

PUBLIC UTILITIES COMMISSION

REGULAR MEETING

June 24, 2020, 1:00 P.M.

Pursuant to due call and notice thereof, the Regular Meeting of the Public Utilities Commission, City of Princeton, was held via Zoom due to the COVID-19 pandemic, on June 24, 2020, at 1:00 P.M.

Present: Chairman Greg Hanson and Commissioners Dan Erickson and Rick Schwartz.

Also Present: Manager Keith Butcher, Bookkeeper Kathy Ohman, City Councilor Jenny Gerold, Electric Superintendent Ryan Grant, Water Superintendent Scott Daniels, City Administrator Bob Barbian, Princeton Mayor Brad Schumacher, and Union Times Reporter Tim Hennagir.

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

Chairman Greg Hanson swore in newly elected PUC Commissioner Rick Schwartz.

Mr. Schwartz moved to approve the Minutes for the May 27, 2020 Regular PUC Commission Meeting. Mr. Erickson seconded. Motion carried unanimously.

Chairman Hanson called for additions or deletions to the agenda. Commissioner Rick Schwartz added to the agenda

Unfinished Business

J. Fence around Transformers;

K. Pooper Stations; and

New Business:

F. Work Study Sessions.

Mr. Erickson made a motion to approve the agenda with changes of the June 24, 2020 Regular PUC Commission Meeting. Mr. Hanson seconded. Motion carried unanimously.

There was no Public Comments.

Mr. Erickson made a motion to approve the accounts payable listing for the period of May 1, 2020 through May 31, 2020. Mr. Schwartz seconded. Motion carried unanimously.

Reports and Correspondence:

A. General Manager Keith Butcher read **Memo 20-01: Social Media Posts** and **Memo 20-02: Connexus Comparison** which were both included in the Agenda Packet.

B. Princeton Mayor Brad Schumacher welcomed newly appointed PUC Commission Rick Schwartz to the PUC Commission Meeting. Mayor Schumacher stated he would not be saying anything negative regarding Princeton Public Utilities in an effort to help change the perception of the PUC. Mayor Schumacher read his document, "Mayor PUC Suggestion", which was included in the Agenda Packet.

General Manager Keith Butcher addressed each item.

- Princeton Public Utilities did not have a no-bid contract situation. This was investigated in detail last year. To ensure transparency and openness, the Commission established two PUC policies: PUC-1: Purchasing Policy (which follows state guidelines) and PUC-2: Conflict of Interest Policy (again, following state guidelines). These policies have been standard practice for years. These procedures have been reviewed by PPU's auditors and they determined that everything was legal and proper
- Princeton does not have a seat on the SMMPA Board and therefore the General Manager does not sit on the SMMPA Board. As a member, Princeton Public Utilities does have voting rights as it pertains to election of board members and some bonding issues which is true for the entire SMMPA membership.
- PPU does trim and maintain trees in the utility right-of-way. This can sometimes be a touchy situation because homeowners may not want trees trimmed even though it may affect reliability for themselves and their neighbors. Aggressive tree trimming is often viewed negatively however PPU does maintain industry standards for reliability purposes.
- Electric rates are based on load shapes and consumption characteristics. We do not single out customers based on their organizational type. The Small Commercial rate is implemented when a customer exceeds 25kW and is based on a Rate Study done several years ago. Electrical loads at places of worship have increased over the years as churches have grown in size and load. These aren't simple one-room churches anymore. Many have offices, day care, large kitchens, and/or large commercial HVAC systems. The costs associated with power delivery (such as transformer size) are based on the customer's load, not whether or not it is coincident with our peak. The residential rate is based on the assumption of a standard residential load shape. To assign an entire class of customers with different load shapes will result in the utility either under-earning or over-earning. Cross-subsidization across rate classes will result. The load shapes of house of worship have evolved from a small residential load profile to commercial-type characteristics.
- As discussed in both the Residential Rate Comparison and the analysis presented earlier today, PPU is competitive with all of our neighboring utilities. One should not cherry-pick one individual line item without considering other charges or fees or without understanding other utility financial metrics.
- PUC Meetings are set by the Commission. Budgets comparisons are as follows:
 - o PPU
 - Operating Revenues are \$8.8 million
 - Operating Expenses are \$7.9 million
 - Purchased Power is \$4.2 million
 - Net position is \$14.6 million
 - Cash and Cash Equivalents \$5.9 million
 - o City – Government Funds (2018)
 - Revenues \$4.7 million
 - Expenses \$5.1 million
 - Net position is \$29.5 million
 - Cash and Cash Equivalents is \$11.5 million
 - o City – Proprietary Funds (2018) (Airport, Sewer, Liquor)
 - Revenues are \$5.5 million
 - Expenses are \$2.1 million
 - Net position is \$15.2 million
 - Cash and Cash Equivalents is \$4.5 million (\$3.75 of which is in the Liquor Store)
 - o The recording of meetings via video is already planned. PPU's 2020 budget approved late last year included money for technology upgraded for this specific purpose.

