

PUBLIC UTILITIES COMMISSION

REGULAR MEETING

November 20, 2019, 1:00 P.M.

Pursuant to due call and notice thereof, the Regular Meeting of the Public Utilities Commission, City of Princeton, was held in Commission Offices, 907 1st Street, on November 20, 2019, at 1:00 P.M.

Present: Chairman Mindi Siercks and Commissioners Dan Erickson and Greg Hanson.

Absent: None

Also Present: Manager Keith Butcher, Bookkeeper Kathy Ohman, City Councilor Jack Edmonds, Electric Superintendent Jon Brooks, Water Superintendent Scott Daniels, Dave Schultz from WSB, City Administrator Bob Barbian, Princeton Mayor Brad Schumacher, Union Times Reporter Tim Hennagir, PUC customer Rick Schwartz, Kevin and Anita Gerrard.

Meeting was called to order by Chair Siercks at 1:00 P.M.

Chairman Siercks called for additions or deletions to the agenda. There were none.

Mr. Hanson made a motion to approve the agenda of the November 20, 2019 Regular PUC Commission Meeting. Mr. Erickson seconded. Motion carried unanimously.

Mr. Erickson moved to approve the Minutes for the October 23, 2019 Regular PUC Commission Meeting. Mr. Hanson seconded. Motion carried unanimously. Mr. Erickson made a motion to approve the Minutes for the November 6, 2019 PUC Work Study Session Meeting. Mr. Hanson seconded. Motion carried unanimously.

PUC customer Kevin Gerrard who lives at 411 North Rum River Drive spoke about the water main near his property, the open letter to the Mayor, and potential city annexation and service territory requisitions. General Manager Keith Butcher explained that city annexation and service territory expansion are two separate activities which are handled by their respective entities independently.

After a discussion, Mr. Hanson made a motion to approve the accounts payable listing for the period of October 1, 2019 through October 31, 2019. Mr. Erickson seconded. Motion carried unanimously.

General Manager Keith Butcher read the customer meter deposit policy for Princeton Public Utilities which states: "I hereby request Princeton Public Utilities Commission (PPUC) to furnish utility service to the above service address, and I agree to pay the costs of such services as the bills become due. I understand that a deposit of \$_____ is required to begin service. I understand that this deposit will be held by PPUC for the entire period I am a customer of the PPUC. If I cease being a customer and my bill is paid in full, any remaining deposit will be refunded to me. A positive Letter of Credit from a previous utility may be accepted in lieu of deposit. See PUC Service Rules for details." The current customer meter deposit policy was established in November 2008 at \$350.00 for residential customers and \$700.00 for commercial customers. If a 12-month letter of credit from the customers previous utility company is provided with fewer than two late payments the meter deposit will be waived. There was a discussion regarding the general practice and the customer meter deposit policy.

City of Princeton Mayor Brad Schumacher stated he would like to have the discussion of customer meter deposit at a joint meeting with the Princeton City Council at City Hall. He stated he represents the City of Princeton only and does not have the authority to make decisions for the City. He asked if a letter of credit from their previous utility is accepted to waive paying a meter deposit. This currently is the PUC policy. He stated he would like to see the meter deposit given back to the customer when they have only two or four late payments or penalties within a 24 month period. He would also like to see renters receive their deposits back with the same time guidelines.

When customers move without paying their final bill, the deposit is applied to the amount owed. If there is a balance remaining, the PUC uses different collection options which include any amounts owed for sewer billings. Mayor Brad Schumacher stated any past due utility bills should be assessed to the property taxes of the homeowner and that the Princeton City Council will approve any and all assessments. It was explained to him that past due electric bills from renters are not assessed to the home owners' property taxes. Past due electric bills of the actual home owner are assessed to property taxes. Mayor Schumacher would like General Manager Keith Butcher to see what the policy is for meter deposits and past due bills at other utilities. General Manager Keith Butcher asked if it is reasonable for the PUC to collect a meter deposit from customers who won't provide a positive letter of credit from their previous utility company for the past 12 months. Mayor Brad Schumacher agreed with this. There was a discussion on a grace period or changing the due date of utility bills. This will be looked into.

