

## FOR BOARD ACTION

Agenda Item # 6

Meeting Date:

03/30/10

**SUBJECT:** Addendum No. 5 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 purchase back capacity to cover RPU's requirement. MISO capacity from Silver Lake Plant was reduced more than expected utilizing a new methodology. The 20 MW reduction places RPU at a small risk of being short capacity in the event load were to exceed projections for 2010 summer season. The purchase of capacity is cheap insurance given that MISO penalties are around \$80,000 per MW short.

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

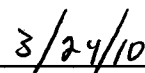
FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

Not Applicable

UTILITY BOARD ACTION REQUESTED:

Management recommends that the Board approve a resolution requesting the Mayor to approve Addendum No. 5 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. 5**  
**To the**  
**PARTICIPATION SALES AGREEMENT**  
**Between**

**THE CITY OF ROCHESTER**  
**And**  
**MINNESOTA MUNICIPAL POWER AGENCY**

**THIS AGREEMENT** is made and entered into this 18<sup>th</sup> day of March, 2010, 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:** RPU will purchase 15 MW of Silver Lake capacity for the period 05-01-10 through 10-31-10.
2. **Approval:** This Capacity Purchase is subject to board approval of RPU.
3. **Compensation:** In addition to other good and valuable consideration, RPU will make a payment of \$100 to MMPA 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: Joseph V. Sullivan  
Title: Vice President Operations and for MMPA.  
Date: 3-18-10

**ROCHESTER PUBLIC UTILITIES**

By: William D. Schell  
Title: Director of Power Resources  
Date: 3-22-10



## RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve Addendum No. 5 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 30<sup>th</sup> day of March, 2010.

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President

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Secretary