

PUBLIC UTILITIES COMMISSION

WORK STUDY SESSION MEETING

November 6, 2019, 1:00 P.M.

Pursuant to due call and notice thereof, the Work Study Session Meeting of the Public Utilities Commission, City of Princeton, was held in Commission Offices, 907 1st Street, on November 6, 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, and PUC customer Rick Schwartz.

Work Study Session Meeting was called to order by Chairman Siercks at 1:03 P.M.

CASH RESERVE POLICY:

General Manager Keith Butcher brought up a discussion on the Cash Reserve Policy. The current draft was presented to the PUC Commissioners after speaking with the auditors. With the Working Capital, he is proposing to set a minimum standards level of 80 days for electric and 300 days for water of cash on hand. The goal would be to work towards 100 to 120 days of working cash on hand. The language in the Annual Debt Service was changed to read the actual debt service requirement based on each bond covenant for the PUC. Additionally a sentence was added regarding PUC's commitment to maintaining the proper amount of funds needed to meet future debt service payments as required. In the Capital Improvement Funds he is proposing to set a minimum of \$750,000.00 which is 20% of our five year capital budget plan. This would be set for both Electric and Water Departments. Currently the Capital Improvement Fund's cap is set at \$1,500,000.00. There were no changes to the Rate Stabilization account.

General Manager Keith Butcher went over the 2017 to 2024 projections. In the Electric Department, he is proposing to raise the Capital Improvement Funds cap to \$2,000,000.00 in the future. He stated with the rate decrease in 2019, the Rate Stabilization account will be reduced. Projections are showing a possible rate increase in 2021.

In the Water Department he stated it takes a longer time period to build reserves. He would like a minimum of 300 days working cash on hand. Manager Keith Butcher would like to keep the Capital Improvement Funds cap at \$1,500,000.00 for now and raising the cap to \$2,000,000.00 in the future. His projections show a drop in adjusted operating income which at that time we will want to make sure our revenues and expenses are in line. The projections are showing there would not be a rate increase in the near future.

GM REVIEW PROCESS:

With the 6-month probationary period coming up for General Manager Keith Butcher, there was a discussion on the review process. PUC Commissioner Dan Erickson will provide a sample copy Measure of Performance form. This form along with PUC review forms, points from the general manager interview

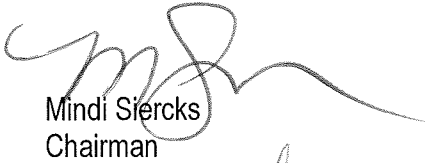
process and the general manager's job description will be provided to each Commissioner. PUC Chairman Mindi Siercks will conduct the review. It was the decision of the PUC Commissioners to hold a Closed Meeting on November 20th, 2019 at 12:15 p.m. to discuss the process in more detail. General Manager Keith Butcher will not be in attendance of this closed meeting.

FUTURE DATES AND TOPICS:


General Manager Keith Butcher brought up the discussion of future dates and topics for Work Study Sessions. At this time, it was the consensus of the PUC Commission to not schedule any future meetings at this time. They will be set on an as need basis.

PUC Commissioner Dan Erickson brought up the discussion of the PUC installing Dog Waste Stations in different areas within the City of Princeton. There was a discussion on working with the City of Princeton on these stations. Dog waste can affect water quality.

There being no further business, Mr. Hanson made a motion to adjourn the Work Study Session at 2:38 p.m. Mr. Erickson seconded. Motion carried unanimously.



Mindi Siercks
Chairman



Kathy Ohman
Secretary