

ROCHESTER PUBLIC UTILITIES
BOARD MEETING MINUTES
November 27, 2012

Members Present: Mr. Williams, Mr. Reichert, Mr. Stahl, and Mr. Browning
Absent: Mr. Wojcik
Also Present: Mr. Goslee, Deputy 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 13, 2012 meeting, seconded by Mr. Browning.

All voting "AYE"

2. Mr. Stahl moved to approve the accounts payable, seconded by Mr. Reichert.

All voting "AYE"

3. Mr. Williams opened the meeting for comments from the public. Ms. Tompkins, Manager of Customer Relations, introduced two Customer Service Representatives, Briana and Mikki, to the Board. No one else wished to be heard.

4. The bids received for 161kV disconnect switches at the Northern Hills Substation were discussed. Mr. Kotschevar, Director of Core Services, said the bids were within the estimate and approved in the budget. Mr. Koshire said the switches are needed for preliminary work for the CapX2020 transmission project. Mr. Stahl moved to reject the bid from Alstom Grid and approve the bid from Hubbell Power Systems, Inc., seconded by Mr. Browning.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to reject the bid from Alstom Grid for 161 kV Disconnect Switches for failure to provide a bid bond.

BE IT FURTHER RESOLVED by the Board to approve a purchase order agreement with Hubbell Power Systems Inc. for

161 kV Disconnect Switches – Northern Hills Substation

The amount of the purchase order agreement to be ONE HUNDRED SEVENTEEN THOUSAND SEVEN HUNDRED TEN AND 00/100 DOLLARS (\$117,710.00), and Hubbell Power Systems Inc. being lowest responsible bidder.

5. Mr. Koshire had the following report for the Board:
- a. Ms. Parker said that RPU is working on a refunding of the 2002 Electric Utility Revenue Bonds with a net present value savings of \$337,000. The Board would need to approve the refunding at its December 11 meeting, and the Council would need to authorize the sale at its December 17. Once approved, the Board would need a special meeting in January to consent to the terms of the Bond Resolution. The Council would be asked to consider and award the bonds at its January 23 Council meeting. She also said that US Bank would like to set up a program for financing CapX with RPU. More information will be furnished to the Board at a future meeting.
 - b. Mr. Matt Tupper, RPU First Class Lineworker, appeared before the Board to discuss the Hurricane Sandy relief efforts. He and Bjorn Olson volunteered for the mutual aid request from Long Island Power Authority (LIPA). Over 6,000 line workers from all over the country were involved in these efforts. Approximately 642,000 customers remained without power as of Friday morning, November 2. A total of nine Minnesota municipal utilities responded to the request. The Minnesota Municipal Utilities Association (MMUA) coordinated the effort. It took the Minnesota crews two days to get there. They remained there for ten days.
 - c. Mr. Kotschevar, Director of Core Services, provided the following update on RPU's emergency preparedness to the Board:
 - An Emergency Response Handbook put together by RPU's executive team and managers contains a variety of procedures for handling emergencies.
 - Approximately 20 annual drills are conducted to familiarize employees with emergency response procedures.
 - The Emergency Preparedness and Oversight Team (EPOT) convenes during an emergency.
 - RPU follows the National Incident Management System (NIMS) approach to incident management which is applicable to all jurisdictional levels and across functional disciplines.
 - RPU also coordinates its emergency response through the City of Rochester's Emergency Operations Plan.
 - RPU has mutual aid agreements with MMUA and the American Public Power Association (APPA).
 - As part of its planning for sheltering in place, RPU has pre-stocked supplies in its warehouse.
 - RPU has its own Continuity of Operations Plan (COOP) in the event of a disaster lasting several days or months.
 - A two day Regional Power Restoration Drill is conducted annually with the Midwest Independent System Operator (MISO).
 - RPU is committed to its infrastructure investment. The CapX2020 transmission project is a good example of this.

- RPU is currently preparing a pilot mobile technology project for field crews.

Mr. Koshire said that approximately 65% of RPU’s system is underground which makes it less susceptible to damage.

- d. Mr. Koshire said that a contractor has been surveying the Saint Marys’ reservoir site. According to the contractor, the work for the new reservoir could be done in a relatively short period of time.
- e. Mr. Kotschevar informed the Board that the final contracts and documents for the CapX2020 transmission are completed. The Board will be asked to approve them for RPU’s 9% participation level at their December 11 meeting. Mr. Williams requested two or three sentences summarizing each agreement with Mr. Adkins’ concurrence in order to vote on the matter. Mr. Browning asked about protection for minority owners, how RPU’s risks are minimized, and whether a sunset clause exists if RPU wishes to get out of the agreement. Mr. Reichert wanted to know about cash flow projections. Mr. Williams said he wants to know the impacts on RPU. Mr. Kotschevar said he would request summary points from Mr. Eric Swanson, Winthrop & Weinstine.
- f. Mr. Koshire said the Southern Minnesota Municipal Power Agency (SMMPA), RPU’s wholesale supplier, has been doing an analysis on the impact of CapX on its 2030 members. The net present value savings of the SMMPA investment is 94%. This means that this investment will come back to its members by 2030. RPU is comfortable in voting for this based on SMMPA’s analysis.

- 6. The management and financial reports were discussed.
- 7. Mr. Reichert moved to adjourn the meeting, seconded by Mr. Stahl.

All voting “AYE”

The meeting adjourned at 4:45 p.m.

Submitted by:

Kathleen Wilson
Secretary

Approved by the Board:

Joseph Williams
Board President

12/11/12
Date