

PUBLIC UTILITIES COMMISSION

REGULAR MEETING

January 26, 2022, 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 January 26, 2022, at 1:00 P.M.

Present: Chairman Greg Hanson and Commissioner Richard Schwartz.

Absent: Commissioner Dan Erickson.

Also Present: Manager Keith Butcher, Secretary Kathy Ohman, City Councilor Jules Zimmer, City Administrator Michele McPherson, Electric Superintendent Jeremy Linden, Water Supervisor Scott Schmit, City Community Development Manager Heather Brooks, and Nick Loehlein from Connexus Energy.

Meeting was called to order by Chairman Hanson at 1:04 P.M.

Chairman Hanson called for additions or deletions to the agenda. With the absence of Commissioner Dan Erickson, Chairman Hanson requested to remove the Swearing in of Commissioner Dan Erickson and the Election of Officers until the February 2022 Regular Commission Meeting.

Mr. Schwartz made a motion to approve the agenda of the January 26, 2022 Regular PUC Commission Meeting with deletions. Mr. Hanson seconded. Motion carried unanimously.

Chairman Hanson welcomed appointed PUC Liaison Jules Zimmer and City Administrator Michele McPherson to the meetings.

Mr. Schwartz moved to approve the Minutes for the December 15, 2021 Regular PUC Commission Meeting. Mr. Hanson seconded. Motion carried unanimously.

During the Public Comments portion of the meeting, newly hired City Community Development Manager Heather Brook was introduced and welcomed to the meeting.

Resolution 22-01 RESOLUTION OF THE PUBLIC UTILITIES COMMISSION OF THE CITY OF PRINCETON DESIGNATION OF OFFICIAL DEPOSITORIES for the designation all local financial institutions as well as Northland Trust as official depositories of the Commission for the 2022 year. Mr. Hanson made a motion to accept Resolution 22-01. Mr. Schwartz seconded. Motion carried unanimously.

Resolution 22-02 RESOLUTION OF THE PUBLIC UTILITIES COMMISSION OF THE CITY OF PRINCETON DESIGNATION OF OFFICIAL NEWSPAPERS for the designation of the Union-Times as well official newspaper of the Commission for the 2022 year. Mr. Hanson made a motion to accept Resolution 22-02. Mr. Schwartz seconded. Motion carried unanimously.

After a discussion, Mr. Schwartz made a motion to approve the certification of accounts payable for the period of December 1, 2021 through December 31, 2021. Mr. Hanson seconded. Motion carried unanimously.

11. REPORTS:

- a. The January SMMPA Key Metrics worksheet and December 8th Board Meeting minutes were presented. There was a discussion on SMMPA's financials prior to audit along with EV chargers.
- b. The December 2021 PUC financial reports were presented.

12. UPDATES:

- a. In the Electric Department, Electric Superintendent Jeremy Linden reported they repaired a light pole damaged on 21st Avenue. They have been working on a new solar project on a house on Highway 95. They also been doing tree trimming, have taken down the Christmas decorations, have attended a workshop and conference, and meter reading. MMUA Safety Training will be held tomorrow. Inventory counts has been completed for year end.
- b. In the Water Department, Water Superintendent Scott Schmit reported they had locator training with Minnesota Rural Water. They have had a few frozen water meters. Water samples for testing has been done. Water inventory is almost completed for 2021. Jim Bigger and Kenny Elton are testing for the Class D Water License. At this time, the anticipated ship date for the water nodes is April.

In the Generation Plant, Water Superintendent Scott Schmit reported Unit #7 was test run today and the older units will be test run tomorrow. SMMPA was at PPU to complete reports on engine runs. They have been attending the weekly meetings with SMMPA. The circulating pump on the boiler heat system was down. They repaired it and have it back up and running.

- c. City Administrator Michele McPherson reported the City of Princeton has approved changing the fees for the Fire Department from a flat rate to an hourly rate. They will be assessing unpaid fire calls to real property regardless of county. She has been working with Mille Lacs County on reconstructing 7th Avenue which is tentatively a 2024 project. The City Council will be presented WSB's proposal for the plan design and bidding process of the Business Park at the next City Council meeting. The new Tech Services Manager started two weeks ago. She updated the PPU Commission on other recent City activities and projects.

