

FOR BOARD ACTION

Agenda Item # 8

Meeting Date: 3/29/05

SUBJECT:

Discussion of Gas Utility Interest

PREPARED BY:

Larry Koshire, General Manager

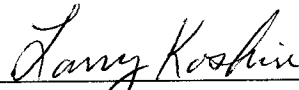
ITEM DESCRIPTION:

From time to time over the years, the City and RPU have discussed the concept of RPU getting into the gas distribution business. Recently the local distribution provider has announced its intention to seek bids for sale of its gas assets in Minnesota and other states in the Midwest. This raises the question of what RPU's interest may be in pursuing those assets in Rochester.

We have had discussions with some municipals throughout Minnesota who are served by Aquila, in determining what interests they may have in acquiring these assets. We also discussed the potential for some type of joint effort in sharing the costs for a consultant to advise us on how we might proceed. However, before RPU puts any effort into exploring this as a possibility, we would like to have some discussion and feedback from the Board and eventually the Council regarding their desire to put forth effort in exploring the possibility of developing a gas utility. We look forward to discussing this with the Board at our Tuesday meeting.

UTILITY BOARD ACTION REQUESTED:

No action required. This is a discussion item.


General Manager

3/24/05
Date

ROCHESTER PUBLIC UTILITIES