

ROCHESTER PUBLIC UTILITIES  
BOARD MEETING MINUTES  
November 29, 2011

Members Present: Mr. Williams, Mr. Reichert, \*Mr. Stahl and Mr. Browning  
Absent: Mr. Hanson  
Also Present: Mr. Adkins, City Attorney

Board President Williams called the meeting to order at 4:00 PM.

1. Mr. Reichert moved to approve the minutes of the November 15, 2011 meeting, seconded by Mr. Browning.

All voting "AYE"

2. Mr. Browning moved to approve the payables report, seconded by Mr. Reichert.

All voting "AYE"

3. Mr. Williams opened the meeting for comments from the public. No one signed up to speak.

At 4:03 p.m. Mr. Williams announced that there would be short recess while the Board and audience went to the parking lot to see RPU's first electric vehicle, a Chevrolet Volt, and the electric vehicle charging station. At 4:13 p.m., Mr. Williams called the meeting to order.

\* Mr. Stahl entered the meeting at this time.

4. Mr. Monson, Supervisor of Facilities & Fleet, described the Service Center Master Plan Update and Lobby Remodeling project to the Board. The long range plan for the Service Center is updated every five years. Mr. Neubauer, Architect, TSP, also appeared before the Board to explain the lobby construction schedule and cost. A key outcome of the update is to improve the customer experience through improvements to the lobby and customer service areas. This item will be on the January 2012 board agenda for approval.

5. The purchase of the Lenwood Heights Water System was discussed with the Board. RPU will operate the system until the City takes it over. Every owner of the system has to sign an agreement with the City to accept City water and sewer. RPU is in the process of getting easements since the owners want to keep the well site. Mr. Rovang, Senior Civil Engineer, said the owners know what their share of the costs are. He asked that the closing date in #8 of the agreement be extended. Mr. Stahl moved to approve the Purchase Agreement for the Lenwood Heights Water System, subject to amending paragraph 8 of the agreement to reflect a closing date of on or about December 15, 2011, seconded by Mr. Reichert.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a Purchase Agreement and supplemental Letter of Understanding with the Lenwood Heights Association, Inc., subject to amending Paragraph 8 of the Purchase Agreement to reflect a closing date on or about December 15, 2011, and request that the Mayor and City Clerk execute the Purchase Agreement for

Purchase of Lenwood Heights Water System

The amount of the Purchase Agreement to be ONE DOLLAR (\$1) and other valuable consideration, including those obligations set forth separately by contract or agreement.

- 6. A verbiage update to the High Efficiency HVAC Rate was discussed with the Board. Mr. Heppelmann, Senior Financial Analyst said the proposed change would refer customers to RPU’s Residential Electric Efficiency Rebate Application and Commercial Heat Pumps Rebate Application rather than listing the rates in the tariff. Mr. Reichert moved to approve the change, seconded by Mr. Browning.

All voting “AYE”

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve the addition of language in the RPU Rate Tariff for the Residential, General Service, and Medium General Service High Efficiency HVAC Rates to reference RPU’s Residential Electric Efficiency Rebate Application and Commercial Heat Pumps Rebate Application.

- 7. The Board reviewed the annual maintenance agreement with SAP Public Services, Inc. for financial, management reporting, and customer support services software at RPU. The maintenance agreement is within RPU’s approved budget. Mr. Browning moved to approve the agreement, seconded by Mr. Stahl.

All voting “AYE”

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a purchase order agreement with SAP Public Services Inc. for

Annual Maintenance and Support of Enterprise Business Software for 2012

The amount of the purchase order agreement to be ONE HUNDRED NINE THOUSAND SEVEN HUNDRED NINETY THREE AND 77/100 DOLLARS (\$109,793.77).

- 8. The General Manager provided the following report to the Board:

- a. Mr. Koshire provided a brief update on the Sherco 3 power plant outage which occurred on November 19. This unit is owned jointly by Xcel Energy and the Southern Minnesota Municipal Power Agency (SMMPA) and is operated by Xcel Energy. The unit is insured. The full extent of the damage is not known.
  - b. Mr. Kotschevar, Director of Core Services, provided a report on the CapX2020 transmission project and its impact on RPU to the Board. A "Hampton Joint Effort Agreement" will be presented to the Board for approval at their December meeting. The transmission line will run between a new substation new Hampton, Minnesota, the proposed North Rochester Substation between Zumbrota and Pine Island, Minnesota, and continue on to cross the Mississippi River near Alma, Wisconsin. A new 161kv line is proposed between the North Rochester Substation and the existing North Hills Substation in northwest Rochester. The Hampton-Rochester-La Crosse transmission line will improve reliability for the Twin Cities, Rochester and La Crosse areas, as well as improve access to generation in the south east part of Minnesota. The Joint Agreement will describe the terms for all signing parties. A Project Participation Agreement will be submitted to the Board in 2012 for the actual authorization of project funds. The La Crosse project has an anticipated start date of late 2012.
  - c. Ms. Parker, Director of Corporate Services, discussed a plan for reviewing several Utility Board Policies with the group. Mr. Williams requested that the policies be scheduled for review one month prior to approval to allow the Board more time to review the proposed changes. This process will begin at the December meeting. Mr. Adkins suggested having policies on foreclosed homes and fraud added to the list.
9. The management and financial reports were discussed.
10. Mr. Stahl moved to adjourn the meeting, seconded by Mr. Reichert.

All voting "AYE"

The meeting adjourned at 5:33 p.m.

Submitted by:

*Kathleen Wilson*

Secretary

Approved by the Board:

*Jerry Williams*

Board President

12/20/11

Date