

**PRINCETON PUBLIC UTILITIES COMMISSION
SPECIAL MEETING
Mille Lacs Historical Society Amdall Room
101 10th Avenue South
Princeton, MN 55371
February 24th, 2021 1:00 P.M.**

- 1. Call to Order – Roll Call**
- 2. Approval of Agenda – Additions or Deletions**
- 3. Approval of Minutes**
 - a. Public Utilities Commission – Regular Meeting – January 27th, 2021
- 4. Public Comment**

*(This agenda section is for the purpose of allowing customers to address the Commission.
Comments are limited to 3 minutes)*
- 5. Certification of Accounts Payable**
- 6. Reports**
 - a. SMMPA Reports
- 7. Updates**
 - a. Electric Department updates
 - i. Generation Plant
 - ii. Distribution System
 - b. Water Department Updates
 - c. City of Princeton update
 - d. General Manager's update
- 8. Ongoing Business**
 - a. AMI
 - b. EVs
 - c. Wellhead Protection Plan
 - d. Service Territory / Development
 - e. Electronic Payment Fees and Deposit Policy Update
 - i. Memo 21-06: Electronic Payment Fees, Part II
- 9. New Business**
 - a. Memo 21-07: Bremer Collateral
 - b. Memo 21-08: Skid Steer Loader Bid Selection
 - c. Memo 21-09: SMMPA Member Rep - Alternate
 - d. Memo 21-10: SMMPA Member Financial Metrics Discussion
- 10. Adjournment**

PUBLIC UTILITIES COMMISSION

REGULAR MEETING

January 27, 2021, 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 27, 2021, at 1:00 P.M.

Present: Chairman Greg Hanson and Commissioners Dan Erickson and Rick Schwartz.

Also Present: Manager Keith Butcher, Secretary Kathy Ohman, City Councilor Jules Zimmer, Water Superintendent Scott Daniels, Electric Lead Lineman Jeremy Linden, and Andy Koob from DGR Engineering. Katie Breth from Minnesota Rural Water Association was present via Zoom.

Meeting was called to order by Chairman Hanson at 1:00 P.M.

Chairman Greg Hanson swore in elected PUC Commissioner Rick Schwartz.

General Manager Keith Butcher and PUC Chairman Greg Hanson welcomed newly appointed PUC Liaison Jules Zimmer.

Mr. Erickson moved to appoint Mr. Hanson as Chairman for the 2021 year. Mr. Schwartz seconded. Motion carried unanimously.

Mr. Hanson moved to appoint Kathy Ohman as Secretary/Treasurer for the 2021 year. Mr. Erickson seconded. Motion carried unanimously.

Chairman Hanson called for additions or deletions to the agenda. There were none.

Mr. Schwartz made a motion to approve the agenda of the January 27, 2021 Regular PUC Commission Meeting. Mr. Erickson seconded. Motion carried unanimously.

Mr. Erickson moved to approve the Minutes for the December 16, 2020 Regular PUC Commission Meeting and the Minutes for the January 13, 2021 Work Study Session as modified. Mr. Schwartz seconded. Motion carried unanimously.

There was no Public Comments.

Resolution 21-01 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 2021 year. Mr. Schwartz made a motion to accept Resolution 21-01. Mr. Erickson seconded. Motion carried unanimously.

Resolution 21-02 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 2021 year. Mr. Erickson made a motion to accept Resolution 21-02. 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, 2020 through December 31, 2020. Mr. Erickson seconded. Motion carried unanimously.

11. REPORTS:

- a. Katie Breth from Minnesota Rural Water Association presented public information on Princeton Public Utilities' Wellhead Protection Plan. The original Wellhead Protection Plan, Part 1, was filed with the State of Minnesota in 2011. There is a requirement to update or amend the Wellhead Protection Plan every 10 years. There are three primary wells in the City of Princeton. The Wellhead Protection Plan monitors the quality of water for the Minnesota Department of Health. It also addresses potential containments in each area such as with private wells, gas stations, and industrial properties for example. Protecting the groundwater in Princeton is made possible with a joint effort between Princeton Public Utilities, the City of Princeton, adjoining Townships and Counties.

Katie Breth and Water Superintendent Scott Daniels left the meeting.

- b. Andy Koob from DGR Engineering has been hired to perform an electrical system study of Princeton Public Utilities gave a brief introduction of himself and DGR Engineering along with steps they will take in performing the electric system study. The goals for the study is to look at the existing system and identify any deficiencies. Once the deficiencies have been identified, they will apply load growth to the electrical system for the next ten years and see how those deficiencies look with more load. They will provide solutions to fix those deficiencies in the report. The study will take approximately six to nine months to complete. Once completed, Andy Koob will give a formal presentation to the PUC Commission.

Andy Koob and Electric Lead Lineman Jeremy Linden left the meeting.

- c. Both the December SMMPA Key Metrics worksheet and December 9th Board Meeting minutes were reviewed.
- d. The December 2020 PUC financial reports along with Cash Reserves were reviewed.

12. UPDATES:

- a. In the Generation Plant, staff was conducting test runs on January 13th. Ziegler and Caterpillar were at PPU on January 14th to remove the intercoolers. Caterpillar took both intercoolers to their lab for pressure testing which they both failed the test. New intercoolers were ordered and installed on January 22nd. Test runs have been done this week to verify operation. Samples will be taken after the run on January 27th to look for contaminants. Princeton Public Utilities will be hosting MMUA's Generation School on April 20th through April 22nd. PPU is helping MMUA coordinate activities.

In the Electric Department, a lineman attended MMUA's 2021 Electrical Distribution Design Workshop which was held virtually. MMUA's Job Training and Safety held its virtual instruction on January 22nd. Several additional job safety education efforts have been held throughout January.

- b. In the Water Department, the major focus has been on AMI conversions. The Minnesota Department of Health was in Princeton on January 25th for routine testing of the water system. Samples were taken and sent to the lab. Maintenance costs on the skid loader are rising and it has been recommended to dispose of the skid loader and purchase a newer skid loader. Quotes are being compiled for a trade-in and purchase of a new skid loader.
- c. General Manager Keith Butcher reported PPU Staff has been meeting with City Staff on various development project proposals. These meetings were positive, constructive and everyone is listening and considerate of each other.

City Councilor Jules Zimmer reported he is on the hiring committee for the new City Administrator position. They will be conducting initial interviews today and tomorrow. Results will be brought back to the City Council for finalists. Princeton City Councilors have been meeting with department supervisors regarding picking up additional duties during the absence of the City Administrator. New developments they are currently working on includes the 1st Street Apartments and Sherburne Development. The newly elected mayor has set some priorities and is doing a good job. The AT&T Cell Tower will be turned over to the City of Princeton for communication simulcast for first responders, fire departments, etc.