COVID-19 has forced us to change direction, as one can see from this Zoom meeting, but we continue to move forward with a video recording and archive strategy. In the spirit of cooperation it would be helpful if we could have a copy of the Council's policy as it relates to meeting recordings and archiving so we can use that as input for our ongoing development of best practices.

- In regards to the PILOT, it would be helpful to refer back to the comparison presented earlier. As one can see, there are a lot of parts to this discussion. We applaud Councilor Zimmer's PILOT Workgroup efforts and look forward to continuing to work with him to develop a consensus.

- C. The SMMPA Board Meeting was held June 17, 2020 via video conference. The Key Metrics were provided to the PUC Commission. At this time, SMMPA is not anticipating any rate increase for 2021. Topics include: Risk Analysis Study Results, Financial Reserves Study, COVID-19 Impacts, Five-Year Forecast, Large Customer Renewable Purchase Options, Electric Vehicle Charging Network Update, Financial Report, Legislative Report, and Resource Report. PPU has received two L2 EV charges are in the warehouse and the DC fast charger is being shipped this week.

A seven minute break was taken at 2:30 p.m.

- D. In the Generation Plant, they have installed a new voltage regulator in Engine #5. The 500-gpm pump upgrade is completed. The back step has been replaced along with the hand railing. Test runs and urge test were completed the week of June 15th.

In the Electric Department, there was an outage at Airway Products on South Old Highway 18. The line crew is continuing to do underground conversions on West Branch Street and tree trimming. New services added to two new homes and four townhomes. Installed and removed 2020 Senior Banners.

- E. In the Water Department, there was a discussion regarding a request if the PUC would be willing to sell water to another utility. Before an agreement is made, specifics would be brought to the PUC Commission. Verizon has completed their installation on the Middle Water Tower and KLM Engineers have completed their inspection. Fixed the ditch at the Middle Water Tower with the help of Public Works. Hit a new water peak: 1.2 million gallons in one day. This was the highest since 2006.
- E. City Administrator Bob Barbian reported the AT&T tower is scheduled to start this fall. The Brew Pub will be breaking ground in the near future. The City has been working on the Federal EDA Grant for the new industrial park. City Finance Director Steve Jackson will be retiring the end of this year. Going forward the PUC will be using Princeton City Council chambers for their meetings.

- F. General Manager Keith Butcher reported the following:

- a. Updated EIA-861 Report.
 - i. Minnesota Department of Commerce's CIP Report
2019 CIP Report Summary:
 1. Energy Savings = 2.9% (exceeds 1.5% requirement)
 2. Low-Income Spending = 0.9% (exceeds 0.2% requirement)
 3. Total Spending = 3.7% (exceeds 1.5% requirement)
- b. Minnesota Department of Commerce's Annual Utility Report completed
- c. Staff fire calls/City Assistance
 - i. Emergency calls: 6/2 (30 minutes fire call); 6/15 (30 minute medical)

- d. PPU's internal safety committee met on 6/18.
 - i. Providing hard hat labels for staff to include emergency medical information
 - ii. Continuing to focus on perimeter security by automating the side gate. The south gate and all exterior doors remained locked.
 - iii. Discussed COVID-19 impacts, proper protocols utilizing social distancing, and PPE.
- e. Transformer Fire (Saturday, June 20th)
 - i. Cause: Unknown
 - ii. Three pole-mounted transformers providing three-phase service to a manufacturing customer, the pole, meters, and all ancillary equipment were destroyed.
 - iii. Three linemen responded Saturday night. The customer was kept up-to-date on our activities.
 - iv. On Sunday, seven staff were on hand to work on replacing the pole and installing a pad-mount transformer.
 - v. We met at 7am Monday morning with the customer and their electrician to develop a re-energization plan to get the customer up and running as soon as possible. The customer was back up and running on Monday.

On June 1, both Electric and Water Departments have restarted converting meters to AMI. As of June 24, 751 electric meters (28%) have been converted to date. Water meters are going slower as the meters are located inside the customer's home. There will be on-site training with Eaton in the near future.

General Manager Keith Butcher reported the host agreements have gone out on the EV chargers. Once the agreement has been signed they will be brought to the PUC Commission for approval. The goal is for all three EV chargers being installed during 2020. There will not be a fee charged for the first few months.

