inquired the next steps for the Wastewater Treatment Plant. City Administrator Busse reported next steps would be for the City Council to approve a plan to move forward.

Adjournment

There being no further business to come before the Commission, the meeting adjourned at 4:47 p.m.

Respectfully submitted,
Tammy Schmoll,
Executive, Administration & Communications Coordinator