- d. General Manager Keith Butcher reported the following:
 - i. APPA Safety data for 2020 has been submitted along with APPA e-Reliability data. The MPCA Air Permit reports have been submitted. Manager Butcher has been notified that PPU qualifies for filing the short form for our EIA-861 report for 2021. This should result in the need for less staff time for data compilation and entry. The 2020 SMMPA DER Reimbursement report for 2020 Cogen and Small Power Production has been submitted. Manager Butcher will be working on the DNR Water Report which is due February 15th and the DER DG Report which is due March 1st.
 - ii. The League of Minnesota Cities contractor will be on site on February 2nd to perform a property appraisal for PPU's property and liability insurance.
 - iii. PPU is beginning the process of updated the Yukon Server to a 2019 network server. This will allow full utilization of the AMI meter/system. Work has begun on PPU's Datto Alto 3 back-up solution. PPU will now have an onsite drive and cloud copy of our material. Restoration can be done from either the local drive or the cloud. Protected servers can be spun on Datto cloud. Backups will be verified daily which will provide us retention of three months onsite and one year of cloud retention for all data.
 - iv. SMMPA's Energy Service Representative for PPU has been working very closely with Plastic Products on custom rebates, LED conversions and a compressed air survey.
 - v. External Events coming up include the MMUA Legislative Conference schedule for February 10th. The monthly SMMPA board meeting has been moved to February 11th due to a conflict with the MMUA Legislative Conference. PPU staff met with East Central Energy on January 21st to begin the discussion of service territory issues. Once the City of Princeton officially annexes the industrial park into city limits, General Manager Keith Butcher will follow up with ECE on the service territory. A proposed joint meeting with the City of Princeton and PPUC has been postponed until May 6th to take place after a new City Administrator has been hired.
 - vi. The first round of interviews have been completed for the new Electric Superintendent to replace Ryan Grant. Second interviews will be occurring the week of February 1st.

Anticipated selection will be early to mid-February with a start date to be determined upon whomever is selected.

- vii. Union-Times Reporter Tim Hennagir has submitted his resignation and will be leaving. Tim was always fair, thorough and detailed with his reporting. He performed at a very high ethical and good moral standing and will be missed. PPU thanks him for his service.

13. UNFINISHED BUSINESS:

a. AMI

The AMI meter conversions have resumed in early January for both Water and Electric. Internal tracking needs have been refined to allow field staff more days to conduct installs. 59.8% of the Electric meters have been converted to AMI and 25.4% of the Water meters have been converted.

b. EV CHARGERS

The official launch and ribbon cutting for the DC Fast Charger occurred on January 20th. PPU Commissioners Greg Hanson and Richard Schwartz were present along with Princeton Mayor Thom Walker and City Council Liaison Jules Zimmer. Coborn's Store Director Logan Marxhausen and District Manager Francis Audette were also present. At this time, the credit card reader is not working. ZEF will be reimbursing PPU for any connection fees charged. PPU also has two Level 2 EV Chargers to place in Princeton. Manager Butcher will work with the new City Administrator on finding locations. All three EV chargers were supplied and paid for by SMMPA. PPU was responsible for all installation charges. No taxpayer money was used to fund this project.

c. Memo 21-01: ELECTRONIC PAYMENT FEES AND DEPOSIT POLICY REVIEW

General Manager Keith Butcher presented Memo 21-01 regarding Electronic Payment Fees. More information is being compiled and will be presented to the PPU Commission in February.

14. NEW BUSINESS:

a. MEMO 21-02: DEPOSIT INTEREST RATES

General Manager Keith Butcher presented Memo 21-02 Deposit Interest Rate. The Utility Deposit Interest Rate for 2021 which is set by the Minnesota Department of Commerce is 0.1%. Past interest rate history was included in this memo.

b. MEMO 21-03: COGENERATION AND SMALL POWER PRODUCER TARIFF ANNUAL UPDATE

General Manager Keith Butcher presented Memo 21-03 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, 2021 with no rate changes. As there were no rate changes, the tariff has not changed. Schedule 4 from SMMPA is updated every year. Mr. Erickson made a motion to accept the Cogeneration and Small Power Production Tariff for 2021. Mr. Schwartz seconded. Motion carried unanimously.

c. MEMO 21-04: 2021 COVID DISCONNECTION POLICY

General Manager Keith Butcher presented Memo 21-04 COVID Disconnection Policy which continues to address accounts in arrears. PPU has been reaching out to customers in arrears to address their accounts. The policy pledges to follow the Cold Weather Rule along with reaching out to customers. PPU will continue to reach out to customers in arrears to establish payments plans. For customers that have not established a payment plan with PPU, time limiters will be placed on

those accounts during Cold Weather Rule months. Full disconnection will not be until after April 15th. The consensus of the PPU Commission was to approve the implementation of the 2021 COVID Disconnection Policy effective immediately.

d. MEMO 21-05: MMUA TOM BOVITZ SCHOLARSHIP

The Tom Bovitz Memorial Scholarship was created and is administered by the Minnesota Municipal Utilities Association. PPU has sponsored a \$500.00 Tom Bovitz Memorial Scholarship to graduating students attending Princeton High School. Students are required to complete an essay on the theme of "Municipal Utilities: Good for all of us" which applies to municipal utilities to be turned in to the PPU by Mid-March. Winning essay will be chosen at the April 2021 Regular PPU Commission Meeting and will be forwarded to MMUA for the state level. Applicants' family must be a PUC customer. Judges of the entries are the PPU Commission. Information on the scholarship will be available on PPU website and MMUA. Mr. Schwartz made a motion to sponsor the \$500.00 Tom Bovitz Memorial Scholarship for 2021. Mr. Erickson seconded. Motion carried unanimously.

There being no further business, Mr. Erickson made a motion to adjourn the meeting at 3:33 p.m. Mr. Schwartz seconded. Motion carried unanimously.

