

WILLMAR MUNICIPAL UTILITIES COMMISSION
MEETING MINUTES OF SEPTEMBER 28, 2020

The Municipal Utilities Commission (MUC) met in its regular scheduled meeting on Monday, September 28, 2020, at 11:45 a.m. in the WMU Auditorium with the following Commissioners present: Justin Mattern, Carol Laumer, Nathan Weber, Bruce DeBlieck, Ross Magnuson, and Cole Erickson. Absent was Commissioner Abdirizak Mahboub.

Others present at the meeting were: General Manager John Harren, Finance & Office Services Supervisor Andrea Prekker, Staff Electrical Engineer Jeron Smith, Compliance/HR Manager Janell Johnson, IS Coordinator Mike Sangren, Administrative Secretary Beth Mattheisen, and City Attorney Robert Scott.

Due to the absence of Commission Secretary Mahboub, Commission President Mattern opened the meeting by appointing Commissioner Magnuson to serve as Acting Secretary. Following the appointment, Commissioner Mattern continued by asking if any revisions were needed to the presented agenda. There being none, Commissioner Mattern requested a resolution to approve the Consent Agenda. Following review and discussion, Commissioner Magnuson offered a resolution to approve the Consent Agenda as presented. Commissioner DeBlieck seconded.

RESOLUTION NO. 33

"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 September 14, 2020 Commission meeting; and,
- Bills represented by vouchers No. 20201339 to No. 20201421 and associated wire transfers inclusive in the amount of \$2,175,712.67.

Dated this 28th day of September, 2020.



President

Attest:



Acting Secretary

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

General Manager Harren and Staff Electrical Engineer Smith presented the Commission with an update of the financial impact the COVID-19 pandemic has had on our utility to date. The information provided contained a high-level overview of the commodity sales/revenues as it correlates to the current pandemic. The impact data was last presented to the Commission at their July 13th meeting. Among the data presented were: 1) late charges incurred & waived from mid-February thru July of approximately \$188,000; 2) past due history (both electric & water); 3) effect of COVID-19 on electric load (demand); 4) kWh sales (electric); 5) revenue data for both electric & water; 6) YTD water sales comparisons (Feb-July 2019 vs 2020); 7) potential financial losses to date of nearly \$500,000; and, 8) budgeted amounts differed by delaying specific projects. Potential revenue losses are estimated at \$3.025 million (projections consist of disconnect fees, late fees, bankruptcies, and reduced sales). The cost reduction of projects delayed (both Capital and O&M) is estimated at \$2.45 million. The difference of the loss in revenue versus delayed project costs would be made from the Catastrophic Fund Balance. Staff will continue to monitor the situation and provide updates to the Commission including any Federal and State legislative recommendations or directives as proposed.

General Manager Harren presented the Commission with the 2020 Energy Acquisition Adjustment (EAA) update. As a reminder, the EAA acts as a mechanism to adjust rates for uncontrollable charges associated with power supply costs. Harren provided background data regarding the EAA noting that the EAA has not implemented since 2017. In the 2019 Rate Study conducted by Dave Berg, power costs were evaluated with a base rate set at \$56/MHw for 2020. Based on the current year-to-date rolling average, staff has determined that implementation of an EAA at this time is not required. Staff will continue to monitor future data to determine if or when applying the EAA would be warranted.

Compliance/HR Manager Johnson and Finance & Office Services Supv. Prekker presented the Commission a review of the efforts being utilized to collect unpaid utility bills. The collection process is made up of four specific components. The identified components are: 1) Liens; 2) Revenue Recapture; 3) Bad Debt Write Off for Customer Accounts; and, 4) Bad Debt Write Off for Miscellaneous Receivables. A review of each component and the actions recommended by staff were presented as follows:

- **2020 Liens** – Individuals were notified of the opportunity to come before the Municipal Utilities Commission to contest the proposed lien against their property for unpaid utilities. It is recommended that 38 accounts be considered by the Commission and request the City of Willmar to place liens on these properties. Total collectable amount recommended to be certified as liens is \$42,066.48.
- **2020 Revenue Recapture Submission** – Uncollectable accounts eligible for collection through the State of Minnesota have been identified and properly notified of the collection process. The total possible recovery amount of 53 accounts is \$22,998.41.
- **2020 Bad Debt Write off Customer Accounts** – Collection efforts have been exhausted and 10 accounts totaling \$3,648.43 are being recommended to be written off as uncollectable.
- **2020 Bad Debt Write off Miscellaneous Receivable** – Collection efforts have been exhausted and 22 accounts totaling \$34,179.74 have been recommended to be written off as uncollectable.