City Councilor Jules Zimmer reported on new developments in Princeton.

- d. General Manager Keith Butcher reported the following:
 - i. Due to significant changes in staffing, our worker's comp insurance has dropped for 2022.
 - ii. With the continued conversion to AMI, the January 2022 meter readings were the first without errors. Errors resulted in staff needing to return to the field with equipment to get proper readings. The billing software has been updated to accommodate the City's sewer rate increase for 2022. The computer servers have successfully been moved to a server room which provides external security and protection from accidents. Disconnections of service due to non-payment are planned for tomorrow.

- iii. December 2021 commercial rebates were issued to four business in Princeton
- iv. Regulatory reports have been filed including the SMMPA DER Reimbursement report, the Annual OSHA report and the annual APPA Safety report. All air permit reports have been filed to finish out 2021. The Wellhead Protection Implementation Strategy Form with the Minnesota Department of Health has been filed as part of our extension request. Upcoming reports include the Pay Equity Report and the MPARS report.
- v. Nancy Kelly, SMMPA ESR, is helping to coordinate check-ins with our largest customers. Two customers were visited in January and both meetings were very positive.
- vi. General Manager Keith Butcher reported with the extreme cold temperatures, a couple customers were concerned about the ground water temperature and frozen water lines. Information was posted on Facebook and PPU website with recommendations regarding concerns with frozen water lines.
- vii. Sherco was taken offline on December 1st for repairs on a tube leak and was brought back online on December 21st. Xcel completed all of the repairs. With continued coal deliveries through December and instituted coal conservation efforts, SMMPA now has sufficient coal inventory going into 2022.
- viii. SMMPA 2022 activities were discussed which include a Cost of Service Study, Sherco 3 coal purchased through Xcel Energy, 2021 IRP approval, Post 2030 generation resource discussion, Quick Start contact extension process, EV incentives, update their Disaster Recovery Plan and Business Continuity Plan, prepare for upcoming team member retirements, and monitor MPCA's treatment of one-hour NO2 permitting requirements.
- ix. General Manager Keith Butcher will be attending the MMUA Government Relations Advisory Committee which meets weekly.
- x. The House DFL has issued a Climate Action Plan in preparation for the start of the legislative session. The Climate Action Plan totals approximately \$1 billion dollars.
- xi. Areas that MMUA is monitoring this on the legislative front include renewables, interconnection, EVs, pay equity, cyber, salary cap, PFAS, bonding and broadband.
- xii. General Manager Keith Butcher will be attending the MMUA Legislative Rally on February 8th and 9th virtually and welcomed Commissioners to attend if they desire.

13. UNFINISHED BUSINESS:

a. ELECTRIC SYSTEM LONG-TERM PLAN

General Manager Keith Butcher went over the 10-year capital improvement plan to improve the distribution system in Princeton which is set in three phases. Two task orders were presented including one for the preliminary design phase in Phase 1 and the second one for a coordination study of the Generation Plant, North and South Substations for approval. Mr. Schwartz made a motion to approve as submitted Task Order #03 the Preliminary Design Phase for Phase 1 in the amount of \$14,500.00 and Task Order #04 the Coordination Study for \$17,700.00. Mr. Hanson seconded. Motion carried unanimously.

b. 2022 RATE STUDY

General Manager Keith Butcher reported DGR Engineers have started working on the 2022 Rate Study. Pre-audit figures from 2021 have been submitted to DGR.

c. ACH DISCUSSION

General Manager Keith Butcher presented Memo 22-01: ACH Credits to the PPU Commission regarding the 3% water credit to be given to customers signed up for ACH payments. There was a discussion on the length of time to run this promotion. The discussion continued with looking at the

results in six months. Mr. Schwartz made a motion for the 3% water credit given to ACH customers to run through August 31st, 2022. Mr. Hanson seconded. Motion carried unanimously.

d. CONVENIENCE FEE

General Manager Keith Butcher presented Memo 22-02: Convenience Fees to the PPU Commission for discussion. He has received a new user agreement with the credit card fee increasing from \$2.00 per transaction to 2.5% per transaction. The management company PPU uses for electronic payments will collect the fees and submit them to the credit card company. All PPU customers currently signed up for automatic payments with their credit card will be required to sign up again for automatic payments approving the 2.5% convenience fee charge. Mr. Schwartz made a motion to charge customers using a credit card a 2.5% convenience fee. Mr. Hanson seconded. Motion carried unanimously. Mr. Schwartz made a motion to accept the new user agreement with the change in transaction fees. Mr. Hanson seconded. Motion carried unanimously.

