

PUBLIC UTILITIES COMMISSION

REGULAR MEETING

December 15, 2021, 1:00 P.M.

Pursuant to due call and notice thereof, the Regular Meeting of the Public Utilities Commission, City of Princeton, was held at the Mille Lacs County Historical Society Depot Museum in the Amdall Room, 202 10th Avenue South, on December 15, 2021, at 1:00 P.M.

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

Absent: None.

Also Present: Manager Keith Butcher, Secretary Kathy Ohman, City Councilor Jules Zimmer, City Administrator Michele McPherson, Electric Superintendent Jeremy Linden and Water Supervisor Scott Schmit.

Meeting was called to order by Chairman Hanson at 1:03 P.M.

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

Mr. Schwartz made a motion to approve the agenda of the December 15, 2021 Regular PUC Commission Meeting. Mr. Erickson seconded. Motion carried unanimously.

Mr. Schwartz moved to approve the Minutes for the November 17, 2021 Regular PUC Commission Meeting and the December 7, 2021 PUC Work Study Meeting. Mr. Erickson seconded. Motion carried unanimously.

There were no Public Comments.

After a discussion, Mr. Schwartz made a motion to approve the certification of accounts payable for the period of November 1, 2021 through November 30, 2021. Mr. Erickson seconded. Motion carried unanimously.

6. REPORTS:

- a. The December SMMPA Key Metrics worksheet and November 10th Board Meeting minutes were presented. There was a discussion on SMMPA's coal.
- b. The October 2021 PUC financial reports were presented.

7. UPDATES:

- a. In the Electric Department, Electric Superintendent Jeremy Linden reported they have been working on house services and final AMI change outs after Thanksgiving. Sunken Ship Brewery is waiting on parts to complete their hook-up. They assisted Mille Lacs County in cutting down some trees, have

had some MMUA training, put up Christmas decorations and removed the overhead service for the new Mark Park scoreboard. They have started working on inventory counts for year end.

- b. In the Generation Plant, Water Superintendent Scott Schmit reported the monthly test runs were done. They have been working on maintenance on Engine #4.

In the Water Department, Water Superintendent Scott Schmit reported new hire Shane Patrin started work on December 13th. They have been working on locates, year-end inventory and maintenance. The water meter registers are in but still waiting on the AMI water nodes.

- c. City Administrator Michele McPherson reported the City of Princeton held their Truth in Taxation meeting. There was no public in attendance to the meeting. Sewer rates will be going up in January 2022. The City of Princeton is working with partners on the radio simulcast project. They are still waiting to receive notice on an EDA grant they applied for in 2021 to help fund the project. She updated the PPU Commission on other recent City activities and projects.
- d. General Manager Keith Butcher reported the following:
 - i. The annual reporting will begin January 1st with the Pay Equity report being due January 31st.
 - ii. Staff annual reviews are underway and will be completed by January 1st.
 - iii. Holiday hours for PPU are as follows: the PPU Office will be closed on December 24th in observation of Christmas and December 31st in observation of New Year's.
 - iv. Work has been progressing on improving the physical security of our servers.
 - v. The Yukon server was upgraded on Wednesday, December 1st.
 - vi. Nancy Kelly, SMMPA ESR, was in Princeton on December 1st to work on current commercial projects. She is working on a potential article for Mike's Discount Foods. He reminded all PPU customers to submit their 2021 rebate applications before year end. 2022 rebate offers will be on PPU website January 1st.
 - vii. General Manager Keith Butcher has joined SMMPA's Audit Review Committee. They meet twice a year to work with SMMPA's auditors and review their findings before they are presented to the Board. The committee met December 8th and reviewed the auditor's plan.
 - viii. PPU participated in the Mini Dazzle Parade on November 27th.
 - ix. The MN Public Utilities Commission unanimously approved the service territory agreement with East Central Energy on December 2nd. They have instructed staff to update the GIS system accordingly.
 - x. General Manager Keith Butcher met with Sondra Erickson yesterday to discuss issues facing municipal utilities. She also received a tour of PPU's facility.
 - xi. General Manager Keith Butcher has a "get to know you" meeting with Connexus scheduled for January 5th, 2022.

8. UNFINISHED BUSINESS:

a. WELLHEAD PROTECTION PLAN, PART II – RFP RESULTS

General Manager Keith Butcher presented Memo 21-35: WHPP, Part II Bid Selection. To complete Part II of the state required Wellhead Protection Plan, PPU is in need of specialized contracting services to inventory potential contaminants for our public water system among other activities. This

update is done every 10 years per state requirements. The RFP for has been sent out with four bids being received. There was a discussion regarding the four bids. Mr. Schwartz made a motion to accept the bid from WSB Engineering to perform required engineering services. Mr. Erickson seconded. Motion carried unanimously.

b. 2021-2023 FINANCIAL AUDIT – RFP RESULTS

PPU was notified that current auditors Mayer, Porter, and Nelson would no longer be offering their auditing services to government clients. An RFP soliciting bids to assume the auditing duties for PPU was issued with four bids being received. There was a discussion regarding the four bids. Mr. Erickson made a motion to accept the bid from Smith Schafer & Associates to perform auditing services for PPU. Mr. Hanson seconded. Mr. Schwartz abstained. Motion carried 2-0.

c. 2022 BUDGET AND FEE SCHEDULE

General Manager Keith Butcher presented Memo 21-37: Proposed 2022 Budget. No rate increase is proposed for 2022. Mr. Schwartz made a motion to approve the proposed 2022 Electric and Water Operating Budgets along with large projects. Mr. Erickson second. Motion carried unanimously.