Gregory Hanson
Chairman

Kathy Ohman
Secretary

PRINCETON PUBLIC UTILITIES

Accounts Payable Listing

For 1/1/2021 to 1/31/2021

| | <u>Vendor</u> | <u>Description</u> | <u>Amount</u> |
|----|--------------------------------------|--|---------------|
| 1 | HealthPartners | January Health Insurance | 27,136.31 |
| 2 | Princeton Area Chamber of Commerce | 2021 Membership Dues | 475.00 |
| 3 | Sun Life Financial | January Short & Long Term Disability | 827.62 |
| 4 | Unum Life Insurance Company | January Life Insurance | 186.69 |
| 5 | 1000bulbs.com | Lampholders | 103.68 |
| 6 | Amaril Uniform Company | FR Rated Clothing | 436.26 |
| 7 | American Solutions for Business | 2020 NEC 1099's | 37.18 |
| 8 | Aramark | Cleaning Supplies & Services | 427.38 |
| 9 | Card Services (Coborns) | Supplies | 97.46 |
| 10 | Crawford's Equipment, Inc. | Brush Cutter Blade, Wiper Blade Arm | 362.40 |
| 11 | CW Technologies, Inc. | Monthly IT Care Services Agreement | 1,704.03 |
| 12 | Dakota Supply Group | Inventory | 229.57 |
| 13 | ECM Publishers, Inc. | Advertising | 494.10 |
| 14 | Finken Water Solutions | Bottled Water | 24.60 |
| 15 | Gopher State One Call | Monthly Locates | 21.60 |
| 16 | Innovative Office Solutions | Supplies | 651.03 |
| 17 | Instrumental Research, Inc. | Monthly Water Testing | 67.00 |
| 18 | Metro Sales Incorporated | Maint. Contract & Usage Charges Copier | 178.62 |
| 19 | Midcontinent Communications | Monthly Internet & Telephone | 210.73 |
| 20 | Mille Lacs County Historical Society | January Amdall Room Rental | 300.00 |
| 21 | MN Municipal Utilities | Education | 755.00 |
| 22 | NAPA Central MN | Fuel Filters, Socket Set, Clutch, Battery, Spark Plugs | 703.48 |
| 23 | Princeton Public Utilities | Safety Boots, Misc. Office | 157.28 |
| 24 | Princeton Floral | Floral Arrangement | 67.00 |
| 25 | Princeton One Stop, LLC | Monthly Vehicle Fuel | 774.84 |
| 26 | Quadient Finance USA Inc. | Postage | 900.00 |
| 27 | USA Blue Book | Bleed Valve | 184.32 |
| 28 | Verizon Wireless | Monthly Cell Phone | 705.95 |
| 29 | Voyant Communications, LLC | Monthly Telephone | 412.95 |
| 30 | Waste Management | Monthly Trash Service | 93.34 |
| 31 | U.S. Bank Operations Center | 2006 Bond Interest Pymt. & Admin. Fees | 4,545.11 |
| 32 | SMMPA | December Purchased Power | 325,937.87 |
| 33 | Postmaster | Postage for Monthly Billing | 780.75 |
| 34 | Altec Industries | Repairs on Boom Truck | 1,738.62 |
| 35 | Amaril Uniform Company | FR Rated Clothing | 669.88 |
| 36 | Cannon Technologies, Inc. | New AMI Metering, Relays | 21,826.49 |
| 37 | Cannon Technologies | 2021 AMI Support | 3,256.48 |
| 38 | Cardmember Service (Mastercard) | Webcam, Slide Rails, Cell Phone Chargers, Panels | 437.33 |
| 39 | City of Princeton | December Sewer Billing & Late Charges | 108,743.25 |
| 40 | City of Princeton | Qrtly. Franchise Fee | 19,143.00 |
| 41 | Connexus Energy | Monthly Utilities | 2,054.85 |
| 42 | DGR Engineering | Engineer Fees | 92.50 |
| 43 | Fairview Health Services | Random Drug & Alcohol Testing | 82.00 |
| 44 | Gopher State One Call | 2021 Annual Fee | 50.00 |
| 45 | Grainger | Wire, Water Seperator, Dust Mop Treatment, Floor Cleaner | 265.64 |
| 46 | Hach Company | Water Testing Supplies | 326.65 |
| 47 | HealthPartners | February Health Insurance | 21,587.11 |
| 48 | Kriss Premium Products, Inc. | Jacket Water Treatment & Maintenance | 500.00 |
| 49 | League of MN Cities | 2021 Property & Liability Insurance | 54,282.00 |
| 50 | Menards | Wire Strippers, Drill Bits, Zip Ties, Silicone, Clamps | 76.47 |
| 51 | Metering & Technology Solutions | Registers | 5,867.02 |
| 52 | MN Municipal Utilities | Dues, Safety Training | 6,224.00 |
| 53 | NCPERS Group Life Insurance | January Life Insurance | 96.00 |
| 54 | Northland Securities, Inc. | 2020 Continuing Disclosure Report | 1,500.00 |
| 55 | Optum | H S A Participant Fee | 90.00 |
| 56 | Princeton Public Utilities | Postage, Safety Boots | 154.60 |
| 57 | Princeton Public Utilities | Monthly Utilities | 2,756.82 |

| | | | |
|----|-------------------------------|---------------------------------------|------------|
| 58 | Shred-It USA | Shredding Service | 86.50 |
| 59 | Stinson LLP | Legal Fees | 1,700.00 |
| 60 | Storage Battery Systems, Inc. | Batteries | 3,070.89 |
| 61 | Stuart C. Irby Co. | Testing of Gloves & Sleeves | 134.64 |
| 62 | Sun Life Financial | February Short & Long Term Disability | 657.56 |
| 63 | T & R Electric Supply Co. | Inventory | 8,403.58 |
| 64 | TASC | COBRA Admin. Fees | 15.00 |
| 65 | Unum Life Insurance Company | February Life Insurance | 160.19 |
| 66 | Delta Dental | January Dental Insurance | 1,329.50 |
| 67 | PERA | January PERA Contribution | 11,723.27 |
| 68 | Optum | January H S A Contributions | 8,027.31 |
| 69 | TASC | January Flex Account Contributions | 173.06 |
| 70 | MN Dept. of Revenue | November Sales & Use Tax | 23,830.00 |
| 71 | Credit Card Company | Monthly Credit Card, eCheck Charges | 1,803.65 |
| 72 | Refunds | Customer Meter Deposits | 4,078.17 |
| 73 | Refunds | Overpayment Refunds on Final Bills | 5,673.83 |
| 74 | Rebates | Residential Energy Star Rebates | 50.00 |
| | TOTAL | | 692,727.01 |

SOUTHERN MINNESOTA MUNICIPAL POWER AGENCY
Minutes of the Board of Directors' Meeting
January 13, 2021

President Kotschevar called the meeting to order at 9:00 a.m. via internet meeting service due to the COVID-2019 pandemic.

Board Members Present Via Conference Call:

President Mark R. Kotschevar, Rochester; Vice President Bruce A. Reimers, New Prague; Secretary Peter T. Moulton, Saint Peter; Treasurer Roger E. Warehime, Owatonna; Mark E. Nibaur, Austin; Joseph A. Hoffman, Preston; and Chris Rolli, Spring Valley.

Others Present Via Conference Call:

David P. Geschwind, Executive Director & CEO; Alex Bumgardner, Austin; Jerry M. Mausbach, Blooming Prairie; Troy G. Nemmers, Fairmont; Mike Roth, Grand Marais; T. Scott Jensen, Lake City; Michael B. Geers, Litchfield; Scott Hautala, North Branch; David Olson, Owatonna; Keith R. Butcher, Princeton; Charles B. Heins, Redwood Falls; Jeremy Sutton, Rochester; Jeffery D. Amy, Wells; Beth A. Fondell, Naomi A. Goll, Mark S. Mitchell, and Christopher P. Schoenherr of the Agency staff.

