

WILLMAR MUNICIPAL UTILITIES COMMISSION
MEETING MINUTES OF APRIL 13, 2020

The Municipal Utilities Commission (MUC) met in its regular scheduled meeting via Zoom (teleconference service) on Monday, April 13, 2020 at 11:45 a.m. in the Municipal Utilities Auditorium with the following Commissioners present: Justin Mattern, Carol Laumer, Nathan Weber, Abdirizak Mahboub, Bruce DeBlieck, and Cole Erickson. Absent was Commissioner Ross Magnuson.

Others present at the meeting were: General Manager John Harren, Director of Finance Denise Runge, Staff Electrical Engineer Jeron Smith, Facilities & Maintenance Supervisor Kevin Marti, Energy Services & Marketing Rep Michelle Marotzke, Compliance/HR Manager Janell Johnson, IS Coordinator Mike Sangren, Administrative Secretary Beth Mattheisen, City Council Liaison Shawn Mueske, City Attorney Robert Scott, and WC Tribune Journalist Shelby Lindrud.

Commission President Mattern opened the meeting by presenting a statement prepared by City Attorney Scott regarding the current COVID-19 health pandemic, the peacetime emergency declared by Governor Walz pursuant to MN Statutes, Chapter 12, and the need to conduct our current meetings by telephone or other electronics pursuant to MN Statutes § 13D.021, until such time it is no longer impractical or imprudent for the Commission to resume in-person meetings. As a matter of procedure, let the minutes reflect that all resolutions and motions were conducted by verbal roll call.

Commissioner Mattern continued by asking if any revisions were needed to the agenda presented. There being none, Commissioner Mattern requested a resolution to approve the Consent Agenda. Following review and discussion, Commissioner DeBlieck offered a resolution to approve the Consent Agenda as presented. Commissioner Erickson seconded.

RESOLUTION NO. 10

“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the Consent Agenda be approved as presented which includes:


- ❖ Minutes from the March 23, 2020 Commission meeting; and,
- ❖ Bills represented by vouchers No. 20200435 to No. 20200526 and associated wire transfers inclusive in the amount of \$511,064.18.

Dated this 13th day of April, 2020.



President

Attest:



Secretary

The foregoing resolution was adopted by a vote of six ayes and zero nays.

Commissioner DeBlieck (PC Chair) reviewed with the Commission the minutes from the April 2nd WMU Planning Committee Meeting (see attached). The main topic of discussion focused on the potential impact COVID-19 could have on the financial well-being of the Utility. A PowerPoint presentation was given summarizing the data compiled. It was the recommendation of the

Planning Committee to review the entire presentation ("2020 Budget Review in Response to COVID-19 Pandemic") with the full Commission. Energy Services & Marketing Rep Marotzke reviewed the information contained in the report. Staff Electrical Engineer Smith provided insight into the anticipated effects the COVID-19 outbreak could have on the electric loads (currently the load is approx. 5.5% lower compared to 2019). The historic data contained in the report was compiled from 2014 to present day. Based on various factors (late fees, bankruptcies, reduced sales, etc.) the Utility could potentially see a loss of over \$3 million. General Manager Harren reviewed a number of Capital and O&M projects which could be suspended without jeopardizing the reliability of the Utility. The combined sum of the Capital and O&M projects identified for suspension would be approximately \$2.5 million. This would leave a potential shortfall of nearly \$573,000. Harren stated that funds to cover the shortfall could be covered by utilizing the Catastrophic Event Fund (this money would be repaid to the fund at the earliest possible date). Staff will continue to monitor the temporarily suspended projects through the duration of the emergency.

Another matter of discussion addressed was the need for additional public assistance to help WMU customers pay their electric bills. Two area agencies already have qualifying criteria in place. They are United Community Action Partnership (UCAP) and Salvation Army. The Commission will consider contributing to these organizations at a later date.

Following review and discussion, Commissioner DeBlieck offered a motion to approve the April 2nd WMU Planning Committee Meeting minutes as presented which include the following three recommendations:

1. Identified O&M and Capital Projects be temporarily suspended.
2. Follow the recommendation of Minnesota PUC to waive late penalties and suspend disconnections while continuing to send out notices of billings and delinquencies.
3. Potentially contribute to UCAP and Salvation Army.

