



Rochester Public Utilities

Board Meeting Packet

January 28, 2014

ROCHESTER PUBLIC UTILITIES BOARD

MEETING AGENDA –January 28, 2014

RPU SERVICE CENTER
4000 EAST RIVER ROAD NE
ROCHESTER, MN 55906

4:00 PM

1. Election of Officers
 - a. Election of Board President
 - b. Appointment of Board Secretary
 - c. Assignment of Board Responsibilities by President
2. Approval of Minutes of January 14, 2014 Meeting
3. Approval of Accounts Payable

NEW BUSINESS

4. Open Comment Period

(This agenda section is for the purpose of allowing citizens to address the Utility Board. Comments are limited to 4 minutes, total comment period limited to 15 minutes. Any speakers not having the opportunity to be heard will be the first to present at the next Board meeting.)

5. Consideration of Bids:
 - a. Lump Sum Tree Trimming
 - b. Purchase of Ariel Bucket trucks
 - c. Purchase of two Freightliner Chassis
6. GASB 65/62 Implementation Resolution
7. High Efficiency HVAC Rate Requirements
8. Municipal Water Supply Source Sustainability Evaluation
9. Restated Interchange and Interconnection Agreement
10. Steam Sale Agreement
11. Approval of Revised General Manager Job Description
12. General Manager Hiring process update
13. Silver Lake Plant- Asbestos Remediation Update

CONTINUED ON NEXT PAGE

14. Balance of Load and Resources Update
15. General Managers Report
16. Management Reports
17. Other Business
18. Adjourn

* *Study Session immediately following the Board meeting**

*The agenda and board packet for Utility Board meetings are available on-line
at www.rpu.org and <http://rochestercitymn.iqm2.com/Citizens/Default.aspx>*

ROCHESTER PUBLIC UTILITIES
SPECIAL BOARD MEETING MINUTES
January 14, 2014

Members Present: Mr. Williams, Mr. Stahl, Mr. Reichert, Mr. Wojcik and Mr. Browning
Absent: None
Also Present: Terry Adkins, City Attorney

Board President Williams called the meeting to order at 4:00 PM.

1. Mr. Wojcik moved to approve the minutes of the November 26, 2013 meeting, seconded by Mr. Browning.

All voting "AYE"

2. President Williams opened up the discussion regarding the hiring process of the new General Manager with 3 options:

1. Hire a search firm
2. Search coordinated with City Human Resources, Board still involved
3. Board coordinates search in a public meeting environment

The following board comments were made:

- Mr. Wojcik was confident that the City HR staff could lead the search; they have been through the effort twice in recent months filling two leadership positions.
- Mr. Reichert referenced two other utility companies that had led searches using a search firm
- Mr. Browning is confident that Rochester will attract strong candidates
- Mr. Stahl suggested removing option #3 and also has confidence with City HR, and Board involvement. He also suggested that we could investigate a search firm for back up.
- President Williams talked to APPA and learned there are few open positions of this kind, and was asked if our HR department had the resources to do the search. We also can use MMUA & APPA resources and advertising both online and in print publications.
- Linda Hillenbrand explained the process, timeline and board involvement the HR department would be using for the search which averages between 2 ½-4 ½ months until start date.

President Williams would like to gather input from Employees as to what the qualities and expectations they would like in the next General Manager.

There will be a General Manager hiring update on upcoming agendas until the position is filled.

The January 28th agenda will include the job description for board approval.

Mr. Wojcik motioned to fill the General Manager position using option number 2, coordinating with the City Human Resource department, with the final hiring decision made by the board, seconded by Mr. Stahl.

All voting "AYE"

3. Mr. Stahl moved to adjourn the meeting at 5:00 PM, seconded by Mr. Reichert.

All voting "AYE"

Submitted by:

Secretary

Approved by the Board:

Board President

Date

UNAPPROVED

ROCHESTER PUBLIC UTILITIES

A/P Board Listing By Dollar Range

For 12/11/2013 To 01/14/2014

Consolidated & Summarized Below 1,000

Greater than 50,000 :