General Manager Keith Butcher presented Memo 21-38: Proposed 2022 Fee Schedule. Some of the changes include the temporary connection charge would increase from \$140.00 to \$170.00 and the private hydrant fee would increase from \$50.00 to \$55.00. Mr. Erickson made a motion to approve the proposed 2022 Fee Schedule. Mr. Schwartz seconded. Motion carried unanimously.

d. 2022 COMMISSION CALENDAR

General Manager Keith Butcher presented Memo 21-39: 2022 Commission Calendar to the PPU Commission for approval. Meetings are held the fourth Wednesday of each month with the November meeting being moved to November 16 due to holidays. There was a discussion on the PPU Commissioners having a tour of the facilities annually. Mr. Schwartz made a motion to approve the 2022 Commission Calendar as proposed. Mr. Erickson seconded. Motion carried unanimously.

e. 2021 CHARGE OFFS

General Manager Keith Butcher presented Memo 21-40: 2021 Charge Offs to the PPU Commission for approval. A total of \$2,165.93 will be charged off in 2021. (See attached). Mr. Erickson made a motion to approve the 2021 Charge Offs as presented. Mr. Schwartz seconded. Motion carried unanimously.

f. 2021 DISPOSAL OF FIXED ASSETS

General Manager Keith Butcher presented Memo 21-41: Disposal of Fixed Assets to the PPU Commission for approval. Mr. Schwartz made a motion to approve the 2021 Disposal of Fixed Assets. Mr. Erickson seconded. Motion carried unanimously.

g. ELECTRIC SYSTEM STUDY DISCUSSION

General Manager Keith Butcher reported DGR had been selected by the PPU Commission to conduct an Electric System Study in 2021. After DGR presented their findings from the Electric System Study and their 10-year capital improvement plan, they were selected at the November Regular PPU Meeting to do a rate study in 2022. All capital improvements will be brought to the PPU Commission for approval before project is started. In addition to the rate study, DGR can also coordinate with our financial advisors to arrange project financing for large capital improvements.

The master agreement for Phase 1 included coordination with financial advisors. After a discussion, the consensus of the PPU Commission was to continue moving forward with the rate study.

h. PPU VISION DISCUSSION

Princeton Public Utilities has been exploring options to ensure that they are serving the Princeton community effectively. It is important that PPU and the PPU Commission effectively communicate its guiding principles. In all decision-making, PPU and the PPU Commission will ensure that we:

1. Preserve the long term financial stability of the utility for the benefit of our ratepayers
2. Will preserve and maintain a high level of service to our current ratepayers effectively by offering:
 - a. Competitive rates;
 - b. Reliable electricity;
 - c. Clean water; and
 - d. A modern customer service
3. Will dutifully serve new and future ratepayers by ensuring:
 - a. Minimal to no adverse rate impacts and
 - b. Provide, at a minimum, the same level of service now and into the future

PPU has undertaken a long-term strategy to evaluate current operation, plan for future improvements and upgrades, and ensure those benefits accrue to our customers for years to come. Financial reserves has changed positively.

i. ACH DISCUSSION

General Manager Keith Butcher reported he has had several discussion with our consultant about various options for implementing of a convenience fee. Our consultant can collect the convenience fee and will do all reporting and any regulatory requirements. By charging the convenience fee, PPU will no longer qualify for the utility rate of \$2.00 per transaction. All service charges to customers will be at a rate of 2.5% to begin with on a six-month trial period. He has also been corresponding with PPU attorneys to address the legal parameters. A new user agreement will be drafted with exact pricing and brought to the PPU Commission for approval. Once the user agreement is approved, a Convenience Fee Policy will be drafted for PPU Commission approval. Prior to implementing the convenience fee, there will be a communication plan to inform customers of the charges.

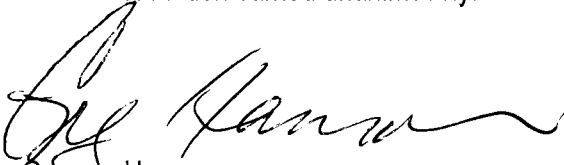
General Manager Keith Butcher reported he has been working with our consultant with the software company regarding implementing a 3% credit to customers who opt to use ACH as their preferred method of paying their monthly PPU bills. There was a discussion on whether to include all residential and commercial customers or limit the credit to residential customers only. It was the consensus of the commission to limit the credit to residential customers only. When details have been determined, an ACH Credit Policy will be drafted for PPU Commission approval.

Mr. Schwartz addressed the City of Princeton for questions they may have in regards to the Electric System Study presented by DGR. City Administrator Michele McPherson stated she had shared the presentation with the Princeton City Council due to significant investments that are needed to make sure the system is stable. She stated the City of Princeton also has major investments and projects in areas that are in needed of improvement. Discussions followed.

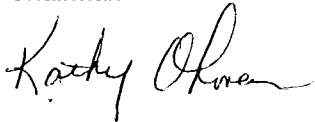
9. NEW BUSINESS:

There was no New Business.

There being no further business, Mr. Schwartz made a motion to adjourn the meeting at 3:08 p.m. Mr. Erickson seconded. Motion carried unanimously.

A handwritten signature in cursive script, appearing to read "Gregory Hanson".

Gregory Hanson
Chairman

A handwritten signature in cursive script, appearing to read "Kathy Ohman".

Kathy Ohman
Secretary