#1 Agenda Approval:

Mr. Nibaur moved to approve the agenda, seconded by Mr. Moulton, passed upon a unanimous vote of the board members present.

#2 Consent Agenda:

Mr. Hoffman moved to approve the consent agenda, seconded by Mr. Reimers, passed upon a unanimous vote of the board members present.

APPROVED the December 13, 2020 board meeting minutes.

APPROVED the Spring Valley Substation Upgrade Project. (Attachment A.)

#3 Member Financial Metrics-Fondell:

Ms. Fondell reported on the member financial metrics. The Agency has been tracking member financial metrics since 2012.

Various financial metrics are tracked for each member and the analysis is based on the Fitch Ratings methodology. The rating agencies review the same metrics when they rate the members' credit. The Agency's bond ratings are partially based on the members' ratings. Two case studies using various financial metrics were reviewed.

Discussion.

Metrics Proposal

- SMMPA will continue to calculate and analyze member metrics as they are very important to the Agency's ratings.
- Present SMMPA financial metrics each May.
- Prepare summary of metrics along with comments for each member after audit reports are issued.
- Provide summary and comments to individual members, with offer of additional review and discussion.

There was board consensus to move forward with the metrics proposal.

President Kotschevar thanked Ms. Fondell for the process improvement.

#4 COVID-19 Impacts-Geschwind:

Mr. Geschwind reported on the COVID-19 pandemic impacts.

Energy Load Impacts

There have been electric load impacts from the governor's Stay Safe plan. Graphs were shown of daily energy load as a function of temperature and loads compared to a 5-year average for the same time period. An average daily high and low range within the 5-year average was also shown. Data for each member showed energy variances resulting from the Stay Safe plan.

#5 Electric Vehicle Car Share Grant Opportunity-Schoenherr:

Mr. Schoenherr reported on the electric vehicle car share grant opportunity.

SMMPA partnered with ZEF Energy and HOURCAR to submit a Letter of Intent to the Minnesota Department of Transportation (MnDOT) for a grant to develop an electric vehicle (EV) car share program in several member communities. On December 21, 2020, SMMPA was invited to submit a detailed proposal. The full grant application is due to MnDOT by February 16, 2021. MnDOT intends to announce the awards on March 15, 2021 and complete the agreements by April 16, 2021.

Twenty projects have been selected to submit grant applications. Half of the projects will be from the metro area and half from Greater Minnesota. There is \$2 million of grant funds available for each year of the three-year program. Funds under the program will be disbursed on a reimbursement basis from MnDOT. Funds must be used within 12 months.

SMMPA's Role

- Hire project manager to oversee project and member coordination.
- Hire grant writer to seek operational funding.
- Purchase Level 2 EV chargers.
- Coordinate charger installation (with members).
- Support on marketing material costs during the planning period.
- Collaborate on purchase of vehicles (if a "Go").

HOURCAR's Role

- Provide consulting services to SMMPA and the project manager regarding business model and program launch needs.
- Support on vehicle onboarding and branding ahead of car share service launch.
- Coordinate with their own legal team and SMMPA as needed.

ZEF Energy's Role

- Supply and operate Level 2 chargers.
- Coordinate charger installation.

Costs

Grant Request: \$377,500.

- \$58,000 – Project Management.
- \$43,000 – Other consulting fees (grant writing, legal, etc.).
- \$246,000 – Vehicle purchase, branding, and on-boarding.
- \$30,500 – Launch and initial operations (first 2-3 months).

Match: \$84,000 (EV charger purchase and install).

Total Project Cost: \$461,500 based on five SMMPA member communities participating.

Next Steps

- Board approves additional work on project development.
- Assure other partners (ZEF Energy and HOURCAR) are still interested.
- Schedule working group meeting with interested SMMPA members.
- Develop formal proposal.
- Bring formal proposal to board meeting in February 2021.
- Await results from MnDOT.
- Business Plan Development takes about 9 months – go/no-go decision on this program.

Mr. Schoenherr emphasized that SMMPA will only pursue the grant opportunity if the members are interested. After discussion, there was board consensus to continue to develop the business model for additional consideration by the board and members.

A working group meeting for interested members will be scheduled in the next few weeks to determine if the program seems valuable.

After a short break, the board reconvened at 10:26 a.m.

#6 New Litchfield Quick Start Generation Agreement-Mitchell:

Mr. Mitchell reported on the new Litchfield Quick Start Generation Agreement.

Litchfield is in the process of installing two Caterpillar C175 diesel engine/generators (2825 kW each, 5650 kW total) to focus on improved reliability for First District Association, a processor of dairy products.

Mr. Mitchell reviewed the general terms on which Litchfield and the Agency have agreed will serve as the basis for a new agreement.

Discussion.

Next Steps

- Develop draft agreement using an updated form of the existing Quick Start Capacity and Energy Purchase Agreement and the general terms reviewed at this meeting.
- Provide draft to Litchfield for review and comment.
- Finalize agreement with legal review by both parties.
- Seek approval by the SMMPA Board and City of Litchfield to execute the agreement.
- Targeting the April SMMPA Board meeting for final approval.

#7 Sherco 3 Economic Offer Agreement-Mitchell:

Mr. Mitchell reported on the Sherco 3 Economic Offer Agreement.

Xcel Energy (Xcel) and SMMPA have been working to develop a process and agreement to jointly offer Sherco 3 as a single unit into MISO in a way that will improve the overall economic performance of the unit. When offered in this way, Sherco 3 will only be brought online when called by MISO, with MISO paying the start-up costs and paying make-whole payments if market prices do not cover operating costs.

Mr. Mitchell reviewed the terms of the proposed agreement and reported that Xcel has submitted paperwork to MISO to change the Sherco 3 registration to a single unit effective March 2021.

Coal Contract

Mr. Mitchell reported that both Xcel and SMMPA each have coal and rail contract commitments for 2021 that will prevent full time economic commitment offering. To ensure enough coal is consumed to have room to take delivery of the coal obligations, there is a provision in the economic offer agreement that allows either party to switch between economic and must-run offers from time to time.

Xcel has offered to procure coal on behalf of both owners starting in 2022. The Agency is working with Western Fuels Association to evaluate the Xcel coal supply option.

Discussion.

Recommendation and Requested Action

This agreement provides the opportunity for the Agency to improve the economic performance of Sherco 3 in the MISO market and provides the necessary protections of the Agency's interests. The Agency management recommends and requests approval of this agreement.

President Kotschevar thanked Mr. Geschwind, Mr. Mitchell, and SMMPA staff for their efforts.