1			
2			
3	SOUTHERN MN MUNICIPAL POWER A	Monthly Billing	7,293,896.63
4	XCEL ENERGY CORP	CapX - LaCrosse Project CMA	897,985.38
5	MN DEPT OF REVENUE	Nov Sales and Use Tax	395,076.21
6	CONSTELLATION NEWENERGY-GAS D	SLP Pilot and Boiler Gas	236,973.66
7	CITY OF ROCHESTER	2nd St SW (18-23 Ave)	200,233.75
8	WRIGHT TREE SERVICE INC	Lump Sum Tree Trimming 905B	189,061.28
9	MASTEC INC	2013 Directional Boring/Misc Excavation	189,057.28
10	ASSISI HEIGHTS CONVENT	*CIP - Renewables	150,000.00
11	MASTEC INC	2-2" Conduits installed	136,425.00
12	SAP PUBLIC SERVICES INC	2014 SAP Enterprise Support	118,723.67
13	CITY OF ROCHESTER	2nd St NW (11-12 Ave) Ph 2	108,329.98
14	CITY OF ROCHESTER	Badger Hills Dr NW Ph a	81,374.00
15	CONSTELLATION NEWENERGY-GAS D	Gas at Cascade Creek	60,924.33
16	WESCO DISTRIBUTION INC	Trans, PM, 3ph, 1000kVA, 13.8/8, 480/277	60,246.98
17	CITY OF ROCHESTER	1st Ave, 6th St & 2nd Ave SW Ph 2	56,739.90
18	M A P P C O R	Tariff service/transmission/reliability/	54,929.91
19	A B B INC	161kV Circuit Breaker	51,850.41
20			
21		Price Range Total:	10,281,828.37
22			

5,000 to 50,000 :

23			
24			
25	PEOPLES ENERGY COOPERATIVE	Services Compensable, 12/1/2013-12/31/20	44,805.91
26	BILLTRUST dba	Credit Card/Billing/Mailing/IVR Services	40,338.62
27	ROCH AREA ECONOMIC DEVELOPMEN	2014 Membership Dues	40,000.00
28	PERCEPTIVE SOFTWARE USA INC	2014 ImageNow Software Maintenance	38,841.83
29	SOVRAN INC	Equallogic Contract	38,608.18
30	OPOWER INC	2013 Home Energy Reports	38,000.00
31	DN TANKS INC	3.3 Mil Gal Reservoir Project - Phase 2	36,418.70
32	WESCO DISTRIBUTION INC	Trans, PM, 3ph, 750kVA, 13.8/8, 480/277	35,939.41
33	WESCO DISTRIBUTION INC	Trans, PM, 3ph, 300kVA, 13.8/8, 208/120	32,900.55
34	MAYO FOUNDATION	CIP Conserve & Save Rebates	29,606.07
35	CITY OF ROCHESTER	10th Ave SE Bridge	28,533.10
36	BERGERSON CASWELL INC	Pump Replacement Well #22	26,570.00
37	CITY OF ROCHESTER	2013 Street Patching	25,482.12
38	RESCO	Switch, PM, Air, 3PH, 2-600SW/2-200F PSE	24,974.55
39	WESCO DISTRIBUTION INC	Wire, AL, 15kV, 4/0 Str, 1/C, Jkt, 220m	24,762.73
40	BOB BRAATEN CONSTRUCTION INC	Expand yard, regrade S hillside	24,090.00
41	BERGERSON CASWELL INC	Pump Replacement Well #34	23,995.00
42	DOYLE CONNER CO INC (P)	Concrete Project	23,681.00
43	KNUTSON CONSTRUCTION SERVICES	Change Order	23,637.00
44	CONSTELLATION NEWENERGY-GAS D	Cascade Creek Gas	22,893.60
45	WRIGHT TREE SERVICE INC	2013 Hourly Tree Contract	22,345.18
46	MN DEPT OF COMMERCE	CIP Permitting 3rd Qtr 2014	20,773.26
47	MENARDS	Oversize Water Main Reimbursement, Menar	20,748.86
48	KEMA SERVICES INC	Prof Serv - SCADA Upgrade	20,000.00