14. NEW BUSINESS:

a. MEMMO 22-03: 2022 MINNESOTA PAY EQUITY REPORT

General Manager Keith Butcher presented Memo 22-03: 2022 Minnesota Pay Equity Report to the PPU Commission for approval. The Pay Equity report is filed every three years and due January 31, 2022. The report ensures PPU's underpayment ratio is greater than 80%. Mr. Hanson made a motion to approve the 2022 Minnesota Pay Equity Report. Mr. Schwartz seconded. Motion carried unanimously.

b. MEMO 22-04: DEPOSIT REFUND TERMS

General Manager Keith Butcher presented Memo 22-04: Deposit Refund Terms to the PPU Commission for approval. Currently when running a credit check on customers through our contractor, bankruptcies have been included in the credit score. Any references to bankruptcies can be removed from credit checks. Mr. Hanson made a motion to approve the removal the bankruptcy clause from credit checks. Mr. Schwartz seconded. Motion carried unanimously.

c. MEMO 22-05: DEPOSIT INTEREST RATES

General Manager Keith Butcher presented Memo 22-05: Deposit Interest Rates. The Utility Deposit Interest Rate for 2022 which is set by the Minnesota Department of Commerce is 0.2%. Past interest rate history was included in this memo. Mr. Schwartz made a motion to set PPU utility deposit interest rate for 2022 at 0.2% per Minnesota state guidelines. Mr. Hanson seconded. Motion carried unanimously.

d. MEMO 22-06: TORT LIABILITY WAIVER FORM

General Manager Keith Butcher presented Memo 22-06: Tort Liability Waiver Form for approval. Mr. Schwartz made a motion to approve the tort liability coverage limits of \$1,500,000 from the League of Minnesota Cities Insurance Trust for 2022, the PPU does not waive the monetary limits on municipal tort liability established by Minnesota Statutes 466.04. Mr. Hanson seconded. Motion carried unanimously.

e. MEMMO 22-07: COGENERATION AND SMALL POWER PRODUCER TARIFF ANNUAL UPDATE

General Manager Keith Butcher presented Memo 22-07: 2022 Cogeneration and Small Power Production Tariff for approval. The tariff includes Schedule 1 which shows the average retail utility energy rate for each class and Schedule 4 the average incremental cost. PPU is required to report on any customer owned generation as well as any exports. The updated tariff will take effect January

1, 2022. Schedule 4 from SMMPA is updated every year. Mr. Hanson made a motion to accept the 2022 Cogeneration and Small Power Production Tariff. Mr. Schwartz seconded. Motion carried unanimously.

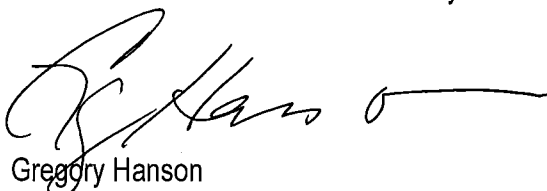
f. 2022 ROOF REPLACEMENT SCHEDULE DISCUSSION

General Manager Keith Butcher updated the PPU Commission on the roof replacement schedule. Roofs 1 and 2 in the Generation Plant were budgeted to be replaced in 2022. SMMPA has requested delaying the replacement until 2023 as they will be paying half of the cost. After a discussion it was the consensus of the commission to postpone the roof replacement until 2023.

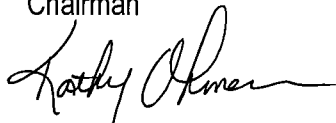
g. TOUR DISCUSSION

There was a discussion regarding the PPU Commissioners having a tour of PPU facilities and when they would like the tour to take place. It was the consensus of the Commission to have the tour at the end of March 2022 at the earliest, weather permitting.

There being no further business, Mr. Hanson made a motion to adjourn the meeting at 2:25 p.m. Mr. Schwartz seconded. Motion carried unanimously.



Gregory Hanson
Chairman



Kathy Ohman
Secretary