

FOR BOARD ACTION

Agenda Item # 10

Meeting Date: 11/24/09

SUBJECT: Addendum No. 4 to the Participation Sales Agreement between the City of Rochester and Minnesota Municipal Power Agency

PREPARED BY: Jeremy Sutton, Manager of Portfolio Optimization

ITEM DESCRIPTION:

This addendum is to continue the current sale of capacity dated November 1, 2008 through October 31, 2009. This addendum is necessary to maintain a transmission path from RPU generation sources to MMPA. The current market conditions are such that capacity has dropped significantly within the last year. A recent capacity auction in MISO recorded prices as low as \$0.75 per MW month. Keeping this capacity agreement open by garnering MAPPCOR approval will position us for future opportunities if the market returns.

- Establish a capacity sale of 15,000 kW for a period of November 1, 2009 through October 31, 2010 for the amount of \$100

FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

Not Applicable

UTILITY BOARD ACTION REQUESTED:

Staff recommends that the Board approve a resolution requesting the Mayor to approve Addendum No. 4 to the Participation Sales Agreement between the City of Rochester and the Minnesota Municipal Power Agency, and request the Mayor and City Clerk to execute the Addendum.


General Manager


Date

ROCHESTER PUBLIC UTILITIES

ADDENDUM No. 4
To the
PARTICIPATION SALES AGREEMENT
Between
THE CITY OF ROCHESTER
And
MINNESOTA MUNICIPAL POWER AGENCY

THIS AGREEMENT is made and entered into this 1st day of Nov., 2009, by and between Minnesota Municipal Power Agency ("MMPA"), a Minnesota municipal corporation, its successors and assigns; and the City of Rochester, Minnesota ("the City"), a Minnesota municipal corporation, its successors and assigns. Both MMPA and the City are sometimes hereinafter referred to individually as a "Party" and collectively as "Parties".

WITNESSETH:

WHEREAS, on June 19, 1992, the Parties entered into a Participation Sales Agreement, dated June 19, 1992 (the "1992 Agreement"), and

WHEREAS, the Parties now wish to set forth the terms for a capacity purchase,

NOW THEREFORE, in consideration of the premises and mutual agreements and covenants contained herein, the legal sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Capacity Purchase:** MMPA will purchase a net of 15 MW of Silver Lake capacity for the period 11-01-09 through 10-31-10. The form of the purchase will be a 50 MW purchase by MMPA and 35 MW sale back to RPU in the same fashion as the capacity transaction under Addendum No 3 to the Participation Sales Agreement between RPU and MMPA dated 10-21-08.
2. **Approval:** This Capacity Purchase is subject to board approval of RPU.
3. **Compensation:** In addition to other good and valuable consideration, MMPA will make a payment of \$100 to RPU within 30 days of receipt of RPU board approval.
4. **Delivery Points:** The parties will deliver capacity to each other at the same delivery points used in the capacity transaction under Addendum No 3 to the Participation Sales Agreement between RPU and MMPA dated 10-21-08.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed the day and year first above written.

MINNESOTA MUNICIPAL POWER AGENCY

By: Joan V. Fuller
Title: Vice President Operations, Ameri Energy, Inc, agent
Date: 10-29-09

ROCHESTER PUBLIC UTILITIES

By: Walter D. Johnson
Title: Director of Power Resources
Date: 10-30-09



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve Addendum No. 4 to the Participation Sales Agreement with the Minnesota Municipal Power Agency (MMPA) and to request the Mayor and the City Clerk to execute the Addendum.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 24th day of November, 2009.

President

Secretary