ROCHESTER PUBLIC UTILITIES

A/P Board Listing By Dollar Range

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49	ALSTOM GRID INC (SERVICES)	Mechanism 1410865 Areva BV,CC,CH,NH,ZR	19,611.56
50	AXON SOLUTIONS INC	2013 Support Agreement	19,144.00
51	ENVENTIS TELECOM INC	2014 Diagenix Annual Main and Support	18,667.19
52	CDW GOVERNMENT INC	CISCO 24 port switch	18,477.62
53	CITY OF ROCHESTER	65th St NW Interchange	18,051.07
54	E H RENNER & SONS INC	Drilling of Well #41	17,725.34
55	UTILX CORPORATION	Inject Single Phase 1/0 XLPE Cable	17,674.45
56	BAKER TILLY VIRCHOW KRAUSE LL	2013 Audit Fees	17,500.00
57	DLT SOLUTIONS, LLC	2014-2017 AutoCad Maint Renewal	17,464.10
58	KNUTSON CONSTRUCTION SERVICES	Constr. Grading, Foundations, Fence	16,940.32
59	BEST BUY CO	CIP Conserve & Save Rebates	16,144.00
60	WELLS FARGO BANK ACCT ANALYSI	Banking Services	15,795.17
61	MAYO FOUNDATION	CIP Lighting Rebate	15,484.44
62	FRIEDRICH CONSTRUCTION INC	Catch Basin Project	15,187.75
63	BURNS & MCDONNELL INC	Engineering Services - Sub & Trans Line	14,821.78
64	FREDRICKSON & BYRON PA	MN renewable Integration & transmission	14,543.92
65	KNUTSON CONSTRUCTION SERVICES	AP Contract Retentn	14,510.00
66	UTILX CORPORATION	Testing Services	14,500.00
67	VISION COMPANIES LLC (P)	Organizational Strategy	12,900.00
68	JONES MARY	CIP Conserve & Save Rebates	12,000.00
69	ROCHESTER PUBLIC SCHOOLS	CIP Conserve & Save Rebates	11,810.00
70	MINNESOTA ENERGY RESOURCES CO	SLP Pilot and Boiler Gas	11,660.52
71	U S ALLIANCE GROUP	Credit Card Processing Fees Dec 2013	11,431.97
72	CENTURYLINK	Monthly billings	11,192.74
73	SAP PUBLIC SERVICES INC	2014 SAP TDMS Support	11,151.25
74	CITY OF ROCH-PUBLIC WORKS	CIP Conserve & Save Rebates	11,101.45
75	GLOBAL TRAINING EDGE INC	Materials to be used for implementation	11,052.05
76	OLM COUNTY PUBLIC WORKS DEPT	*Oversize Water Main Reimbursement, Olms	10,793.00
77	WATER RESEARCH FOUNDATION	Water Research Foundation Program Subscr	10,513.00
78	WESCO DISTRIBUTION INC	Trans, PM, 1ph, 15kVA, 13.8/8, 240/120	10,463.60
79	AMARIS IGNACIO	*CIP - Renewables	10,070.00
80	EXPERT INSULATION	*CIP - Renewables	10,000.00
81	T K D A	Prof Engr Design & Construction Insp Svc	9,864.17
82	THE ENERGY AUTHORITY INC	TEA Resource Fee - Dec	9,723.89
83	BADGER STATE INSPECTION LLC	T-Mobile 4G upgrade inspection on 5 site	9,686.00
84	PRATT & WHITNEY POWER SYSTEMS	Filter, Prefilter	9,145.51
85	XYLO TECHNOLOGIES INC	2013 Mark Johnson-Corp Svcs/IS	9,062.55
86	OLMSTED COUNTY	CIP Conserve & Save Rebates	8,860.50
87	ENVENTIS TELECOM INC	2014 IVR Application Support Services	8,731.43
88	ROCHESTER FORD	CIP Conserve & Save Rebates	8,510.00
89	CITY OF ROCHESTER	CIP Conserve & Save Rebates	8,179.20
90	STEVE BENNING ELECTRIC	Installing new electric service well hou	8,104.96
91	XYLO TECHNOLOGIES INC	2013 Dominic Avila - Corp Svcs/IS	8,100.00
92	CITY OF ROCHESTER - WATER REC	CIP Conserve & Save Rebates	8,086.14
93	APACHE HOSPITALITY	CIP Conserve & Save Rebates	8,085.00
94	ARCON DEVELOPMENT	Oversize Water Main Reimbursement, Arcon	7,695.00
95	JECH EXCAVATING INC	Watermain Improvements - 3.4MG Reservoir	7,527.70
96	FREDRICKSON & BYRON PA	MN TACT Additional Assessment	7,500.00
97	TAPS-TRANS ACCESS POLICY STUD	TAPS 2014 Dues	7,500.00