Commissioner Weber seconded the motion which carried by a vote of six ayes and zero nays.

General Manager Harren informed the Commission that a correspondence had been submitted to the MN Dept. of Commerce and the MN PUC on April 1st verifying that WMU will adhere to the requested recommendations in response to the to the COVID-19 outbreak. WMU will observe the following consumer protections during the coronavirus emergency:

1. Extend the protections of Minnesota's Cold Weather Rule provided under Minnesota Statutes sections 216B.096 (public utilities), 216B.097 (electric cooperatives and municipal utilities) and 216B.16, subdivisions 12 and 12a (small gas utility and small electric utility, respectively) by restricting disconnection of residential customers for non-payment of utility bills and reconnecting customers who have been disconnected for the duration of the national security or state peacetime emergency. This request shall not affect the utility's ability to disconnect a customer's service for public safety concerns unrelated to non-payment of services.
2. Waive late fees that any residential or small business customer incurs because of the economic circumstances related to the coronavirus pandemic.
3. Arrange payment plans for customers requesting help during this time that is based on the financial resources and circumstances of the customer.

A question was raised by the Commission on the accessibility for customers to make utility payments directly to staff during this time. The coronavirus outbreak was declared a Public Health Emergency of International Concern on January 30th, and the statewide "stay at home" order for non-essential employees has been extended to May 4th. The WMU lobby was closed to the public on

March 19th and will remain closed until May 4th (until further notice). Therefore, receiving direct payments from customers at this time is not feasible due to spacing requirements. Payments can be made at any of our 3 depositories, online at www.wmu.willmar.mn.us, by downloading the SmartHub app, or by calling (855)386-9902 to make a payment by phone. Staff will monitor the upcoming billing cycle to see if any additional measures are warranted.

Director of Finance Runge presented the Commission with the proposed allocation of annual WMU Fund/Account Balances for consideration (see below). Runge requested the Commission to approve the March 1, 2020 fund allocations incorporating the following proposed revisions: 1) increase the Catastrophic Reserve Fund to \$4,000,000; 2) increase the Water Treatment Plant Reserve Fund to \$3,522,000; 3) increase the Transmission Construction Fund to \$9,000,000; 4) reduce the Generation Construction Fund to \$0 (funds transferred to Transmission Construction Fund); and, 5) decrease Unallocated Operating Reserve Fund. The significant increase in the Transmission Construction would be utilized to finance the approved 115 kV Transmission Expansion Project. Following discussion, Commissioner Laumer offered a motion to approve and accept the 2020 Fund/Account Balances as presented. Commissioner Erickson seconded the motion which carried by a vote of six ayes and zero nays.

FUND/ACCOUNT	3/1/2020	12/31/2019
Funds Required by Bond Covenants:		
1a. Operating Reserve	\$2,400,000	\$2,400,000
2a. Parity Revenue Bond Sinking Fund	\$	\$
2b. Subordinate GO Bond Sinking Fund	\$	\$
3. Bond and Interest Reserve Account	\$	\$
4. Utilities Improvement & Replacement Fund	\$1,700,000	\$1,700,000
Funds designated by Municipal Utilities Commission:		
1b. Unallocated Operating Reserve	\$6,198,943	\$7,179,019
5. Customer Deposit Fund	\$ 375,000	\$ 375,000
6. Expansion Reserve Fund	\$2,050,000	\$2,050,000
7. Catastrophic Reserve Fund	\$4,000,000	\$3,000,000
8. Water Treatment Plant Reserve Fund	\$3,522,000	\$2,322,000
9. Transmission Construction Fund	\$9,000,000	\$1,500,000
10. Generation Construction Fund	\$	\$4,000,000
11. Water Capital Reserve Fund	\$ 500,000	\$ 500,000
12. Power Plant Reserve Fund	\$1,000,000	\$1,000,000
TOTAL	\$26,913,500	\$26,913,500

In an effort to keep the City Council well-informed of projects and issues affecting the Utility, staff has once again compiled an annual listing to be shared with the City Council. General Manager Harren reviewed the WMU annual update which provides a summary of various activities and projects including tentative timelines. Also included in the update are current position statements from both the Minnesota Municipal Utilities Association (MMUA) and American Public Power Agency (APPA). Future meetings will be scheduled with members of the Council and Commission to jointly review the information. Councilman Mueske stated that the City Council greatly appreciates the open dialog between the Council and Commission.

