

ROCHESTER PUBLIC UTILITIES  
BOARD MEETING MINUTES  
March 29, 2005

Members Present: Mr. Landwehr, Ms. Parker, Mr. Jibben, Mr. Hanson  
Absent: Mr. Utz  
Also Present: Mr. Adkins, City Attorney

Board President Landwehr called the meeting to order at 4:00 p.m.

1. Ms. Parker moved to approve the minutes of the February 22, 2005 meeting, seconded by Mr. Jibben.

All voting "AYE"

2. Ms. Parker moved to approve the accounts payable report, seconded by Mr. Hanson.

All voting "AYE"

3. Mr. Landwehr opened the meeting for comments from the public. No one wished to be heard.

4. Mr. Lorber, RPU Director of Core Services, provided a preliminary business assessment and discussed some of the risks associated with Broadband over Power Lines (BPL) implementation. RPU staff believes it would be appropriate to solicit proposals and negotiate leasing terms with a vendor. There are currently 40 BPL trials in the United States. Any vendor selected would have to provide proof of compliance with FCC regulations. A representative from the Rochester Amateur Radio Club has volunteered to help with the FCC testing. The role of RPU would be as a landlord in leasing the use of its electrical lines and as a contractor for maintenance. Mr. Lorber stated that RPU is not getting into the communications business. The Board was asked to approve advertising for proposals to lease the City's electric distribution system under an agreement that would allow a vendor to install a BPL communications network for use by the vendor in the deployment of commercial services and that would also be available to the City for electric and water utility operations. Mr. Hanson moved to approve advertising for proposals, seconded by Mr. Jibben.

All voting "AYE"

5. The bids received for water storage tank repair/repainting were reviewed. One of the bidders selected the wrong paint and requested that their bid be rejected by the Board. If the Board rejects the bid, this would make Maguire Iron the lowest responsible bidder. Mr. Jibben moved to reject the bid from Tenyer Coatings, Inc. at Tenyer's request, and approve a contract with Maguire Iron, Inc., seconded by Ms. Parker.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, to reject the bid received from Tenyer Coatings, Inc. at Tenyer Coatings' request due to an error in the bid price.

BE IT FURTHER RESOLVED by the Public Utility Board to approve a contract agreement with Maguire Iron, Inc. and request the Mayor and City Clerk to execute the agreement for:

WATER STORAGE TANK REPAIR / REPAINTING  
(500,000 gallon Apache Tower)  
(300,000 gallon Baihly High Level Tower)

The amount of the contract agreement to be ONE HUNDRED TWENTY-THREE THOUSAND SEVEN HUNDRED FIVE AND 00/100 DOLLARS (\$123,705.00) and Maguire Iron, Inc. being the lowest responsible bidder.

6. Ms. Parker moved to approve a purchase order agreement with Ziegler, Inc. for one budgeted tractor loader backhoe off the state contract, seconded by Mr. Hanson.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a purchase order agreement with Ziegler, Inc. for

One Model 446D Caterpillar Tractor Loader Backhoe  
Minnesota State Contract #433882

The amount of the purchase order agreement to be ONE HUNDRED TWELVE THOUSAND THREE HUNDRED SIXTY-SIX DOLLARS AND NO/100 (\$112,366.00) plus sales tax and Ziegler, Inc. being lowest responsible bidder.

- 7.a. Two contracts with the Minnesota Municipal Power Agency (MMPA) were discussed. Effective November 1, 2005, 50MW of capacity at the Silver Lake Plant (SLP) will become available to RPU. RPU would like to execute a sales agreement for the capacity; a revenue stream for RPU and the establishment of transmission rights from the SLP to the transmission grid for both RPU and MMPA. Per Mr. Schlink, Director of Power Resources, the establishment of the Midwest Independent System Operator (MISO) and the start of operation under that system beginning April 1, 2005 make it critical that access to the rest of the grid is established for both organizations. In the first agreement, the revenue generated by the sale of SLP capacity from RPU to MMPA is \$1,012,500 for the period November 1, 2005 through October 31, 2006. In the second agreement, the cost of capacity purchased by RPU from MMPA is \$202,500 for the same period. Mr. Hanson moved to approve both agreements, seconded by Mr. Jibben.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Common Council of the said City is requested to approve two Confirmation Agreements with the Minnesota Municipal Power Agency, and that the Common Council authorize the Mayor and City Clerk execute the agreements for

Confirmation Agreement – Sale of Capacity (50 MW)  
Confirmation Agreement – Purchase of Capacity (10 MW)

The contract term to be November 1, 2005 through October 31, 2006 with renewal options as specified in the Agreements.

- 7.b. Mr. Jibben moved to approve the Highway 63 Project Mn/DOT Contract No. 87894 for reimbursement to RPU for cable relocation, seconded by Ms. Parker.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a Relocation Agreement contract and request the Mayor and City Clerk to execute the agreement for:

Highway 63 Project Mn/DOT Contract No. 87894

The amount of the Relocation Agreement to be FOUR THOUSAND NINE HUNDRED NINETY NINE AND 99/100 DOLLARS (\$4,999.99)

8. Mr. Koshire informed the Board that Aquila had recently announced it plans to sell assets in a four or five state area. He has discussed this matter with the Minnesota Municipal Utilities Association (MMUA). Mr. Koshire also said that if the Board is interested in pursuing this further, RPU probably could combine with other utilities in some type of consortium. Aquila has issued a request for proposals which are due in June. Aquila hopes to make a decision on which assets to sell sometime in September. Mr. Rory Lenton, Aquila, was also present during the discussion. He informed the Board that Mr. Green, owner of Aquila, does not wish to break up the current state boundaries into smaller regions. The Board directed staff to continue to review the matter with the state association. Mr. Koshire said the results would be reported back to the Board.
9. The General Manager provided the following report:
- a. Phone training is almost complete for the new phone system being implemented at RPU on April 1.
  - b. Also on April 1, MISO Day 2 begins with MISO members to bid their load into the next-day market. It is not known what impact this will have on market prices.
  - c. Bond money in the amount of \$2.4 million was received from the Midwest Consortium of Municipal Utilities bond pool.
  - d. Mr. Koshire has received a request from the Minnesota Pollution Control Agency

Commissioner for RPU to sponsor filters for 10 City of Rochester buses at the cost of \$1,500 per bus to reduce the level of air pollution. RPU staff feels that this is something RPU could do for the community, and the Board concurred.

- e. Mr. Koshire reminded the Board that there would be a public meeting at 7:00 p.m. following the regular Board meeting. The public meeting was previously announced and noticed.

- 10. The management/financial reports were discussed. It was noted that water utility sales were down in all categories which staff is reviewing.

11. Other Business:

- a. Introduced during the meeting was a For Board Action form requesting Board approval for the replacement of the HVAC control system at the RPU Service Center. Funding for Phase 1 of this project would come from the contingency fund which is part of the 2005 approved budget. Mr. Hanson moved to approve the replacement, seconded by Ms. Parker.

All voting "AYE"

- b. Mr. Jibben described a University of Minnesota-Duluth mineral research project which is supposedly effective in removing mercury. The Board requested that the project be presented at a future Board meeting for further discussion.

- 12. Ms. Parker moved to adjourn the meeting, seconded by Mr. Hanson

All voting "AYE"

The meeting was adjourned at 5:35 p.m.

Submitted by:

*Kathleen Wilson*  
Secretary

Approved by the Board:

*R. Sandwick*  
Board President

4-26-05  
Date