

PUBLIC UTILITIES COMMISSION

REGULAR MEETING

March 27, 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 Princeton City Hall, 705 North 2nd Street, on March 27, 2019, at 1:00 P.M.

Present: Chairman Mindi Siercks and Commissioners Henry Findell and Dan Erickson.

Absent: None

Also Present: Manager Connie Wangen, 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, Princeton Finance Director Steve Jackson, SMMPA CEO Dave Geschwind, SMMPA Chief External Affairs Officer Chris Schoenherr, PUC Employees Jeremy Linden, Corey Zahner, Tim Berg, Scott Schmit, and Darcee Larsen.

Meeting was called to order by Chairman Siercks at 1:01 P.M.

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

Mr. Findell made a motion to approve the agenda of the March 27, 2019 Regular PUC Commission Meeting. Mr. Erickson seconded. Motion carried unanimously.

Mr. Erickson moved to approve the Minutes of the February 27, 2019 meeting. Mr. Findell seconded. Motion carried unanimously

Mr. Erickson made a motion to approve the accounts payable listing for the period of February 1, 2019 through February 28, 2019. Mr. Findell seconded. Motion carried unanimously.

General Manager Wangen reported the following:

- A. Dave Geschwind and Chris Schoenherr did a presentation of Southern MN Municipal Power Agency (SMMPA) Princeton's wholesale energy provider including a little background of SMMPA, membership, generation resources, transmission assets, rates, the value in public power, and new initiatives and economic development.
- B. The monthly SMMPA Board Meeting was held March 13th in Waseca, Minnesota. At this meeting, SMMPA approved purchasing a new hazard hamlet which will be available for all members to use for demonstrations.
- C. In the Generation Plant, they have scheduled the stack testing for April 1st. They will be running all units for the exhaust emissions testing. However, currently the Cat Engine #7 is down. The governor is leaking and we are working with Ziegler to repair this.

In the Electric Department, the line crew has been tree trimming. In areas where the overhead lines were replaced with underground last year, they are removing the overhead lines. The area includes 11th Avenue South to Mark Park, 3rd Street South and by Plastic Products.

- D. In the Water Department, Scott Daniels has been working with Total Control updating the scada system.

In the Water Distribution System, there were two frozen water lines on 8th Avenue South this past winter. If the homeowner hires a contractor and they are unable to thaw the lines, the PUC will attempt to get them thawed. We worked with the homeowners assisting in thawing the lines. We borrowed a thaw machine from Mora to try out and were able to thaw one of the lines using the machine.

T-Mobile has their antenna on a temporary pole. General Manager Connie Wangen reached out to T-Mobile, asking them to get their antenna placed back on the water tower. T-Mobile has assured Connie Wangen it should be returned to the tower by mid-April. KLM Engineering will be conducting an inspection warranty the middle of July on the Middle Water Tower.

- E. City of Princeton updates from City Administrator Bob Barbian reported on the Great Northern Trail which has been changed and new plans will be coming. The trail will run behind Plastic Products. This will impact the line and transformers in that area. The engineers have been using the old railroad bed for the trail. He stated the PUC may need to get utility easements. He also reported an agreement is close on the AT&T tower.
- F. General Manager Connie Wangen reported on behalf of SMMPA, they have put together a brochure for the PUC regarding "The Value of Public Power" to be handed out to customers. It is currently on the PUC website and will also be placed on the PUC Facebook page. John Winter from SMMPA completed a rate analysis for PUC using the latest rates which he did verify. The comparison was made with local utilities including Connexus, East Central Energy, Mille Lacs Electric and Xcel. The comparison was made using an annual average consumption. Any extra fees charged by each of the utilities was included in the comparison, however state, local and county taxes were not. Princeton Public Utilities' rates came in with only one utility being lower. He compiled a graph showing the comparison. In March, Aldi's received a commercial rebate of just over \$24,000.00. PUC bills the sewer utility for the City of Princeton. Customer's sewer bills will be recalculated in March to update the rate for 2019.