Facilities & Maintenance Supervisor Marti presented the Commission with the March 2020 Wind Turbine Report. Turbine availabilities for the month of March were at 96.2% (Unit #3) and 99.6% (Unit #4) with a monthly total production of 827,205 kWh. There were no major outages and March proved to be a good-wind month. Over 800,000 KW is substantial to note. In the near future, staff will be receiving an updated quote on needed repairs for #3 turbine.

Energy Services & Marketing Rep Marotzke provided the Commission with an Electric Vehicle presentation. This information included: types of electric vehicles; types of EV chargers; area public chargers available (2 in Willmar which are located at Goodwill and Mills Auto; 7 in Kandiyohi

County); and, EV charging rebates and rates. The rebate program is available through Missouri River Energy Services (via the Bright Energy Solutions Rebate Program). In summary, as people become more energy conscious, electric vehicles will likely increase in our area. With this growth, an increase in electric loads will be anticipated (staff will continue to watch the industry trends). It was also noted that a number of electricians in the area have begun installing 110 volt electrical outlets into residential garages in anticipation of the homeowners eventually purchase of electric vehicles.

As a member of Missouri River Energy Services (MRES), the Utility is provided a monthly update from the MRES and Western Minnesota Municipal Power Agency (WMMPA) Board of Directors meeting. A summary of the topics discussed and subsequent actions taken by the Boards at their March 2020 meetings was presented for review. (No video was available.)

Compliance/HR Manager Johnson stated that as part of the Silent Impact Workshop presented by Joe Schmit in December, monthly video updates based on input from WMU employees are being conducted throughout the year. The third video topic addressed by Joe is "*Patience*". At this time, the informational video was viewed.

General Manager Harren informed the Commission that a meeting of the WMU Planning Committee would be forthcoming (TBD). Tentative item(s) for discussion will include: update of commodity sales/revenues; delayed CIP/O&M projects; possible donations to UCAP/Salvation Army/Willmar Food Shelf, Willmar/Priam Ownership & Construction Agreement; Water Treatment Plant; and, Power Plant Substation Control Building.

For information: 2020 Upcoming meetings/events to note include:

- APPA National Conference: June 5-10 (Long Beach, CA)
- Red Rock Hydroelectric Project Dedication Ceremony: Aug. 19 (near Pella, IA)

There being no further business to come before the Commission, Commissioner DeBlieck offered a motion to adjourn the meeting. Commissioner Laumer seconded the motion which carried by a vote of six ayes and zero nays, and the meeting was adjourned at 12:46 p.m.

Respectfully Submitted,

WILLMAR MUNICIPAL UTILITIES


Beth Mattheisen
Administrative Secretary

ATTEST:


Abdirizak Mahboub, Secretary



WILLMAR MUNICIPAL UTILITIES

WMU PLANNING COMMITTEE MEETING MINUTES

Thursday, April 2, 2020 – 12:00 p.m.

Zoom Teleconference Meeting

Present/Attending via Zoom Teleconference: Commissioners Bruce DeBlieck, Ross Magnuson & Carol Laumer, General Manager John Harren, Director of Finance Denise Runge, Staff Electrical Engineer Jeron Smith, Energy Services & Marketing Rep Michelle Marotzke, Administrative Secretary Beth Mattheisen, and IS Coordinator Mike Sangren.

Commissioner DeBlieck (PC Chair) called the meeting to order at 12:00 p.m. (Note: All motions were conducted via verbal roll call.)