ROCHESTER PUBLIC UTILITIES

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98	ALL SYSTEMS INSTALLATION INC	DR Site Cabling Voice and Data	7,196.00
99	DAKOTA SUPPLY GROUP	AMR Badger M-25 Integral	6,985.35
100	MN DEPT OF REVENUE	Nov Sales and Use Tax	6,661.93
101	ALLIED VALVE INC	U3 Mayo Steam Export Valve Repair	6,629.00
102	SOUTHERN STATES LLC	Retention Release - NorthernHills Sub	6,591.30
103	DELL MARKETING LP	OptiPlex 9020 Taxable	6,494.00
104	MAYO FOUNDATION	CIP - ECM in Refridgerated Cases	6,290.00
105	MAYO FOUNDATION	CIP - Drives	5,910.00
106	SCHWEITZER ENGINEERING LAB IN	Relay, SEL 387-5, 48V DC, Rack	5,717.81
107	COSTCO	CIP Conserve & Save Rebates	5,480.00
108	PITNEY BOWES PURCHASE POWER	Postage 11/19	5,474.42
109	FAREWAY STORES INC	CIP Conserve & Save Rebates	5,400.00
110	AMER WATER WORKS ASSN	Membership dues 1/1-12/31/2014 Doug R	5,358.00
111	DAKOTA SUPPLY GROUP	Meas. Chamber, M 25	5,186.11
112	GL NOBLE DENTON INC	2014 MiddleLink Software License	5,161.10
113	SENECA FOODS	CIP Conserve & Save Rebates	5,144.44
114	MN DEPT OF COMMERCE	Energy Facility Permitting 3rd Qtr 2014	5,002.24
115			
116		Price Range Total:	1,411,371.71
117			
118	<u>1,000 to 5,000 :</u>		
119			
120	PLC ENGINEERING	Lighting Design	4,950.00
121	SCHMIDT GOODMAN OFFICE PRODUC	Furniture for T&D Muster Room	4,881.16
122	CHARTER MEDIA	TV Commercials	4,775.00
123	MAYO CLINIC	Jim Hughes, Mayo PT, Inj Prevention/Ergo	4,375.00
124	SENECA FOODS CORP	CIP Conserve & Save Rebates	4,251.31
125	RYAN ELECTRIC OF ROCHESTER IN	Repair damaged underground cable	4,179.00
126	POWER SYSTEMS ENGINEERING INC	2013 City and Downtown Load Forecast	4,080.00
127	USTBY, TODD	Oversize Water Main Reimbursement, Todd	4,028.00
128	RANFRANZ & VINE FUNERAL HOME	CIP Conserve & Save Rebates	4,021.04
129	NALCO COMPANY	Nalco, 7293, Resin-Rinse (DEMIN)	3,991.68
130	ELECTRICAL CONSULTANTS INC (P	Engineering Services	3,958.72
131	MN SUPPLY COMPANY INC	Forks Manitou	3,936.03
132	MAYO FOUNDATION	CIP - LIGHTING	3,772.25
133	CLEAR CHANNEL BROADCASTING IN	Radio spots 136 for Dec KMFX/KRCH	3,604.00
134	KIDZIBITS LLC	Cascade Meadow project	3,512.50
135	WRIGHT TREE SERVICE INC	2014 Hourly Tree Contract	3,470.49
136	EXQUISITE LEATHER AND LUGGAGE	CIP Conserve & Save Rebates	3,463.51
137	UTILX CORPORATION	Injection Crew (2-man)	3,385.80
138	STEVE BENNING ELECTRIC	Replacement Reservoir Mixer Electr Insta	3,311.26
139	VISION COMPANIES LLC (P)	Customer Experience and I am RPU develop	3,300.00
140	ST LUKES EPISCOPAL CHURCH	CIP Conserve & Save Rebates	3,284.16
141	EXPRESS SERVICES INC	2013 Diane Bengtson - Prof Services	3,259.94
142	NALCO COMPANY	DI Vessels & Rel. Expenses (Frt,Rent,etc	3,210.00
143	D P C INDUSTRIES INC	2013 Hydrofluorosilicic Acid - Delivered	3,159.08
144	ALSTOM GRID INC (SERVICES)	Travel Expenses - Oper Mech trip	3,150.00
145	K A A L TV LLC	ad spot for December	3,030.00
146	SCHWAB VOLLHABER LUBRATT CORP	Data Aire Parts // JAT	3,016.01

