

WILLMAR MUNICIPAL UTILITIES MINUTES
MUNICIPAL UTILITIES AUDITORIUM
APRIL 23, 2018

The Municipal Utilities Commission met in its regular meeting on Monday, April 23, 2018 at 11:45 a.m. in the Municipal Utilities Auditorium with the following Commissioners present: Justin Mattern, Nathan Weber, Bruce DeBlieck and Brendan MacDonald. Absent were Commissioners Carol Laumer, Abdirizak Mahboub and Ross Magnuson.

Others present at the meeting were: General Manager John Harren, Director of Finance Denise Runge, Customer Service Supervisor Stacy Stien, Facilities & Purchasing Supervisor Kevin Marti, Staff Electrical Engineer Jeron Smith, Water & Heating Supervisor Joel Braegelman, Compliance Officer/HR Administrator Janell Johnson, Energy Services Rep Mary Kosbab, Administrative Secretary Beth Mattheisen, City Attorney Robert Scott (via teleconference), and WC Tribune Journalist Shelby Lindrud.

Due to absence of President Laumer, Commission Vice President Mattern opened the meeting by asking if any revisions were needed to the agenda. There being none, Commissioner Mattern continued by requesting the Commission to offer a resolution to approve the Consent Agenda. Commissioner DeBlieck offered a resolution to approve the Consent Agenda as presented. Commissioner Weber seconded.

RESOLUTION NO. 21

“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 April 23, 2018 Commission meeting; and,
- ❖ Bills represented by vouchers No. 180581 to No. 180655 and associated wire transfers inclusive in the amount of \$2,239,914.70.

Dated this 23rd day of April, 2018.

Vice President

Attest:

Acting Secretary

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

General Manager Harren and Power Supply Manager Carlson reviewed with the Commission agreements related to WMU’s newly approved membership with Missouri River Energy Services (MRES). This membership is a long-term comprehensive power supply management arrangement. This arrangement encompasses the Utility’s generating sources and the sale, purchase, exchange, transmission and acquisition of electric power and standby arrangements. This power supply agreement would also include the Reserved Capacity Agreement (RCA) and the Member Renewable Resource Agreement (MRRA). Through the RCA, MRES would purchase from WMU the capacity of Willmar’s diesels electric generating facilities for the purpose of furnishing firm electric power and associated energy to meet the requirements of Willmar and other MRES members. The MRRA will allow MRES to purchase and resell energy that Willmar’s wind turbine generators produce to serve

its retail distribution customers. Along with these agreements, MRES would also be authorized to file a partial waiver with the Federal Energy Regulatory Commission on behalf of MRES and Willmar for certain PURPA regulations. Following review and discussion, Commissioner DeBlieck offered a resolution to approve the agreements as presented including: RCA (including Exhibits A-D), the MRRRA including Exhibits A-B, and the authorization to file a partial waiver with FERC on behalf of MRES and Willmar for certain PURPA regulations. Commissioner Weber seconded.

RESOLUTION NO. 22

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

Associated with the approved MRES agreements for long-term comprehensive power supply management, General Manager Harren and Power Supply Manager Carlson presented the Commission with a request to consider approval of the Western Minnesota Municipal Power Agency (WMMPA) Agreement and associated documents. WMMPA acts as the financing agency for MRES. Membership is a one-time fee of \$300. Harren noted that this document had previously not been available for the Planning Committee to review. Due to the need for further review of the presented document, Commissioner Weber offered a motion to table the discussion until the May 14th MUC meeting. Commissioner DeBlieck seconded the motion which carried by a vote of four ayes and zero nays.

Commissioner Weber (Labor Committee Chair) reviewed with the Commission the minutes of the April 9th WMU Labor Committee meeting (see attached). The main topics of discussion focused on: 1) Union MOA; 2) clothing policy update; and, 3) Power Plant challenges update. Following review and discussion, Commissioner Weber offered a motion to approve the minutes of the April 9th WMU Labor Committee meeting as presented. Commissioner MacDonald seconded the motion which carried by a vote of four ayes and zero nays.

In an effort to keep the Commission well-informed of departmental strategies and developments, Facilities & Purchasing Supervisor Marti, with assistance from Power Resources Analyst Marotzke and Customer Service Supervisor Stien, presented the SWOT Analysis update for Customer Relations (Customer Service). The SWOT Analysis for each category consists of: strengths, weaknesses, opportunities, and threats.

Director of Finance Runge presented the Commission with the 2018 First Quarter Financial Report (individual reports for January, February & March) for review and discussion. The data presented included analyses of the Electric Division, Water Division, Heating Division, and Total Combined (all divisions). The information contained in the reports were for operating revenues & expenses, operating income, and retained earnings.