Chris from Travelers' Insurance who carry PUC's boiler and machinery insurance was at PUC to view the records, tour the generation plant, toured the south and north substations, and did some testing. He will be sending a report from his visit. The visit went very well.

Bills will be mailed on the 28th with an LED bulb rebate coupon. The message on the bills will be for the Princeton Expo to be held on April 6th. In MMUA's publication "Year in Review", a photo taken from a tour of the Generation Plant was published in the inside front cover. ECM goes out to the schools and talks to the kids about advertising. The students draw up ads supporting different business within the City of Princeton and they are published in "Kids in the Union Times". Several ads were created for the PUC, which we will be sponsoring.

There was a discussion on the Electric Rate Comparison graph compiled by SMMPA. Commissioner Dan Erickson stated the graph clearly shows Princeton Public Utilities is not the highest utility in the State of Minnesota. On the rate comparison sheet, not city, state, or county taxes were included in the comparison. The comparison does include any additional fees that are charged by all of the utilities. Commissioner Dan Erickson asked if this could be used to change the perception of the PUC. Manager Connie Wangen reminded everyone there was an approximately 4% decrease in rates in both the Electric and Water Departments. Mayor Brad Schumacher stated to change the perception of Princeton Public Utilities it starts

with new customers coming in to the area that have to pay a deposit fee to set up their service. He stated that if a customer does not pay their utility bill it will automatically go on the property taxes and be collected by Phil Thompson of Mille Lacs County. He stated in the end the PUC will always get paid for their electric, water and sewer services because we are a government entity. Therefore it is not necessary to charge all customers a deposit fee. He was reminded that PUC bills the sewer for the City of Princeton. Commission Chairman Mindi Siercks stated if a customer provides the PUC with a positive letter of credit, they are not charged a deposit fee. Mayor Schumacher stated not all customers will have a good letter of credit. Commission Chairman Siercks stated apartment owners want the PUC to collect a deposit fee so renter's past due bills are not charged against the homeowner. When past due utility bills are assessed, it is assessed to the homeowners' property taxes, not the renter. This is only done once a year. City Councilor Jack Edmonds said the statement that past due bills automatically go to Phil Thompson at Mille Lacs County is not an accurate statement. Mayor Brad Schumacher asked why the PUC does not check customers credit scores instead of getting a letter of credit. Princeton Public Utilities uses a letter of credit from the customers' previous utility company for the past 12 months. General Manager Connie Wangen stated in the past year the deposit fee on apartments that had electric services only was reduced to \$250.00. Commission Dan Erickson stated the only way to change the perception of the PUC was to get the truth out. Mayor Brad Schumacher stated a plan to help every single person in the City of Princeton is to not charge a high late fee until the 15th of the month. General Manager Connie Wangen explained over the past winter there has been numerous payment plans for customers totaling thousands of dollars who are not charged a late fee or interest as long as payments are made. The PUC does work with customers and not one person was disconnected this winter due to non-payment. Customers were given a courtesy call to either make a payment or set up a payment plan. If a customer has their first late payment, the late fee is removed. Mayor Brad Schumacher stated the people voicing their opinions of the PUC are ones that live paycheck to paycheck. He stated he would like to see late fees placed on the 15th to give customers an additional three days to pay their utility bill. Manager Wangen stated bills go out the end of each month allowing up to 15 days to pay. Commissioner Dan Erickson stated he would like to see the Electric Rate Comparison graph promoted more to our customers.

The auditors will be in our office April 30th, May 1st, and 2nd, 2019 for the annual 2018 Audit.

