

ROCHESTER PUBLIC UTILITIES
BOARD MEETING MINUTES
July 26, 2011

Members Present: Mr. Williams, Mr. Reichert, Mr. Hanson, and Mr. Browning
Absent: Mr. Stahl
Also Present: Mr. Goslee, Deputy City Attorney

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

1. Mr. Browning moved to approve the minutes of the June 28, 2011 meeting, seconded by Mr. Reichert.

All voting "AYE"

2. Mr. Williams opened the meeting for comments from the public.

Mr. Grant Stevenson, Project Manager, Xcel Energy, appeared before the Board to discuss the CapX 2020 Transmission Project. The project will be routed through a large area of Minnesota and Wisconsin. The total project cost will be \$488 million. RPU's share of this will be \$44 million. The project is needed for regional transmission system reliability. Mr. Stevenson described the various routes that are planned for the project. Construction will occur between 2013 and 2015. Mr. Williams asked how extra costs would be handled. Mr. Steffens, RPU Manager of System Operation/Reliability, replied that a joint tenancy project agreement has been signed which means that all costs are shared proportionately. RPU is 9% of the total project. It is also anticipated that the Minnesota Public Utilities Commission will make its financial decision on the project route in January, 2012. Mr. Koshire said that Xcel has done an excellent job of project communication. He also said that RPU plans to issue bonds to cover its portion of the project.

3. Mr. Stiller, Senior Electrical Engineer, informed the Board that bids were requested to repair some cracking walls on the Bamber Valley substation facility and create an access driveway. Mr. Hanson moved to approve a purchase order with the lowest responsible bidder, 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 order agreement with Bob Braaten Construction, Inc. for

Construction Services for the Bamber Valley Substation Project

The amount of the purchase order agreement to be ONE HUNDRED AND FIVE THOUSAND SEVEN HUNDRED AND 00/100 DOLLARS (\$105,700.00) with a contingency amount of \$15,000, for a not to exceed project cost of \$120,700.00, and Bob Braaten Construction, Inc. being lowest responsible bidder.

4. Ms. Hanson, Manager of Marketing and External Affairs, and Mr. Benson, Communications Coordinator, distributed a copy of the proposed customer newsletter "RPU Plugged In" to the Board. This will take the place of the "Links" newsletter. The format was created as a result of multiple customer focus group feedback received and the need to better communicate information about RPU's programs and activities to our customers. This new monthly newsletter will be a direct mail piece to all RPU customers and will be available on the RPU website and FACEBOOK page. It is scheduled to be released in September. The Board concurred with staff's involvement in the new project. Mr. Williams said, *"This will take a lot of work, but it's what our customers asked for."*
5. Ms. Judy Anderson and Mr. Mike Heppelmann, Senior Financial Analysts, provided the Board with a second quarter financial update for the electric and water utilities.
6. The General Manager provided the following report to the Board:
 - a. Mr. Koshire said there would be an informal planning meeting following the August 30 board meeting.
 - b. Mr. Steve Munson, Facilities Supervisor, was introduced to the Board.
 - c. RPU set two new system demand electrical peaks recently at 291 megawatts and 292 megawatts. This was above the last peak set in 2006.
 - d. Mr. Bob Cooke, RPU Safety Manager, provided the following safety update to the Board:
 - The safety recordable incident rate benchmark was described.
 - Employees at the Silver Lake Plant have worked 100,000 hours without injury or accidents.
 - The safety teams have been restructured functionally to facilitate communication and safe working practices. An incident review team is now in place. Drill schedules have been prepared. The message of safety being everyone's responsibility has been communicated throughout the utility by using the theme of "Do No Harm to Self, Co-Workers or the Public." Mr. Cooke also said that the Board may want to consider adopting a safety resolution or policy as some other organizations have done. Mr. Browning and Mr. Williams said they were in favor of a Board policy on safety. Mr. Williams congratulated Silver Lake Plant personnel for their safety record.
7. The management and financial reports were discussed. Mr. Reichert moved to approve the accounts payable, seconded by Mr. Hanson. Mr. Williams asked that the approval of accounts payable be moved to other action items on the board agenda in the future.

All voting "AYE"

8. Mr. Hanson moved to adjourn the meeting, seconded by Mr. Reichert.

All voting "AYE"

The meeting adjourned at 5:30 p.m.

Submitted by:

Kathleen Wilson
Secretary

Approved by the Board:

Jerry Williams
Board President
8/30/11
Date