PUC Commissioner Dan Erickson explained to Mayor Schumacher that he was the person who made a motion to postpone the joint meeting with the City Council in October, it was not the Chairwoman. Mr. Erickson stated the reason for postponing the joint meeting was due to the issue with the rate payer and the communication received on what the meeting was going to entail. He appreciated Mayor Schumacher attending the PUC meeting today and hopes he will attend more meetings in the future. Commissioner Erickson is hoping to have more open dialog between the PUC Commission and the Princeton City Council. He hopes this can be done in a more positive way moving forward. He would like any meetings between the PUC Commission and the Princeton City Council to be productive. A joint work study meeting was rescheduled with the Princeton City Council for December 5th, 2019 at 4:30 p.m. to be held at City Hall.

General Manager Keith Butcher clarified the discussion on the PUC's meter deposit in regards to the rate payer who spoke on public forum. In regards to the meter deposit policy, it was agreed upon by both PUC Commissioner and Mayor Brad Schumacher to enforce the current policy on meter deposits. Mayor Brad Schumacher would like to see the meter deposit returned the customer if they have two late payments within a 12 month period or four late payments in a 24 month period and would agree to this change. He also stated the issue between the rate payer and the PUC is for the PUC to settle. It was mentioned that the rate payer had not reached out to a PUC Commissioner to resolve the issue, he contacted City Hall. PUC Commissioner Dan Erickson stated he met the rate payer in question. The customer could not come to the PUC Commission Meeting on November 20th so Mr. Erickson asked if there was anything he wanted brought to the PUC Commission. The customer was given Mr. Erickson phone number however did not reach out to him before the meeting. The rate payer was told the PUC Commission will take a thorough look at the customer meter deposit policy.

Princeton City Mayor Brad Schumacher left the PUC Commission Meeting at 2:35 p.m.

General Manager Butcher reported the following:

- A. The SMMPA Annual Board Meeting was held November 13th in Mora, Minnesota. SMMPA went through their coal inventories and contracts with Burlington Northern Railroad. They are updating contracts at this time. Also discussed at the meeting was renewable efforts, electric vehicles efforts and a potential SMMPA 2.0.
- B. In the Generation Plant, Cat #7 Engine had the intercoolers replaced and the new catalysts have been installed. The stack testing has been completed with the best emissions report. When they

went to re-run the Cat #7 Engine, it took quite a while to reach 5 megs. After running several tests, it came to the conclusion the governor was the issue. Ziegler was out and reset the settings. It is running good at this time. Engine #4 had a head leaking. They will re-shim the O-rings and see if that will stop the leak.

In the Electric Department, the line crew has been doing some street light repairs. A new street light was installed at the request of City Administrator Bob Barbian at the intersection of Old Highway 18 South and 11th Avenue South at an estimated cost of \$2,600.00 which the PUC covered.

- C. In the Water Department, the ROV inspection was done on the South Water Tower which came back good. There is a slight problem with the scada system which Total Control is working on. The cab for the John Deere tractor has been placed on the tractor.
- D. City Administrator Bob Barbian asked if there had been meetings on the Wellhead Protection Plan. He has requested to be included in any meetings. General Manager Keith Butcher explained the first step of the plan was to verify the information that is on file with the Department of Health. A few changes were made and sent back to the Minnesota Department of Health. Next year a consultant will be hired to work on updating the Wellhead Protection Plan and will work with the Minnesota Department of Health. He reported a small development is going in at the Aero Business Park. The Great Northern Trail is 98% completed. The addition on Erdmann Automation is complete and the facility is being used. City Administrator Bob Barbian is working with two industrial prospects with the possibility of coming to Princeton. He asked about an economic development program with SMMPA. General Manager Keith Butcher will check into this more and report back to Bob Barbian. There was a discussion on who would be in charge of maintaining the Great Northern Trail during the winter months. The City of Princeton will maintain the Great Northern Trail however they will not be clearing any snow from the trail. There was a discussion regarding dog waste on walking trails and green areas and how to get people walking their dogs to clean up the waste. It was stated 35% of water contamination comes from dog waste.
- E. General Manager Keith Butcher did a comparison of the PUC to other utilities in the area. Currently, East Central Energy is charging \$30.25 for a basic customer charge for their electric service. Their electric rates are comparable to the PUC. PUC basic customer charge for a residential customer is \$15.00. Xcel Energy has requested a 15% rate increase over the next three years. The PUC does not foresee an increase in electric rates until possibly 2021. Xcel Energy's request has not been approved at this time. Manager Butcher reported they reached out to local gas stations for fleet fuel purchasing for pickups. We did not get a great response that would save any time or cost. At this time he does not feel the need to change where fuel is purchased. SMMPA is moving forward on the electric car chargers with some modifications still coming. The November 2019 Connector Newsletter will be included with the November bills being sent out. Highlights of the Connector is the Holiday Lighting Contest, Heat Share and rebates. Also included were articles on frozen water pipes and winter driving tips. Judging categories for the Holiday Lighting Contest include Lighting, Creativity, Curb Appeal and Overall Appearance. Judges for the Holiday Lighting Contest will be children of the PUC staff. The PUC holiday hours were also included. Along with the Connector Newsletter, a bill insert from the City of Princeton regarding sidewalk shoveling will also be included. General Manager Keith Butcher explained the \$1.00 street lighting fee was established several years ago and is charged to customers each month. This fee covers a portion of the energy cost only. The PUC did have a large investment updating the street lights to LED lighting. The PUC pays for all maintenance of the street lights and any upgrades. An employee Christmas pot luck has been scheduled for December 20th with the PUC office being closed for a two hour period.

