

OSAGE MUNICIPAL UTILITIES BOARD OF TRUSTEES MEETING

Special Meeting
December 30, 2015 8:30 a.m.
OMU Board Room

1) Call Meeting To Order, Roll Call, Recognize Guests

Meeting called to order at 8:32 a.m. by Chairman Tack.

Present: Royce Tack, Harlan Bremer, Jen Frein, Nan Jakobson, Tom Kenny, Jane Michels and Laura Kuennen. Absent: None. Guests: None.

2) Public forum

None.

3) Communications

None.

4) Business items

a) A motion (Tack, Frein) was made and unanimously passed to adjust electric rates as determined by results of the cost of service/electric rate study prepared by Gary Price of Price Consulting Services, Inc. A few key points regarding the rate adjustment passed are as follows:

- i) Adjustment to rates in order to maintain a minimum bond coverage ratio of 1.75. This ensures that OMU can meet all obligations under its current bond arrangements.
- ii) New rates reflect an overall average increase to OMU's electric revenues of 3.78%, however the percentage impact on each individual rate class varies as the new rates are designed to produce revenue that reflects a move towards the actual cost of providing service to each rate class.
- iii) Upon implementation of this new rate, the Energy Cost Adjustment (ECA) base rate will be set at \$0.0552/kWh. The monthly ECA factor is calculated using actual power costs and energy sales from the prior month compared to the ECA included in base rates to derive the ECA factor for the current month bill.

Additional details will follow when the official rate notification is publicized.

b) A motion (Kenny, Frein) was made and unanimously passed to increase telecom cable TV rates. The rate increase is primarily driven by the need to cover rising costs associated with cable programming and retransmission fees. The amount of the increase varies by package and additional details will follow when the official rate notification is publicized.

c) A motion (Kenny, Bremer) was made and unanimously passed to increase telecom telephone rates. A couple of the key drivers behind the rate increases include: 1.) The increased costs incurred by OMU to mitigate rural call completion issues in order to provide reliable services to customers. 2.) The decline in Carrier Access Billing revenues received from other telephone providers using OMU's system to complete calls. The amount of the increase varies by plan and additional details will follow when the official rate notification is publicized.

d) A motion (Frein, Jakobson) was made and unanimously passed to adjust telecom department labor, equipment and other charges. The new rates are designed to pass along the cost of providing support services to the customers that specifically request them.

e) A motion (Bremer, Jakobson) was made and unanimously passed to approve a proposal from KJWW Engineering Consultants out of Des Moines, Iowa for electrical and structural engineering and design services related to OMU's solar project, for a fee not to exceed \$39,600. The board approval is contingent upon receipt of references and a minor wording change within the engineering services contract.

5) Other business

- a) Interim General Manager Kuennen provided the board with an update on natural gas hedging activities. In response to favorable market conditions associated with natural gas forward pricing, OMU was able to lock in a portion of its anticipated natural gas purchases at very reasonable rates for the November 2016/March 2017 and November 2017/March 2018 heating seasons.
- b) The board discussed the responses received to date related to the open General Manager position as well as plans for reviewing resumes, contacting applicants and conducting interviews.

6) Date of next meeting

The next regular meeting is scheduled for January 14, 2016 at 8:30 a.m.

7) Adjournment

Chairman Tack declared the meeting adjourned at 11:02 a.m.