Mr. Nibaur moved to approve the Sherco 3 Economic Offer Agreement with authority for the Chief Executive Officer or Chief Operating Officer to execute the agreement in substantially the form provided to the board and discussed at this meeting, with such changes as the CEO or COO shall in his discretion approve, seconded by Mr. Warehime, passed upon a unanimous vote of the board members present.

#8 2021 Year in Preview-Geschwind:

Mr. Geschwind presented on the 2021 year in preview. Various projects and activities that are planned for 2021 were highlighted. (Attachment B.)

Financial Report November 2020-Fondell:

Ms. Fondell summarized Agency financial results through November as provided in the board book materials.

MISO Energy Market Prices

LMP prices spiked a few times during the year but year-to-date actual results are significantly lower than budget.

Asset Retirement Obligation Liabilities

The asset retirement obligations are liabilities that relate to environmental costs for Agency-owned wind turbines and Sherco 3 when those assets are retired. A member inquired if the liability needs to be recorded on the member's books. Under the Power Sales Contract, retirement obligations are obligations of SMMPA itself and are not obligations of the members, except through the rates paid under the Contract, which are paid solely from revenues of the member. However, each member should make sure their respective auditors concur with this approach.

\$10 Million One-Time Cash Distribution

The \$10 million one-time cash distribution to the members will be processed this month. The funds will be sent to the bank account SMMPA has on file for monthly purchased power bills. Members requesting that funds be sent to a different bank account should contact Ms. Fondell by the end of the day tomorrow.

Government Affairs/Member Services Report-Schoenherr:

Mr. Schoenherr summarized the government affairs/member services report detailed in the board book.

The Minnesota Governor's Stay Safe plan remains in effect.

Demand Side Management (DSM)

DSM savings levels, based on information currently available, are at 1.77% when compared to estimated member sales year-to-date.

Electric Vehicles

The DC fast chargers credit card readers are still being resolved. Members were asked to submit the completed checklist to start the commissioning process. The working group meeting will be scheduled in the next few weeks.

COVID Disconnects

Thirteen members participated in the SMMPA member forum on January 6, 2021 to discuss COVID disconnects. Some members follow the Minnesota Cold Weather Rule, use load-

limiting meters, reinstated late fees, or created programs to assist customers to pay bills. SMMPA will compile a customer service contact list for members to reach out to their counterparts at other SMMPA member utilities if they want to discuss any items.

Large Customer Renewable Energy Options

Pepin Orchard and Lake City have agreed to the proposed REC purchase contract language. The agreements are now ready to be signed. SMMPA is willing to assist other interested member retail customers.

Distributed Generation

Members were reminded to file with their local governing bodies Schedule 1-Average Retail Energy Rate, Schedule 4-SMMPA's Average Incremental Cost, Annual QF Report to Governing Board, and the Notification to Customers. The Annual Minnesota Public Utilities Commission Report must be filed via electronic filing by March 1, 2021. SMMPA sent the data request (template spreadsheet) to the members regarding reimbursement for net exports for retail customers less than 40 kW. Members were asked to respond to SMMPA by January 22, 2021 to complete the process.

Cybersecurity

SMMPA took corrective measures on the SolarWinds software and there are no signs of intrusion.

Resource Report/Marketing Update:

Quarterly Wind and Solar Update

Mr. Mitchell presented information on the performance of the Agency's wind and solar resources, including capacity factor and costs relative to market energy prices. As requested at the 2020 board retreat, Mr. Mitchell included analysis of the revenues and operating costs of the six Agency-owned wind turbines and will continue to include this information in future quarterly reports.

Market Price Update

A graph of recent natural gas and on-peak electricity prices was discussed.

President's Report:

There was no report.

Executive Director & CEO's Report:

Mr. Geschwind reported:

- SMMPA Board Meeting-February: The MMUA Legislative Conference is scheduled for the same date and time as the February SMMPA Board meeting. After discussion, the board agreed to move the Wednesday, February 10, 2021 board meeting to Thursday, February 11, 2021. An email will be sent to the members confirming the date change.

- 2021 SMMPA Board Meetings: Discussed the possibility holding face-to-face meetings again starting in March or April 2021 as an option for those willing to meet in person. With the governor's current mask requirement, that means we will need to wear masks and social distance when we are in a meeting room together. Members were asked to provide their comments.
- MMUA Government Relations Committee: Recognized Mr. Warehime who was selected to chair the MMUA Government Relations Committee.
- Driving Decarbonization Webinar: Yesterday participated in the Driving Decarbonization Webinar hosted by the Electric Power Research Institute. One of the presenters discussed that he believes utilities need to be pushed to implement carbon reductions as soon as possible.

Member Forum:

President Kotschevar announced that Mr. Sidney Jackson, Director of Core Services, is leaving Rochester Public Utilities the end of this week to pursue work in the Electric Reliability Council of Texas.

Other Business:

There was no other business.

Adjourn:

A motion to adjourn the meeting was made by Mr. Nibaur, seconded by Mr. Warehime, passed upon a unanimous vote of the board members present.

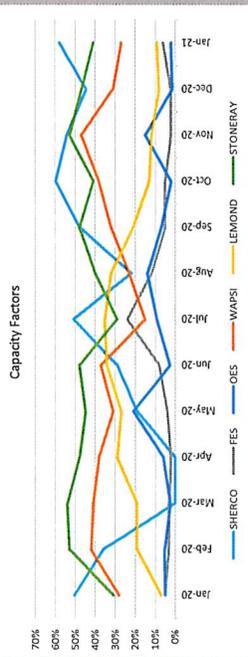
The meeting was adjourned at 12:03 p.m.

Secretary

SMPA Key Metrics

February 2021

PLANT OPERATIONS Performance Metrics

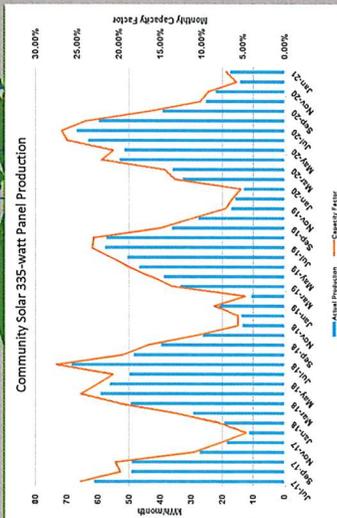


Availability Metrics

For January 2021

| | FES | OES | MORA LFG |
|--------------------------------|-----|-----|----------|
| Availability | 64% | 98% | 99% |
| Industry Average Availability | 95% | 95% | N/A |
| Forced Outage | 35% | 0% | 36% |
| Industry Average Forced Outage | 7% | 7% | N/A |