Staff Electrical Engineer Smith reviewed with the Commission the March 2018 Wind Turbine Report. He noted that unit #4 has been repaired and is operational (99% production availability for the month of April to date).

Energy Services/Marketing Rep Kosbab informed the Commission that due to construction at the Willmar Civic Center, the Utility would not be able to conduct their annual Customer Appreciation/Open House as usual coinciding with Public Power Week (Oct. 7-13). Kosbab presented various options for consideration. Following discussion, it was the consensus of the Commission to conduct the 2018 Customer Appreciation/Open House on Thursday, August 2nd at the Willmar Civic Center. It was further agreed that the WMU Planning Committee will address this subject at a future meeting.

General Manager Harren recapped for the Commission the MMUA 2018 Legislative Conference which he and Commissioner Laumer had recently attending (April 11-12). Key issues and talking points presented were: 1) community asset of a municipal electric utility; 2) 2018 Energy Policies; 3) deregulation; 4) preserving local control; 5) Conservation Improvement Program (CIP); and, 6) project financing (i.e. bonds). Harren expressed his appreciation to the Commission for the opportunity to attend and encouraged others to attend in the future. Meeting with our local legislators and attending the conference is highly beneficial and provides a valuable resource for networking with others in the Utility arena.

General Manager Harren informed the Commission that a joint meeting of the MUC and City Council to discuss facility needs has been rescheduled. The meeting will be held on Tuesday, May 8th beginning at 4:00 p.m. and will be held in the Board Room at the Kandiyohi Co. Health & Human Services Building.

General Manager Harren presented the Commission with an update of current WMU projects to note. These projects include:

- Priam Substation Control Enclosure
 - Bids opened: 04/24/18
 - Bid recommendation & acceptance: 05/14/18 MUC mtg.
- South Substation Capacitor Bank Breaker Installation
 - Bids opened: 05/04/18
 - Bid recommendation & acceptance: 05/14/18 MUC mtg.

General Manager Harren informed the Commission that Committee meetings will be forthcoming (TBD). Labor Committee agenda items will include: Commissioner 101; review roles & responsibilities of MUC and management staff; and, MUC Self-Evaluations. Planning Committee agenda items will include: Water Treatment Plant; and, 2019 Customer Appreciation/Open House.

For information: 2018 Upcoming meetings/events to note include:

- MRES Annual Meeting – May 9-10 (Sioux Falls)
- APPA National Conference – June 15-20 (New Orleans, LA)
- MMUA Summer Conference – August 20-22 (Alexandria)

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

Respectfully Submitted,

WILLMAR MUNICIPAL UTILITIES

Beth Mattheisen
Administrative Secretary

ATTEST:

Bruce DeBlieck, Acting Secretary



WILLMAR MUNICIPAL UTILITIES

MUC Labor Committee Meeting Minutes Monday, April 9, 2018 10:45 a.m.

Attendees: Commissioners Nathan Weber, Ross Magnuson & Abdirizak Mahboub, General Manager John Harren, Director of Finance Denise Runge, Compliance Officer/HR Administrator Janell Johnson and Administrative Secretary Beth Mattheisen.

Commissioner Weber called the meeting to order at 10:49 a.m.

AGENDA ITEMS:

1) Union MOA re classifications & wage adjustments for Building & Maintenance Dept. positions (2) and position addition in the Line Dept.:

General Manager Harren and Compliance Officer/HR Administrator Johnson reviewed with the Committee a Memorandum of Agreement (MOA) between IBEW and WMU addressing the need to make modifications and wage adjustments to three WMU union positions. It was noted that both the WMU and IBEW reps had verbally agreed upon the bargaining agreement. The MOA reflects modifications to two positions in the Bldg. & Maintenance Dept. along with the creation of a Meter/Line Technician position in the Line Dept. (this position includes the addition of metering duties & responsibilities).

Recommendation:

Following review & discussion, it was the consensus of the WMU Labor Committee to recommend approval of the MOA as presented which includes modifications of the Building and Maintenance Dept. classifications, wage adjustments for the Lead Materials/Maintenance Worker and Materials/Maintenance Worker, and the addition of the Meter/Line Technician in the Line Dept.

2) WMU Clothing/PPE Purchase Guidelines:

General Manager Harren and Compliance Officer/HR Administrator Johnson presented the Committee with proposed revisions to the WMU's Clothing/PPE Purchase Guidelines Policy. Modifications presented included revisions to both operations departments (FR/AR apparel) and administration staff. Among the policy revisions was the establishment of a maximum allowance to the Meter/Line Departments, and adding bib coveralls and modifying shirt quantities for the Water and Maintenance Departments. It was further noted that with the set allowance per year for the FR clothing (required departments only), it is anticipated that this will result in an annual savings to the Utility. Process for clothing purchasing was reviewed.

