

ROCHESTER PUBLIC UTILITIES  
BOARD MEETING MINUTES  
June 28, 2005

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

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

1. Mr. Utz moved to approve the minutes of the May 31, 2005 meeting, seconded by Mr. Hanson.

All voting "AYE"

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

All voting "AYE"

3. The Board recognized Mr. Roger Traverse, RPU Electric Construction Supervisor, for his 32 years of service to the community. Mr. Traverse will be retiring at the end of the month. He was originally hired in 1968 when RPU had 18,000 customers and only one bucket truck.

The Board congratulated Mr. Koshire, RPU General Manager, for receiving the American Public Power Association's (APPA) 2005 Harold Kramer-John Preston Personal Service Award. Mr. Koshire was one of three people receiving the award nationally.

4. Mr. Landwehr opened the meeting for comments from the public. No one wished to be heard.
5. The proposed overtime settlement with IBEW, Local 949, was discussed. Mr. Koshire recommended approval because it represented a good economic decision for all parties. Mr. Hanson moved to approve the agreement, seconded by Mr. Utz.

All voting "AYE"

BE II RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Common Council of the said City is requested to approve a Letter of Agreement dated June 17, 2005 with IBEW Local 949 for

Stand-By Related Over-Time Payments - FLSA

6. The proposed revision to the RPU Board Cash Reserve Policy was discussed. The policy revisions were also discussed at the May board meeting. One of the revisions included a title change to "Financial Liquidity Policy." Mr. Landwehr stated that Ms. Parker was

very much in favor of the change. Mr. Utz moved to approve the policy, seconded by Mr. Hanson.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve revisions to the Board Policy Statement entitled

RPU Financial Liquidity Policy

7. Revisions to the Purchased Power Adjustment Clause (PPAC) were discussed. When the annual RPU budget is prepared, assumptions regarding power supply costs are made and rate setting decisions are made based on these assumptions. The PPAC is calculated by adding an energy cost factor, demand cost factor, and recovery adjustment factor together and subtracting a base factor. Annually the factors used in the PPAC are updated. Mr. Hanson moved to approve the proposed changes to the PPAC effective July 1, 2005, seconded by Mr. Utz.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve revisions to the Purchased Power Adjustment Clause effective July 1, 2005.

8. The agreement for replacement antennas at eight RPU sites was discussed. Qwest Wireless recently sold its wireless communications assets to Verizon Wireless. Verizon is in the process of removing all Qwest equipment and has requested approval to install upgraded replacement wireless communications equipment at eight former Qwest Wireless sites. Mr. Adkins said the agreement was generally the same as RPU's other lease agreements. Mr. Rovang, RPU Senior Civil Engineer, said that because of the changes requested by Verizon, staff recommended that the old agreement be voided out. Mr. Utz moved to approve termination of the Qwest Wireless site agreements and approval of the new Site Agreement with Verizon Wireless, seconded by Mr. Hanson.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve termination of the existing Site Agreements and Amendments assigned, effective March 4, 2005, from Qwest Wireless to Verizon Wireless (VAW) LLC d/b/a Verizon Wireless, to approve the attached Site Agreement with Verizon Wireless (VAW) LLC d/b/a Verizon Wireless for installing wireless communications facilities at the eight former Qwest Wireless sites with 2005 rent at each site of Twelve Thousand Two Hundred and No/100 Dollars (\$12,200.00) (prorated for the actual number of months each installation is in service during 2005) with annual adjustments thereafter based on the annual change in the CPI-U, and to request that the Mayor and the City Clerk execute the Site Agreement for

Antennas and Appurtenant Equipment for Wireless Communications Facilities at the following sites:

John Adams Water Tower  
Willow High Water Tower  
Viola Water Tower  
Airport Water Tower

Apache Water Tower  
Country Club Manor Standpipe  
Southeast Water Tower  
Parcel at Silver Lake Power Plant

- 9. The General Manager provided the following report to the Board:
  - a. With the hot weather, RPU was near an electric system load peak of 256 MW. The actual peak was set at 262 MW in 2003. When the load is over 216 MW, RPU uses its gas turbine.
  - b. A lawsuit was filed against the Southern Minnesota Municipal Power Agency in Olmsted County District Court by RPU for breach of contract and declaratory relief.
  - c. A consortium of municipal utilities submitted a non-binding bid for Aquila's gas assets. Phase 2 of this process will be due diligence with bid bond for the bidders selected by Aquila.
  - d. RPU staff was commended for their volunteer efforts during the Rochesterfest celebration.
- 10. The management/financial reports were discussed.
- 11. Mr. Utz moved to adjourn the meeting, seconded by Mr. Hanson.

All voting "AYE"

The meeting was adjourned at 4:45 p.m.

Submitted by:

Kathleen Wilson  
Secretary

Approved by the Board:

R. Sandwick  
Board President

7-26-05  
Date