ROCHESTER PUBLIC UTILITIES

A/P Board Listing By Dollar Range

For 12/11/2013 To 01/14/2014

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147	MASTEC INC	Installation of Splice Vaults	3,000.00
148	ZIEGLER INC	IBM DG Work on Saturday	2,992.50
149	BERGERSON CASWELL INC	Sand Bailing of Well #22 if required	2,990.50
150	BAIER GERALD	2013 Snow Removal Services	2,966.66
151	ITRON INC	9/1/12-8/31/13 Itron Hdwr/Software Maint	2,960.61
152	VERIZON WIRELESS	phones	2,951.31
153	AFFILIATED CREDIT SERVICES IN	2013 Third Party Collections	2,867.78
154	TSP INC	Design Services for Board Room	2,845.57
155	CRESCENT ELECTRIC SUPPLY CO	Wire, ACSR, 1/0, 6/1, XLP, Almond	2,808.83
156	BARR ENGINEERING COMPANY	2013 Engr Svcs - Hydro	2,807.00
157	ALSTOM GRID INC (SERVICES)	Labor per quote 091712	2,800.00
158	BORDER STATES ELECTRIC SUPPLY	Crossarm, Wood, Deadend, 8'	2,795.85
159	ELECTROCON INTERNATIONAL INC	2014 CAPE Software Maintenance	2,736.00
160	UTILX CORPORATION	15kV Injection Elbow	2,725.31
161	MINNESOTA ENERGY RESOURCES CO	Monthly billiing - SC	2,636.58
162	CITY OF ROCHESTER-PARK & REC	CIP Conserve & Save Rebates	2,520.00
163	SUNSTONE - KAHLER INN	CIP Conserve & Save Rebates	2,498.00
164	CRESCENT ELECTRIC SUPPLY CO	Conduit, PVC Sch 40, 5.00, 10' length	2,410.70
165	DLT SOLUTIONS, LLC	2014-2017 AutoCad Raster Design	2,355.62
166	BANKS JOSHUA C	Photography - tower cam	2,350.00
167	GUNDERSON JAMES LEE	work on pump houses	2,180.00
168	MINNESOTA ENERGY RESOURCES CO	Gas at Cascade Creek	2,173.15
169	TSP INC	A&E Design Disaster Recovery Site	2,168.56
170	D P C INDUSTRIES INC	2013 Carus 8500 Aqua Mag Kjell F35	2,153.50
171	DELL MARKETING LP	OptiPlex 9020 Non taxable	2,110.78
172	CANADIAN HONKER RESTAURANT &	Turkey buffet	2,104.37
173	MITCHELL1 dba	2014 Shopkey Pro Web & Med Truck	2,100.00
174	DELL MARKETING LP	Latitude E6530	2,094.78
175	WERNER ELECTRIC SUPPLY	Wire, Copper, 600V, #4 Str, XLP	2,094.29
176	ROCHESTER INN	CIP Conserve & Save Rebates	2,025.00
177	POWER SYSTEMS ENGINEERING INC	2013 Services related to Downtown LRP	2,019.50
178	SOMA CONSTRUCTION INC	Class 5 recycle for Dec	2,006.96
179	MASTEC INC	Installation of Pull Vaults	2,000.00
180	ALSTOM GRID INC (SERVICES)	Ship tools & test equip - Oper Mech trip	2,000.00
181	MIDWEST RENEWABLE ENERGY TRAC	Subscription Fee, 2014	2,000.00
182	ENVENTIS	Monthly billing - internet	1,988.95
183	WINKELS ELECTRIC INC	Install 4"pvc east frtage rd & 41 St NW	1,962.00
184	K & K HAULING	WA/807 8 ave se	1,950.00
185	ROCH CHAMBER OF COMM FOUNDATI	Chamber Gold Sponsorship	1,920.00
186	SCHINDLER ELEVATOR CORP	Elevator Maintenance, 5 Yr	1,894.80
187	BERGERSON CASWELL INC	Sand Bailing of Well #34 if required	1,893.00
188	ALSTOM GRID INC (SERVICES)	Part WOF5.501.22901	1,847.00
189	CROSSROADS SHOPPING CENTER	CIP Conserve & Save Rebates	1,836.00
190	STUART C IRBY CO INC	Rubber Goods Testing & Replacement	1,798.18
191	BADGER STATE INSPECTION LLC	AT&T Installation Inspections (4 Site)	1,754.00
192	BORDER STATES ELECTRIC SUPPLY	Elbow, Fiberglass, 48.0 R, 5" ID Heavy	1,733.17
193	FAIRWAY OUTDOOR FUNDING LLC	2013 Digital Billboard Contract Ext	1,733.00
194	D P C INDUSTRIES INC	2013 Chlorine, 150 lb Cyl	1,692.00
195	KEMA SERVICES INC	Prof Serv - SCADA Upgrade - Travel Exp	1,656.41