Solar Production Metrics



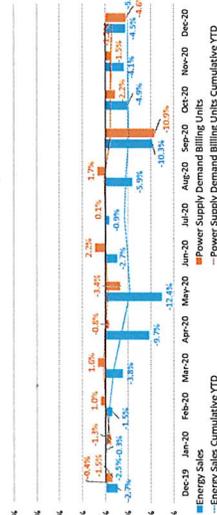
Number of working days since the last time an accident occurred

1428

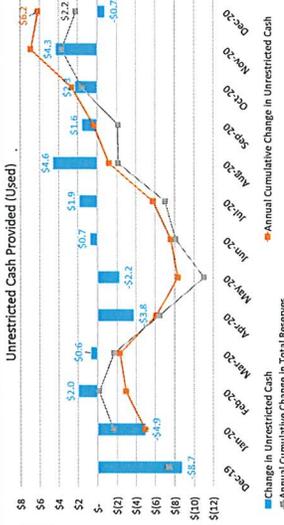
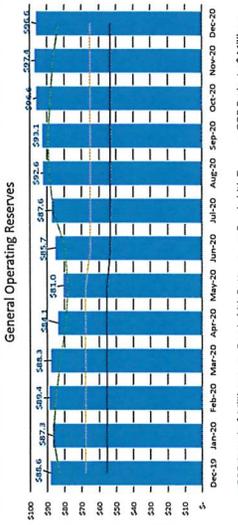
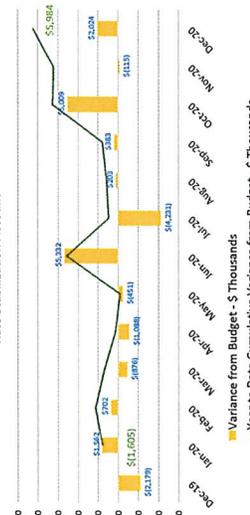
(through 1/21/21)

FINANCIAL Performance Metrics

Member Load Variance from Budget

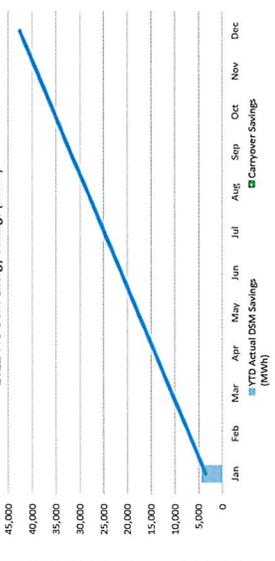


Contributions to/(Distributions) from Rate Stabilization Account



ADDITIONAL Metrics

2021 YTD DSM Energy Savings (MWh)



Since 2019, SMMPA's load acquisition credit program has supported the addition of over

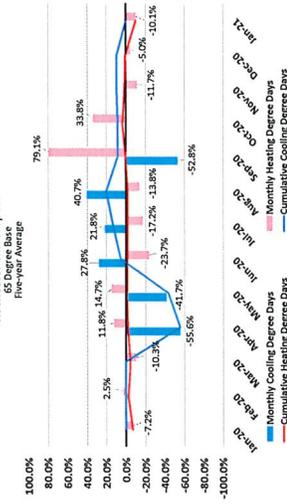
139 million kWh

of load in member communities.



Since 2005, we've avoided 7.0 million tons of CO₂ gas emissions, which is equivalent to the carbon sequestered by nearly 117 million tree seedlings grown for 10 years.

Heating and Cooling Degree Days - Deviation from Average Rochester MN Airport Five Year Average



MEMORANDUM 21-06



TO: Princeton Public Utilities Commission
 FROM: Keith R. Butcher, General Manager
 SUBJECT: Electronic Payment Fees Report, Part II
 DATE: February 24th, 2021

ITEM SUMMARY

A Commissioner inquiry was made regarding fees paid by Princeton Public Utilities for electronic payments.

BACKGROUND

PPPU currently process three types of electronic payments: credit cards, electronic checks, and Bank Payments. The fee structure for each is as follows.

Credit Cards: PPU processes credit card payments via Neonlink after switching providers in 2015. Currently we pay Neonlink (our online provider) \$0.40 per transaction and we pay Complete Merchant Solutions (the credit card processing company) \$2.00 per transaction for a total of \$2.40/transaction. That change resulted in significant savings to our ratepayers. It is important to note that most merchants can pay around 1.5 – 2.9% in fees for the amounts charged plus various fixed charges.

Electronic Checks: PPU processes electronic check payments via Vericheck. Vericheck charges \$0.30 per transaction with a \$5.00 per transaction fee for returned checks and a \$0.15 per batch settlement fee. These are also processed via Neonlink with their standard \$0.40 per transaction adder for a total of \$0.70+/transaction.

Bank Payments: These are processed via Neonlink at their standard \$0.40 per transaction.

Below is a historical summary of our fee costs for all electronic payments

| Year | Total Amount Charged | Number of Transactions | Electronic Payment Fees |
|------------|----------------------|------------------------|-------------------------|
| 2020 (YTD) | \$2,299,724 | 12,281 | \$20,519 |
| 2019 | \$2,253,819 | 12,206 | \$20,924 |
| 2018 | \$2,067,150 | 10,896 | \$19,157 |
| 2017 | \$1,735,795 | 9,898 | \$17,861 |
| 2016 | \$1,372,458 | 7,733 | \$14,725 |
| 2015 | \$676,558 | 2,485 | \$16,265 |
| 2014 | \$596,934 | N/A | \$13,546 |

To compare costs, it is effective to look at the breakouts as a percentage of sales as well as a cost per transaction. These average annual metrics are listed below.

| Year | Average Percent of Sales (%) | Average Cost per Transaction |
|------------|------------------------------|------------------------------|
| 2020 (YTD) | 0.89% | \$1.67 |
| 2019 | 0.93% | \$1.71 |
| 2018 | 0.93% | \$1.76 |
| 2017 | 1.03% | \$1.80 |
| 2016 | 1.07% | \$1.90 |
| 2015 | 2.40% | \$6.55 |
| 2014 | 2.27% | N/A |

At this time, staff believe that this is comparable with the experience of other municipal utilities and are unaware of any significant savings opportunities that could be captured by switching vendors.

CONTRACTOR REPORT

As a result of the Commission's directive to move towards charging a fee for electronic payments. PPU staff reached out to our contractor, NeonLink, about next steps. NeonLink replied with the following statement based on their experience working with utilities nationwide.

"The three things to consider when deciding to charge a convenience fee are overall cost, customer engagement and goodwill, and employee time.

The overall cost of accepting a credit card will go up. Right now you are get the utility rate for accepting credit cards. This is why your rate is so low. One of the requirements that Visa imposes on the utility rate is that a convenience fee is not charged. If we start charging a convenience fee then we will have to notify Visa and remove the utility rate from your account. This will cause the new rate to be based on a percentage of the payment amount. Typically the break even point is when a charge goes over \$85 the utility rate is less expensive overall. I do understand that the higher rate will be charged directly to the customer and not the utility. It is just something to consider the overall cost for accepting the card.