General Manager Keith Butcher updated the PUC Commission on COVID-19 pandemic. Disconnections continue to be suspended. Customers we are unable to contact were sent door hangers. Late fees continue to be waived. City Administrator Bob Barbian stated the City of Princeton is following the PUC's lead. There was a discussion when to start charging late fees on accounts that are delinquent. Mr. Schwartz made a motion to waive late fees on bills due July 12, 2020 with resuming normal billing in regards to late fees on bills due August 12, 2020. Mr. Erickson seconded. Motion carried unanimously.

Small Commercial customers are charged a minimum demand charge of 25 kw. During the Covid-19 pandemic, the PUC has been waiving the minimum demand charge to help small commercial customers. Manager Keith Butcher would like the minimum demand charge waived one more billing cycle. The consensus of the PUC Commission was to waive the minimum demand charge for June billing. Customers with past due amounts owing, were sent door hangers. The door hanger fees for these was waived. If there was no response from the door hanger, they received a phone call or e-mail. The total late fees waived in June was approximately \$5,000.00. There is a Small Business Relief Grants Program from Minnesota Employment and Economic Development for small businesses beginning June 23. Small business customers would need to apply for this grant on their own. A Covid-19 Preparedness Plan for Princeton Public Utilities was presented for approval. This plan is a requirement of the Minnesota Governor that all businesses have on file. Mr. Schwartz made a motion to approve the Covid-19 Preparedness Plan for Princeton Public Utilities. Mr. Erickson seconded. Motion carried unanimously.

General Manager Keith Butcher reported estimated electric costs were sent to the City of Princeton for the Princeton Business Park for the Federal EDA grant the City of Princeton is applying for.

The meetings with the Princeton Golf Club regarding the new Clubhouse and Brew Pub went well. The loop extension cost water service is estimated at \$11,500.00. Total estimated cost of the project is \$72,500.00. The

customer is asking the PUC to assist with the cost of the project. The consensus of the PUC Commission was for Manager Keith Butcher putting a proposal together for PUC Commission approval.

General Manager Keith Butcher reported on the PILOT work group. The City of Princeton created the work group which had an introductory meeting on May 29, 2020. This was a very good meeting. The next meeting of the PILOT work group will be on Tuesday, June 30, 2020.

There was a discussion regarding the PUC Utility Billing. To change the public's perception of the PUC, the discussion was how to separate the billing with electric, water and sewer. Mr. Schwartz made a motion to have a study session meeting to discuss the PUC Utility Bills in detail prior to the July PUC Commission Meeting on Wednesday, July 1, 2020 at 1:00 P.M. at Princeton City Council chambers. Mr. Erickson seconded. Motion carried unanimously.

The 5th Street North water main realignment project has been completed and General Manager Keith Butcher has received a pay voucher has been received from the engineers for final payment. The project went very smoothly. Mr. Schwartz made a motion to approve payment of \$89,585.20 for the 5th Street North water main realignment. Mr. Erickson seconded. Motion carried unanimously.

General Manager Keith Butcher reported PUC e-mail accounts for each PUC Commissioner have been created.

Agenda item 8J. Fence around Transformers; Agenda item 8K. Pooper Stations; Agenda item 9A. 2019 Audit; and Agenda item 9B. Water Rates – Discussion were tabled for the July 2020 PUC Commission Meeting.

There was a discussion on the PUC Electric Cash Reserves. Manager Keith Butcher stated the plan is to get to 180 days of cash reserve as of December 31. As of the December 31, 2019 audit, electric is at 109 days.

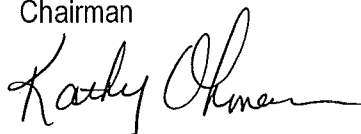
There was a discussion on General Manager Keith Butcher attending City of Princeton meetings. Commissioner Rick Schwartz stated he would like PUC Water Superintendent Scott Daniels and Electric Superintendent Ryan Grant attend the manager meetings held at Princeton City Hall. After a discussion, the consensus of the PUC Commission was for Superintendents Scott Daniels and Ryan Grant to attend every other manager meeting at city hall.

There was a discussion regarding the July 22 PUC Commission Meeting and July 1 Work Study Session. General Manager Keith Butcher will move forward recording and archiving regular PUC Commission Meetings. PUC Work Study Sessions will not be recorded as they are discussion only meetings, no decisions will be made.

There being no further business, Mr. Erickson made a motion to adjourn the meeting at 5:14 p.m. Mr. Schwartz seconded. Motion carried unanimously.



Gregory Hanson
Chairman



Kathy Ohman
Secretary