Dave Schultz from WSB reported on the moving the water main located in the Sherburne County Roundabout. The plans have been completed and if approved, the project could go out for quotes immediately. The estimated cost to move the water main is \$159,000.00. Manager Connie Wangen reported Princeton Auto would like a water main that is located near his building moved at the same time into an easement. At the time the addition was put on Princeton Auto, it was in the easement. The building encroached on the easement. The City of Princeton vacated the easement at that time. Mr. Davis also had to sign a waiver that if anything should happen to his building since it was built so close to the utilities, the City of Princeton and PUC would not be liable. The sewer line also lays along with the water main. Mr. Davis may be willing to pay a portion of the cost. The question arose if the dealership should change hands, would the waiver follow. After a discussion, it was the consensus of the PUC Commission to speak with an attorney to see if the waiver would transfer with the building if sold. There was a discussion regarding sending the project out for bids with an addendum for the second water main. A decision could be made when bids come in to move the second water main. Mr. Findell made a motion to have the water main in the Sherburne County Roundabout go out for quotes with moving the additional water main by Princeton Auto being quoted as an addendum. Mr. Erickson seconded. Motion carried unanimously.

General Manager Connie Wangen has been working with Verizon Wireless on the small cells or boosters to be placed on five poles along Rum River Drive. They are drawing up site plans at this time for approval. The question arose regarding what the negative health issues are with small cells.

Due to the question regarding ownership of PUC property being brought up, MMUA conducted a survey for the PUC to their members regarding titling property for utility companies. The question for utilities with an autonomous Commission, are your properties title in the City's name, or your utility's name. Questions also asked was does the Commission have a property title agreement with the City? Are there any resolutions or ordinances that address property ownership of utility assets. Does your utility have any lease agreements with the City? And finally does the utility carry the property asset on its books. The results from the survey were the majority of utility companies are handling their property titles the same as the Princeton PUC. Mayor Brad Schumacher stated if the property is not titled in the City of Princeton's name, the PUC would be unable to have insurance through the League of Minnesota Cities as they provide insurance only to city entities. Currently the majority of the property that was bought and paid for by the PUC is titled in the City of Princeton's name. The property is carried on the utilities books and the utility carries insurance on the property. After a discussion, it was the consensus of the PUC Commission for General Manager Connie Wangen to look into the utility having property titled / insured in the PUC's name. The PUC Commission would like to keep the property consistent when titling.

Three applications for the scholarship were received this year. All three scholarship applications were well written. There was a discussion to award two of the entrants a \$500.00 local scholarship and choosing one to move on to the state level. In 2018, there were two winners for the local scholarship. Since one student did not go on to school last year, it was decided that the \$500.00 scholarship would be split with two of the entrants and one entrant receiving a \$500.00 scholarship. Mr. Findell made a motion to approve awarding all three entrants our local scholarship with \$500.00 going to one applicant and \$250.00 each to the remaining two applicants. The \$500.00 applicant winner will be forwarded to the state level. Mr. Erickson seconded. Motion carried unanimously.

General Manager Connie Wangen reported one PUC customer will be putting rooftop solar on their home. Their generation interconnection application has been received and reviewed. The solar will require a bi-directional meter which AMI metering will handle. The solar connection will need to be inspected and a test run will need to be run.

General Manager Connie Wangen presented the five + year capital projects for both the Electric Department and Water Department. In the Electric Department, the substations transformers will need upgrading. The Generation Plant transformer went in place in 1983 and was a used transformer. This transformer will need to be replaced within approximately five years. The North Substation transformer, switchgear and relays will need to be replaced the soonest. The South Substation has plenty of room for growth. Other capital five year expenditures contain an annual upgrade to the voltage from 4160 to 12470 along with burying service in areas.

In the Water Department, some of the projects include the North Water Tower being refurbished. If Mille Lacs County redoes 7th Avenue North in 2020, the water main from Rum River Drive to 12th Street will need to be replaced.

Unaudited 2018 year end financials were reviewed along with 2018 budget recaps.

Manager Connie Wangen presented additional items for 2019 capital equipment requests. Cyber security remains a constant threat. We continually are reviewing our system and are currently looking to upgrade the software. The current Trend Micro software is not capable to scan inside encrypted files or websites until they are opened. The Barracuda software and appliance can do decryption scanning before a file or

website is opened and will prevent any malicious software from being launched if the file is infected. Mr. Findell made a motion to purchase the Barracuda software and appliance. Mr. Erickson seconded. Motion carried unanimously.