Recommendation:

Based on the verbal agreement between WMU and IBEW reps, it is the consensus of the Labor Committee to recommend approval of the Clothing/PPE Purchase Guidelines (update) as presented.

3) Power Plant challenges update:

Compliance Officer/HR Administrator Johnson presented a step-by-step recap related to confidential discussion regarding recent Power Plant challenges. Per Minnesota Data Privacy Act, this matter is classified as confidential information and for information only.

It was noted that Joe Baker had recently resigned from his position at the Utility and that restructuring within the department will be addressed as discussions proceed.

4) Miscellaneous:

General Manager Harren informed the Committee that at a future Labor Committee meeting, items to be addressed will include: review roles & responsibilities of MUC and Staff; and, how to proceed with the findings of the MUC Self-Evaluations conducted.

5) Adjournment:

There being no further business to come before the WMU Labor Committee, Commissioner Weber declared the meeting was adjourned at 11:38 a.m.

Resolution No. 22

Willmar Municipal Utilities Commission Resolution Approving (1) the Reserved Capacity Agreement, (2) the Member Renewable Resource Agreement, and (3) Missouri River Energy Services Filing a Petition for Waiver of Certain Public Utilities Regulatory Policies Act Regulations

WHEREAS, in Resolution 18, the Commission determined, as part of a long-term comprehensive power arrangement, to enter into membership in the Missouri Basin Municipal Power Agency d/b/a Missouri River Energy Services (“MRES”) and to approve the Willmar - Missouri Basin Municipal Power Agency Power Sale Agreement (S-1) among MRES, Western Minnesota Municipal Power Agency (“Western Minnesota”), and Willmar (the “S-1 Agreement”).

WHEREAS, in Resolution 18-39, the City Council of the City of Willmar, Minnesota concurred in Commission Resolution 18 and, among other items, fully supported the Commission in its long-term comprehensive power supply arrangement and authorized the Commission to take such actions as it reasonably deems necessary or appropriate to effectuate this arrangement.

WHEREAS, the Commission is authorized by City Charter and Minnesota law to, *inter alia*, operate, manage, own, and control electric and other utility systems and to enter contracts and arrangements as to generating sources and the sale, purchase, exchange, transmission, and acquisition of electric power and standby arrangements, subject to the Charter provision permitting the City Council to overrule an action of the Commission under certain circumstances.

WHEREAS, to further the long-term comprehensive power supply arrangement, MRES and Willmar have prepared the Reserved Capacity Agreement between MRES and Willmar, in which Willmar would sell and provide to MRES, and MRES would purchase from Willmar, the capacity of Willmar’s electric generating facilities for the purpose of furnishing firm electric power and associated energy at wholesale to meet the requirements of Willmar and other members under the S-1 Agreement or similar power sale agreements, and to meet MRES obligations.

WHEREAS, as part of the long-term comprehensive power supply arrangement, MRES, Western Minnesota, and Willmar have prepared the Member Renewable Resource Agreement among MRES, Western Minnesota, and Willmar, in which MRES will purchase and resell to Willmar energy that Willmar generates from the wind-powered generation facility located in Willmar, Minnesota, which is directly connected to Willmar’s distribution system and can serve its retail distribution customers.

WHEREAS, the Commission has deemed it advisable and necessary to approve MRES filing a petition at the Federal Energy Regulatory Commission on behalf of MRES and Willmar for partial waiver of certain Public Utilities Regulatory Policies Act regulations to ensure only MRES is obligated to purchase, and only Willmar is obligated to sell, energy to a qualifying facility.

NOW, THEREFORE, BE IT RESOLVED by the Willmar Municipal Utilities Commission of the City of Willmar, Minnesota, as follows:

- (1) The Reserved Capacity Agreement between MRES and the City of Willmar is hereby approved.
- (2) The Member Renewable Resource Agreement among MRES, Western Minnesota, and the City of Willmar is hereby approved.

(3) MRES is hereby authorized to file a partial waiver with the Federal Energy Regulatory Commission on behalf of MRES and Willmar for certain PURPA regulations.

(4) The Chair and any officer of the Commission are hereby authorized to execute the Reserved Capacity Agreement (including Exhibits A and D thereto) and the Member Renewable Resource Agreement (including Exhibit A thereto), all in a form substantially similar to that presented and upon final review by the general manager and legal counsel, and to take any other action and execute any other documents, as necessary, to carry out the provisions of this Resolution.

This Resolution is adopted by the Willmar Municipal Utilities Commission on April 23, 2018.

Dated this 23rd day of April, 2018.

Commissioner

Attest:

Secretary

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