Customers overall hate being charged a convenience fee. Customers have gotten so used to paying everything with a credit card and don't think about the cost of the payment. Many of the customers that will be charged the convenience fee will be late customers that are also just trying to keep from being shut off. These customers' finances will force them to pay by credit card. These customers will be very unhappy about all the fees associated with their account already. They will also sit on the phone and complain to the customer service representative about the extra fee.

Employee time right now is spent assisting customers. When a convenience fee is implemented employees will have to spend extra time listening to people complain about the convenience fee. Many people will choose to mail in their payments rather than use the automated tools. This means that more time is spent accepting payments at the front desk as well as mailed in payments. This of course isn't free. I remember speaking to one utility that had calculated the cost

of accepting payments via mail and walkup transactions. They told me it was about a push based on the credit card fees and the every eCheck that was accepted would save them money.

Some other things you can do to help save money are try and get customers to get on auto pay with their checking account or go paperless. Both of these things will save money for the utility. Some utilities have ran drawings for anyone that signs up for either of these things. If you choose to do something like that let me know because we can put that information in a couple spots on the portal.

Regardless of what you choose in regards to the convenience fee we appreciate the opportunity to do business with you and will support you in your decision."

In addition, NeonLink has informed us that the utility rate we pay is an offering that is no longer available. We have retained this rate because we have been grandfathered into the program. If we change plans so that we can charge a fee, we will not be able to go back to this program at a later date. Therefore, the suggestion that we can implement a trial period for six months and revert back if we don't like it does not appear to be possible.

STAFF QUESTIONS

Staff have several questions for the Commission as to their intent and the direction that they want to go in the implementation of this effort.

1. Per NeonLink, the costs incurred for electronic fee payments are less when the utility pays it. A good example for reference is 2015 before the switch was made to the current fee structure. If we return to 2015 fee levels (2.4%), the corresponding cost in 2020 would have been \$55,193 (a 170% increase). At 12,281 transactions per year, PPU would have to charge \$4.50 per transaction just to break even. Staff anticipates that, with a \$4.50 fee, the number of smaller charges will be reduced and the overall transaction fee would probably increase over time. Since the fees are anticipated to be higher than discussed previously, does the Commission still wish us to pursue this option?
2. For our smaller customers (renters, as an example), a monthly bill could be around \$100/month. If we charge a convenience fee of \$4.50, that could correspond to a 4.5% impact on customer bills. Is the Commission comfortable with this surcharge?
3. Would the proposed fee be a fixed transaction fee or a percentage of amount billed? What methodology does the Commission wish to employ?
4. Current credit structures are often based upon percentage of amount charged. If a fixed fee is adopted, would the Commission want to establish some limits to the amounts that could be charged? Staff have received anecdotal information that some utilities, at least in the past, have capped amounts and required customers to make multiple payments. In this scenario, the customer would pay a convenience fee for each payment until they have paid for their total bill.

5. Would the convenience fee be applied to all charged payments (monthly bills, meter deposits, payment plans, other PPU services, etc...)? Are there any circumstances in which a convenience fee would be waived?
6. Some customers currently have scheduled regularly occurring credit card payments. Outreach will need to be conducted to those customers to ensure that everyone is proactively informed of the change. Does the Commission believe that we should have a signed/approved release form created (perhaps digitally as well) allowing PPU to now charge a convenience fee? If needed, would the Commission consider approving additional IT/programming costs to include an electronic release on our payment portal?
7. Staff are concerned that this fee will have a disproportionate effect on our low-income customers. Does the Commission wish to pursue any options as it relates to this segment of our customer base and help offset this added financial burden?
8. There is a concern that customers in arrears and those facing disconnects are increasingly relying on credit card payments. Customers that have been disconnected are not able to pay via personal check (per utility policy). It is expected that without credit cards, primary payments would have to be in cash and with money orders. This may cause delays in payment for customers since they will need to visit their financial institution or postpone payment until cash becomes available. These delays will result in an increased administrative burden as office staff will spend more time reminding customers of their past dues and soliciting payments.

An example of recent performance is highlighted in the table below showing that approximately 40% of our late payments are completed with credit cards.

| Month | Total Late Payments | Credit Cards | Credit Card Percentage |
|---------------|---------------------|--------------|------------------------|
| December 2020 | 367 | 146 | 39.8% |
| January 2021 | 338 | 138 | 40.8% |

Also, on January 29th staff sent out disconnection notices of past dues. Through February 2nd, payments were received and analyzed. Of the total charges (\$), 47% were by check, 49% by credit card, and 4% with cash.

Based on these results, staff are very concerned that a convenience fee would further complicate some of our customer's ability to become current on their utility bill.

9. Payments to Princeton Public Utilities also include amounts for City of Princeton Sewer charges which PPU collects on behalf of the city. The city's position on instituting a credit card convenience fee is unknown. Given the Commission's financial concern, is

there an opportunity for a cost-share between the City and the PUC on these fees?
Would the Commission like to solicit input from the City?

10. Staff anticipates significant customer complaints. How does the Commission want staff to respond? What is the message that the Commission wishes to convey?

RECOMMENDATION

Staff are requesting more direction from the Commission on the proper procedures for such an effort.

MEMORANDUM 21-07



TO: Princeton Public Utilities Commission
FROM: Keith R. Butcher, General Manager
SUBJECT: Bremer Collateral
DATE: February 24th, 2021

ITEM SUMMARY

Bremer Bank converted our collateral coverage above FDIC back to pledged securities.

BACKGROUND

Per Bremer Bank

- Since January 2018, Bremer Bank has grown their deposit portfolio from just over \$1 billion to over \$2.4 billion. This allowed them to look at all collateral options in Minnesota State Statute 118A. Both pledged securities and the FHLB Letter of Credit are approved collateral options.
- Deposit Balance and collateral tracking is still managed by their municipal team, and the month-end email currently being sent to clients that highlight this info will continue.
- The only change is the collateral vehicle, current account set-up structure stays the same.
- The municipal team will handle the pledging process of securities for clients. Signatures needed for maintenance issues around the pledged securities will be handled by Bremer.
- Bremer Bank coincided conversion of the collateral to pledged securities on the expiration date of the current FHLB Letter of Credit in place which was 2/11/2021.

RECOMMENDATION

No action needed at this time.

MEMORANDUM 21-08



TO: Princeton Public Utilities Commission
 FROM: Keith R. Butcher, General Manager
 SUBJECT: Approval of Skid Steer Loader Purchase
 DATE: February 24th, 2021

ITEM SUMMARY

The maintenance costs for our 1997 skid steer loader has increased to the point where replacement is deemed economical.

