Owatonna Public Utilities Commission **March 31, 2026 4:05 p.m.**

The Owatonna Public Utilities Commission met in regular session at 4:05 p.m.

Present were Commissioners McLane, Rossi, Vetter, and Zirngible. Commissioner Johnson attended virtually. Also present were General Manager Warehime; Director, Finance & Administration Linders; Director, Director, Information Technology & Metering Baum; Manager, Human Resources Madson; Manager, Customer Experience Schmoll; and Manager, Gas & Water Operations Prokopec. City Administrator Tuma was also in attendance, along with Krista Louden, a current applicant for the open Commission seat, and Dan McCann, City Council.

President Rossi called the meeting to order at 4:05 p.m. Commissioner McLane moved to approve the agenda. Commissioner Zirngible seconded the motion. All Commissioners voting Aye, the motion passed.

Commissioner Vetter moved to approve the consent agenda, which included the minutes from February 24, 2026. Commissioner McLane seconded the motion. All Commissioners voting Aye, the motion passed.

Committee Reports

Personnel Committee Report – The Personnel Committee met on March 18th. The following new hires were reported: Isaac Goergen joined as an Apprentice Lineworker on March 9th; Todd Norbeck joined as a Dispatch Coordinator on March 16th; Makenzie Jacobson joined as a Customer Service/Credit Representative on March 17th; and Gage Motl returned as a Summer/Seasonal Lineworker for the current construction season.

The committee discussed the Minnesota Paid Leave Act. OPU currently has two employees approved for leave and three awaiting approval, with 392 hours (49 days) utilized across four employees to date. The committee also discussed drug testing for new hires. Two previously utilized testing providers are no longer operating, and OPU is in the process of identifying a formal partner for future testing needs. OPU has reached 336 days without an OSHA recordable incident.

Finance Committee Report – Commissioner Vetter reported the Finance Committee reviewed February financials and disbursements. Financial highlights included:

- Total disbursements for February were just over $9,500,000, slightly higher than normal due to increased gas costs.
- Electric utility net income was $317,000 below budget in February, and $206,000 below budget year-to-date.
- Water utility net income was $35,000 above budget in February, and $98,000 above budget year-to-date.

- Natural gas utility net income was $444,000 below budget in February, and $118,000 below budget year-to-date.
- Three work orders were completed in February totaling $295,000, coming in $92,000 below budget. Seventy work orders remain open with $3.3 million spent toward a total budget of $20.2 million.
- Water reserves are currently at 160% of the minimum target; Gas reserves at 123%; and Electric reserves at 96%.

City Administrator Report

City Administrator Tuma reported that the City continues to coordinate with OPU on street projects along Main Street and Broadway. Budget planning for 2027 is expected to begin in April. Work on the Police and Fire building projects is ongoing.

Electric Vehicle Charging Policy

Director, Finance & Administration Linders presented a recommended revision to OPU's Electric Vehicle Charger Rate Policy #601.70. The current rate of $2.00 per hour is proposed to change to $0.25 per kWh. The State of Minnesota passed legislation in 2025 requiring EV charging operators to bill by energy delivered (kWh) rather than by time. This revision would bring OPU into compliance with the new law.

OPU installed two Level 2 EV chargers in 2021–2022, at the movie theater and the Marriott parking lot. The current per-hour rate has resulted in declining revenue since 2023, with 2025 revenue around $1,000. Staff noted that OPU is currently recovering approximately $0.10 per kWh under the hourly structure, and the proposed $0.25 per kWh rate would better align revenue with energy costs. Commissioner Vetter inquired about the potential for time-of-use pricing; staff indicated they would explore whether tiered rates based on time of day are feasible through the platform.

Commissioner Zirngible moved to approve the revised Level 2 Electric Vehicle Charging Policy Rate of $0.25 per kWh. Commissioner McLane seconded the motion. All Commissioners voting Aye, the motion passed.

Lobby Redesign Update

Manager Warehime provided an update on the lobby redesign project. Design is approximately 95% complete and the project is ready to go out for bid. The original approved budget of $250,000, including $40,000 in design fees, was significantly exceeded by the initial estimate of $436,000.

Staff identified two areas to reduce scope. First, reusing existing mechanical and electrical equipment would reduce costs by approximately $94,000. Second, eliminating the planned conference room and repurposing that space as the Energy Conservation office would reduce the estimate further to approximately $271,000, with additional mechanical and electrical savings expected to bring the total closer to $221,000. Staff noted that while the conference room was a desired feature, it is not operationally necessary, and locating the Energy Conservationist within the main customer service area better serves both workflow and customer visibility.

Bids will be presented at the April Commission meeting. The plan is to have customer service staff operate from a construction trailer in the parking lot during the renovation. Construction is expected to begin in June with a targeted completion date in September.

Water Service Line Protection Policy

Manager, Gas & Water Operations Prokopec presented proposed revisions to OPU's Water Service Line Protection Policy. Key changes include:

Fee Adjustments: The residential monthly fee would increase from $0.99 to $1.33. A new commercial fee of $4.99 per month is proposed for eligible properties.

Commercial Eligibility: Commercial properties would be eligible if the service line diameter is 4 inches or smaller, the total service line length is 300 feet or less, and the property is owner-billed. Eligible commercial customers would be auto-enrolled for a full-year with a bill credit applied to their bill each month.

Coverage Updates: A formal $15,000 per-incident coverage cap has been established. Updated coverage now includes one frozen line thawing incident per year, service line work tied to street reconstruction projects, service line work connected to public health initiatives such as lead and galvanized line replacement, up to 3x3 feet of concrete replacement near the meter, and full restoration of street, curb, sidewalk, driveway, and yard.

Opt-Out Process: Customers wishing to opt out must submit a written request. Coverage will end within five business days of OPU receiving the request. Properties seeking re-enrollment will require an inspection to confirm no pre-existing conditions. Continuously enrolled properties do not require inspections upon change of ownership.

Repair Process: A five-step reimbursement model was outlined: customer reports a leak; OPU inspects and assists with shutoff; customer hires a qualified contractor; OPU inspects completed repairs; and the customer or contractor submits the bill to OPU for reimbursement up to $15,000.

Financial Outlook: Current annual revenue under the existing policy is $109,225. The proposed changes are projected to generate $192,884 annually, an increase of $83,659 (76%). With the current surplus fund of $254,659, total available funds would reach approximately $448,000, sufficient to cover the estimated $410,000 in projected 2026 line replacements, leaving a remaining surplus of approximately $38,000. Residential and commercial program funds will be tracked separately to ensure residential customers do not subsidize commercial claims.

Discussion included the $500 re-enrollment fee outlined in the current policy. Staff indicated they do not recommend retaining this provision and will remove it from the revised policy.

More discussion and fine tuning will take place with this at the April Commission Work Session.

General Manager/Staff Report

General Manager Warehime reported that SMMPA has confirmed OPU will not incur any additional costs related to Winter Storm Fern storage fees. He also extended appreciation to Commissioner McLane for her participation in the Minnesota Legislative Conference, noting the value of relationship-building with state legislators, including Representative Sexton.

Commission Roundtable

Commissioner McLane shared that she had an excellent experience at the Minnesota Legislative Conference. She noted that personal donations to the MMUA Fund are available for those interested, and shared a QR code for that purpose. The fund supports community-based utilities by enabling lobbyists to attend legislative events on their behalf.

President's Report

There were no items in the President's Report.

Audience Comments

There were no audience comments.

Adjournment

There being no further business to come before the Commission, the meeting adjourned at 5:07 p.m.

Respectfully submitted,
Shannon DeWitz Executive Administrative Assistant