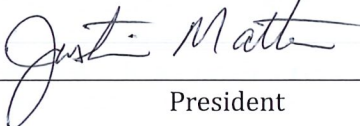
The breakdown for anticipated recovery of Liens and Revenue Recapture is \$65,064.89.
The breakdown for anticipated loss and no recovery Bad Debt is \$37,828.17.

While efforts continue to collect these unpaid utility bills, Johnson was asking the Commission to approve a resolution requesting the City Council to place liens on the properties for their unpaid utility bills. The total of the 38 requested property liens is in the amount of \$42,066.48. Following discussion, Commissioner Laumer offered a resolution to request the City Council to place liens on the identified properties, submit to the State of MN Revenue Recapture program 53 accounts, and write off 10 customer accounts and 22 miscellaneous receivable accounts as uncollectible. Commissioner Magnuson seconded.

RESOLUTION NO. 34

“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the Municipal Utilities Commission requests the Willmar City Council to place liens on thirty-eight properties for non-payment of utility bills, to submit fifty-three additional uncollectible accounts to the State of Minnesota’s Revenue Recapture program, and to proceed with writing off of ten Customer Accounts and twenty-two Miscellaneous Receivable accounts as determined.”

Dated this 28th day of September, 2020.



President

Attest:



Acting Secretary

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

Following a two-year wait, Information Systems (IS) Coordinator Sangren informed the Commission that the Utility had been contacted by the Department of Homeland Security (DHS) stating their willingness to perform the 2020 pen testing for WMU. This process includes both internal and external testing of the company's critical infrastructure to assist in strengthening one's cybersecurity. The testing service is provided free of charge to energy firms such as WMU. While the Commission recently approved White Oaks Security (WOS) to provide the pen testing services for this year, Sangren contacted WOS, and they were more than willing to postpone their testing until 2021 (at the 2020 rate as provided). Testing by DHS will commence in the near future.

Commissioners Mattern, Laumer & DeBlieck, along with General Manager Harren and Finance/Office Services Supv. Prekker provided a recap of their recent participation (virtual event) of the MRES Municipal Power Leadership Academy held Sept. 16-17. Among the topics of discussion were: MRES and their relationship with member utilities; member services provided by MRES; power supply; cybersecurity; renewables & distributed generation; solar energy forecasts & costs; electric vehicles; Bright Energy Services Program; and, responsibility of governing and managing a municipal utility (including city/utility relationships, policies and support). The leadership event proved to be both thought-provoking and beneficial for all.

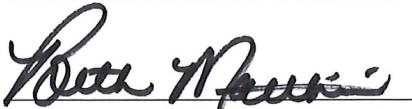
As a member of Missouri River Energy Services (MRES), the Utility is provided a monthly update from the MRES and Western Minnesota Municipal Power Agency (WMMPA) Board of Directors meeting. The update provides a brief overview of the topics discussed by the Boards and the actions taken. A summary of the September 10, 2020 MRES and WMMPA Board of Directors meeting was presented for review.

General Manager Harren informed the Commission that today the WMU Lobby had been reopened to the public with emphasis on following previously established safety requirements (i.e. limiting the number of customers in the lobby, facial masks, social distancing, additional cleaning/sanitizing). Staff will remain vigilant in their efforts to deter the spread of COVID-19. Harren continued by stating that additional future meetings of both the WMU Labor and Planning Committees would be forthcoming (TBD). Tentative Labor Committee agenda item(s) will include: labor negotiations. Tentative Planning Committee agenda item(s) will include: Power Plant Environmental Studies (Phases I & II); Willmar/Priam Ownership & Construction Agreement; and, Power Plant Substation Control Building.

There being no further business to come before the Commission, Commissioner Mattern offered a motion to adjourn. Commissioner DeBlieck seconded the motion which carried by a vote of six ayes and zero nays, and the meeting was adjourned at 12:30 p.m.

Respectfully Submitted,

WILLMAR MUNICIPAL UTILITIES


Beth Mattheisen
Administrative Secretary

ATTEST:


Ross Magnuson, Acting Secretary