In the Water Department, a request was presented to purchase a water line thawer which will be used to thaw frozen water service lines. The PUC had borrowed a water line thawer from Mora Utilities which worked very well for the few lines that were frozen. The customers had made an effort themselves to get the lines thawed, but the contractors were unable to. Mr. Findell made a motion to purchase a water line thawer. Mr. Erickson seconded. Motion carried unanimously.

There was a discussion on the General Manager's position as Connie Wangen will be retiring on May 31st, 2019. Her written resignation had been given to each of the PUC Commissioners who have all accepted her resignation. The final job description was presented to the PUC Commission for approval. Mr. Erickson made a motion to approve the final job description for the PUC General Manager. Mr. Findell seconded. Motion carried unanimously. After approval of the General Manager job description, there was a discussion regarding advertising for this position and salary range. Mayor Brad Schumacher stated the Princeton City Council should be involved in the hiring process of the PUC General Manager as they will be working closely with the City of Princeton. Commission Chairman Mindi Siercks stated City Councilor Jack Edmonds is the City of Princeton liaison who was appointed by the City of Princeton Council, will be part of the selection committee as he would represent the Princeton Council. Mayor Schumacher would like the PUC Commission to ask the City of Princeton Council who they would like represent the council on the selection committee as a sign of good faith. He stated they may want someone other than Jack Edmonds representing the council. Commissioner Henry Findell stated no matter who would be on the selection committee, it is the decision of the three Commissioners of the PUC to make the final decision on who is hired for the position of General Manager. Applications for the position will come to the PUC Office. City Administrator Bob Barbian stated that Mayor Schumacher has come up with some ideas where the City of Princeton and Princeton Public Utilities could be combined. Mayor Brad Schumacher said in his opinion it will take proper time to hire a suitable person for the General Manager position. If such person is not hired by May 31st, he is suggesting that Princeton City Administrator Bob Barbian and Princeton Finance Director Steve Jackson step into the General Manager position until a suitable person would be hired. Dave Schultz from WSB said in his opinion when a new city government comes in they want to take over the PUC because that is where the income is. They want to use that income for other things other than utility infrastructure. Every time I have seen the attempt to take over it creates a lot of havoc in the PUC's. People retire, people leave, and you lose some of your best employees. And why, because somebody wants to steal money and I don't agree with that. And every time I have seen an attempt to take over the utilities, it has never happened. And bullying is what I see here. If you come in here and try to bully people into something, that is not right. It is not legal, it's not good to employment, it's not good to council members, it's not good for utility members. So you have to be very careful what you do and you definitely have to respect everybody's opinions. You have to do the right thing, what is right for Princeton. The employment market is very tight. You have to keep the good employees that you have. You may want to hire an outside firm to come in and see what's going on here because bullying should not be accepted. After discussions, it was the decision of the PUC Commission to have a committee which will include Commission Chairman Mindi Siercks, General Manager Connie Wangen, City Administrator Bob Barbian, and City Councilor Jack Edmonds. The PUC Commission will invite one additional City Councilor to join the committee. Commissioner Findell stated the final selection or decision for the position of General Manager will be made by the PUC Commission only at a public meeting.

Resolution 19-04 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 \$114.74 through March 27, 2019 was presented. Mr. Erickson made a motion to accept Resolution 19-04. Mr. Findell seconded. Ms. Siercks abstained from voting.

General Manager Connie Wangen reported the Princeton Business Expo will be held on April 6th at the Princeton High School. Princeton Public Utilities Commission will have a booth at the Expo promoting electric and water. SMMPA will participate in the booth also.

There being no further business, Mr. Erickson made a motion to adjourn the meeting at 4:11 p.m. Mr. Findell seconded. Motion carried unanimously.



Mindi Siercks
Chairman



Kathy Ohman
Secretary