BACKGROUND INFORMATION

In recent weeks, the costs to properly maintain our 1997 Bobcat skid steer has raised questions as to the most cost-effective way to meet our field needs. In addition, the current skid steer was purchased before we acquired a forklift. With the addition of a forklift a few years ago, we no longer require a larger skid steer. A smaller unit will serve us much better for the work that we do for snow removal, minor service work, and other miscellaneous work around the yard.

It is anticipated that this skid steer will serve us well for many, many years.

| Contractor | Quote |
|-----------------------------------|---------------------------------|
| Crawford's (Bobcat) | \$34,488.97 (includes trade-in) |
| Midwest Machinery Co (John Deere) | \$33,747.80 (includes trade-in) |

This purchase was not included in the 2021 Budget so separate approval is needed. The quote includes credits received for using the state bid process.

Staff has indicated a preference to replace the existing Bobcat with another Bobcat. Crawford's keeps an extensive parts inventory on hand which is of benefit to us. It minimizes the parts we need to stock.

RECOMMENDATION

Staff recommends trading in our 1997 skid steer for a newer Bobcat skid steer at a net cost of \$34,488.97.

MEMORANDUM 21-09



TO: Princeton Public Utilities Commission
FROM: Keith R. Butcher, General Manager
SUBJECT: Change of SMMPA Member Rep - Alternate
DATE: February 24th, 2021

ITEM SUMMARY

Princeton Public Utilities must officially designate a Representative and Alternate Representative.

BACKGROUND INFORMATION

For voting purposes, PPU must designate a Representative to SMMPA. This representative is able to then vote on measures impacting the full membership. In addition, an Alternate is also appointed should the Representative be unavailable. Traditionally, the PPU Member Representative has been the General Manager and the Alternate has been the Electric Superintendent.

The current SMMPA Member Representative is Keith Butcher
The current SMMPA Member Alternate Representative is Ryan Grant

Ryan Grant is no longer with PPU and a new Alternate should be appointed.

RECOMMENDATION

No recommendation



CHANGE OF MEMBER REPRESENTATIVE

TO

SOUTHERN MINNESOTA MUNICIPAL POWER AGENCY



I hereby certify that attached hereto is a true and correct copy of a resolution adopted by
Princeton Public Utilities
Commission _____ of the City of Princeton, Minnesota, at a meeting
(PUC or Council) (City)

duly called and held on 2/24/2021 pursuant to which:
(Date)

(a) _____ has been named Representative to Southern
(Name)
Minnesota Municipal Power Agency, replacing _____.
(Name)

And/or

(b) Jeremy Linden has been named Alternate Representative to
(Name)
Southern Minnesota Municipal Power Agency, replacing Ryan Grant,
(Name)

effective on 2/24/2020. Such resolution is in full force and effect on the date hereof.
(Date)

(Signed)

(Title)

MEMORANDUM 21-10



TO: Princeton Public Utilities Commission
FROM: Keith R. Butcher, General Manager
SUBJECT: SMMPA Member Financial Report / Cash Reserve
DATE: February 24th, 2021

ITEM SUMMARY

SMMPA recently provided members with a side-by-side comparison of utility cash reserve metrics. Based on this information, PPU may wish to revise its current cash reserve policy to better reflect industry practices.

SMMPA REPORT

SMMPA recently completed a Member Financial Metrics report that looked at trends through 2019 using member's financial audits. This is of interest to SMMPA because member's financial performance can impact SMMPA's own financial ratings thereby affecting future bonding costs. SMMPA's analysis is based on the Fitch Ratings methodology for public power entities. It is hoped that with SMMPA providing this information it will assist members to increase their knowledge and awareness of their current financial position. These trends will allow for a better formulation of goals and enhance stakeholder communication.

Primary metrics that SMMPA reviews are:

- Days Cash and Investments on Hand
- Debt to Funds Available for Debt Service (FADS)
- Equity to Total Capitalization
- Capital Expenditures to Depreciation
- Debt per Customer

For PPU, the findings show that PPU's results in comparison to the SMMPA median are:

- Low Long-Term Debt (good)
- Recently exceeded Days of Cash on Hand (good)
- Low Debt to FADS (good)
- Average Equity to Capitalization (good)
- Lower Capital Expenditures to Depreciation but higher than the Fitch median (fair)
- Lower Debt per Customer (good)

As a side note, PPU has an A3 Moody's Credit Rating which is considered upper-medium grade and low credit risk for long-term ratings. This also corresponds to a Prime-1/Prime-2 rating which is defined as "best ability or high ability to repay short term debt".

AUDITOR REPORT

Our auditor was contacted in regards to this issue. They did not provide an opinion.

CASH RESERVE POLICY

PPU's current cash reserve policy is:

2.0 Working Capital (Cash)

Because there are timing differences between when expenses are incurred and revenues from customers, a minimum working funds reserve helps ensure that the utility will have adequate liquidity (or working funds) to pay expenses in a timely manner. The working funds reserve will be maintained at a minimum level of 80 days for electric and 300 days for water of cash on hand. This is determined by dividing the monthly Cash amount less Depreciation as listed in the PUC's balance sheet by the prior year's Total Annual Operating Expenses found in the PUC's income statement at year end.

The Working Capital (Cash) policy is therefore based on the total cash amount as listed in the Balance Sheet. Based on input from SMMPA and our auditors, it may be appropriate to include the Rate Stabilization funds as part of PPU's working funds reserve. The reason is two-fold:

1. As auditing standards have evolved over the last few years, these funds are not considered as restrictive as perhaps they once were. Recently, some financial re-classification occurred that impacted our 2019 reporting.
2. SMMPA's involvement in the establishment and implementation of member Rate Stabilization Accounts has significantly decreased. The design and implementation of these accounts are the responsibility of each individual member. SMMPA does not exercise oversight authority on individual member's financial decisions.

If such a modification were to be adopted, the resulting change in our "Days of Cash on hand" calculation would be as follows.

| Month - Year | Days of Cash | Days of Cash (w/ Rate Stab) |
|--------------|---------------|--------------------------------|
| Jan – 2019 | 94 | 171 |
| Jan – 2020 | 111 | 187 |
| Jan – 2021 | 126 (prelim.) | 205 (prelim.) |

The intention is that we would still not include the Capital Improvements Fund (CIF) in the "Days of Cash on Hand" calculation for our internal planning and evaluation needs. This is because Princeton Public Utilities is anticipating some large capital projects in the mid-term to be funded by the CIF. If the CIF were to be included in this calculation, it would be expected that large CIF expenses would create significant swings in the "Days of Cash on Hand" metric creating, in later years, confusion and be open to mis-interpretation as to the true financial state of PPU.

RECOMMENDATION

The Commission may wish to update the Cash Reserve Policy methodology to include the Rate Stabilization funds. If so, staff can prepare a resolution for the next meeting to revise the policy.