1. Potential Impact of COVID-19 Pandemic on WMU:

General Manager Harren opened discussion with the Planning Committee concerning the ongoing challenges we are facing related to the COVID-19 (coronavirus) pandemic. This global crisis will result in a negative impact on the financial well-being our Utility. MMUA believes that it is important for all municipal utilities to follow the guidelines which have been established by the Minnesota Public Utilities Commission (PUC) and the MN Dept. of Commerce (DOC) regarding late penalties and disconnects. While these provisions are voluntary, MMUA encourages all municipals to adhere to the following three policies:

- a.) Extend the protections of Minnesota's Cold Weather Rule provided under Minnesota Statutes sections 216B.16, subdivision 12 and 12a by restricting disconnection of residential customers for non-payment of utility bills and reconnecting customers who have been disconnected for the duration of the national security or state peacetime emergency. This request shall not affect the utility's ability to disconnect a customer's service for public safety concerns unrelated to non-payment of services.
- b.) Waive late fees that any residential or small business customers incurs because of the economic circumstances related to the coronavirus pandemic.
- c.) Arrange payment plans for customers requesting help during this time that is based on the financial resources and circumstances of the customer.

MMUA believes that it will be important for all municipal utilities to follow these guidelines, and has requested a response be sent to the DOC regarding these requests by April 3.

Energy Services & Marketing Rep Marotzke gave a presentation on the coronavirus pandemic which was declared a Public Health Emergency of International Concern on January 30, 2020. A statewide "stay at home" order for non-essential employees is currently in effect until April 10th.

The presentation contained data which was based on staff's recent review of the 2020 WMU Budget in response to the COVID-19 pandemic. The presentation contained the status of the Public Health Emergency, current standing of the WMU employees, along with the potential financial impact of the pandemic. The financial losses would include disconnect & late fees, bankruptcy losses, and considerable loss in revenues. In all, projected losses are estimated at over \$3 million. Due to the anticipated significant financial impact, it is the recommendation of staff to delay a number of Capital Projects currently budgeted. The proposed project delays total approximately \$2.2 million. Additional Operations & Maintenance (O&M) budgetary items would also be considered for postponement. These O&M delays would total nearly \$250,000. A financial summary of the potential losses and proposed delays was presented. Harren noted that the proposed project delays would assist in minimizing the financial losses without compromising reliability.

Staff Electrical Engineer Smith provided insight to the most current data regarding the potential effect of pandemic on our electric load. This data is being used to predict the financial impact of the outbreak on

WMU's electric load, and an evaluation of the total system load over the past six years was performed. Hourly total load data was charted for the years 2014-2020. General Manager Harren stated that more accurate data will be available at the end of April (following the initial billing cycle). Currently, the load is down by 5.5%, but this reduction appears to be more weather-related than pandemic-related. Therefore, this is not a clear indication of the impact of COVID-19 on the WMU's electric load. A summary of the findings was presented. Moving forward, staff will continue to monitor the electric loads and respond accordingly.

Staff also reviewed the option to possibly delay the District Heat decommissioning process/date. It was determined that this is not a feasible option for a number of reasons (staffing, rental boiler, gas supply, etc.) and therefore no changes to the current process/timeline were recommended.

A question was raised of whether FEMA money would be available to help recoup some of the losses due to the effects of the pandemic. General Manager Harren stated that the Utility will track its costs associated with the pandemic in the event FEMA would have funding available for reimbursement.

Staff further stated that additional public assistance options are available to assist our customers and community. Options include donation(s) to United Community Action Partnership (UCAP) and/or Salvation Army for the purpose of electric bill payment assistance. (These agencies already have qualifying criteria in place.) Other suggested future donations could include the Kandiyohi County Area Food Shelf.

Recommendations:

Following review & discussion, Commissioner Laumer offered a motion to concur with staff's recommendations to approve the following items:

1. Identified O&M and Capital Projects be temporarily suspended;
2. Follow the recommendation of Minnesota PUC to waive late penalties and suspend disconnections while continuing to send out notices of billings & delinquencies; and,
3. Potentially contribute to UCAP and Salvation Army.

Commission DeBlieck seconded, and the motion was carried by a vote of three ayes and zero nays.

This recommendation will be presented to the Commission for consideration and approval at the April 13, 2020 MUC meeting. Staff further stated that the Planning Committee will be kept informed of changes to the estimated projections.

2. Adjournment:

General Manager Harren and the Planning Committee expressed their sincere appreciate to staff for their continued service and diligence while working through these challenging times.

There being no further discussion to come before the WMU Planning Committee, Commissioner DeBlieck offered a motion adjourn. Commissioner Laumer seconded the motion which carried by a vote of three ayes and zero nays, and the meeting was adjourned at 1:05 p.m.