General Manager Keith Butcher presented the proposed 2020 Electric and Water Operating Budgets. SMMPA in

their load forecasting has estimated the PUC's growth over the next few years to be 0.2%. Manager Butcher based the 2020 budgets on this growth. Due to an increase in employee insurance premiums and staff not receiving an increase in 2019, a 3% pay increase to the employees was included in the budgets. The 2020 Water Budget included the same 0.2% growth as Electric budget. Upgrading the Wellhead Protection Plan is one of the increases in general and administrative expenses.

General Manager Keith Butcher presented the proposed 2020 Capital Projects. Some of the capital projects were approved in 2019. Included in the capital projects for 2020 in the Water Department is the relocation of the water main north of Highway 95 along with additional fire protection on the north side of Princeton and continue with the replacement of some older fire hydrants and valves. In the Electric Department, capital projects include the continuation of upgrading the distribution system. In the Office, capital projects include a upgrading the website and upgrading security in our facility.

General Manager Keith Butcher presented the proposed 2020 PUC Fee Schedule to the PUC Commission. At this time there were no changes to the current fee schedule.

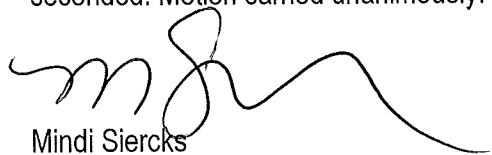
General Manager Keith Butcher presented the proposed Cash Reserve Policy. The policy will set up rules for working capital along with setting a minimum level of days of cash on hand.

General Manager Keith Butcher presented the discussion of a stakeholder engagement. A stakeholder engagement is two-fold. The first step would be to engage stakeholders by conducting a survey by reaching out to the community asking what is important to them, and get their perspective. The second step would be to ask questions. Both steps do not need to be done, however it is important to complete the first step. The estimated cost of doing a complete stakeholder engagement would be \$15,000.00 to \$20,000.00. The end result of doing the complete engagement would be the survey and output collection. The PUC would then be presented with a strategic plan on how to communicate with the community.

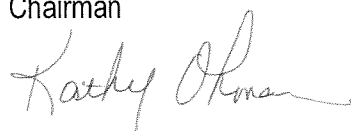
Resolution 19-13 RESOLUTION OF THE PUBLIC UTILITIES COMMISSION OF THE CITY OF PRINCETON REGARDING AUTHORIZING THE SERVICES OF MINUTEMAN PRESS, PRINCETON, MN for the use of their services for printing and web design/upgrades in the amount of \$200.00 through November 20, 2019 was presented. Mr. Hanson made a motion to accept Resolution 19-13. Mr. Erickson seconded. Ms. Siercks abstained from voting.

City Administrator Bob Barbian asked if SMMPA was working on releasing the easements. He stated typically the City would receive a copy of the change to review and approve prior to the change being recorded. General Manager Keith Butcher will make this request to SMMPA.

There being no further business, Mr. Hanson made a motion to adjourn the meeting at 3:57 p.m. Mr. Erickson seconded. Motion carried unanimously.



Mindi Siercks
Chairman



Kathy Ohman
Secretary