ROCHESTER PUBLIC UTILITIES

A/P Board Listing By Dollar Range

For 12/11/2013 To 01/14/2014

Consolidated & Summarized Below 1,000

196	STATE CHEMICAL SOLUTIONS	Degreaser, 68A	1,630.91
197	NETWORKFLEET INC	2013 Monthly Charge - GPS Fleet tracking	1,608.90
198	RESCO	Elbow, 15kV, 600A, NLB, 750 AL Compr, Str	1,591.37
199	INNOVATIVE OFFICE SOLUTIONS L	Paper, Copier, 8-1/2 x 11 White 20# Bond	1,556.10
200	VISION COMPANIES LLC (P)	Scada Project Oversight	1,500.00
201	CENTURYLINK	Monthly billings 12/28	1,481.08
202	PAYMENT REMITTANCE CENTER	Thermo Enviro, Pump/parts	1,472.73
203	ENVENTIS TELECOM INC	Extended hours for Labor (30.3)	1,461.60
204	ALL SYSTEMS INSTALLATION INC	Supply & Install 2nd Rack @SLP 161kV Sub	1,456.00
205	GREENWAY COOP SERVICE CO INC	#1 Diesel for blend w/tank	1,445.87
206	STUART C IRBY CO INC	Fuselink, 100E, SMU-20	1,394.72
207	STUART C IRBY CO INC	Fairmont Hydraulic Water Pump, 2"	1,388.31
208	KWIK TRIP	CIP Conserve & Save Rebates	1,366.11
209	GPM INC	Seal Kit, High Temp, P-2000 D-Sprhtr	1,347.05
210	ADVANTAGE DIST LLC (P)	Fluid refill	1,336.74
211	MADSEN BRIAN	2013 Printer Maintenance contract	1,331.66
212	CUSTOM COMMUNICATIONS INC	Service Card Readers	1,322.00
213	GALAXY COMPUTERS INC	2014 Server Maintenance	1,311.02
214	ROCCO ALTOBELLI	CIP Conserve & Save Rebates	1,306.50
215	GLOBAL STRATEGIC MANAGMENT I	Travel, Social Media Strategies Regist.,	1,300.00
216	HUDSON WORKWEAR CO INC	Face Mask, FR	1,288.00
217	THERMO FISHER SCIENTIFIC INC.	42i-LS, Cooler	1,271.81
218	ELECTRIC PUMP INC	Electric MH dewatering pump	1,261.13
219	G A ERNST & ASSOCIATES INC	NEC Audits and CFLs	1,226.00
220	MINNESOTA ENERGY RESOURCES CO	Cascade Creek Gas	1,198.43
221	RESCO	Conn, Trans, 1/0-1000, 8-Tap, Bare	1,173.49
222	TENSION ENVELOPE CORPORATION	Envelope, # 9 Remittance	1,161.33
223	SOMA CONSTRUCTION INC	Storage for Dec	1,149.72
224	UNITED RENTALS INC	Trench box rental for valve insertion	1,137.36
225	ENVENTIS TELECOM INC	Phone System Support 3 Yrs (Monthly Bill	1,135.00
226	CLIFTONLARSONALLEN LLP	Cyber Security Training	1,100.85
227	ROCH FORD TOYOTA	Parts	1,095.31
228	THOMAS TOOL & SUPPLY INC	Hammer & flat chisel	1,056.11
229	VISION COMPANIES LLC (P)	IT controls for 4th QTR	1,050.00
230	WESCO DISTRIBUTION INC	Streetworks Caretaker LED Fixture	1,050.00
231	ROCHESTER ARMORED CAR CO INC	2013/14 Pick Up Services May-April	1,041.89
232	CANNON ELECTRIC MOTOR dba	Motor Repair	1,006.88
233	THIBODEAU THOMAS	Speaking Fee, Servant Leadership	1,000.00
234	TOKAY SOFTWARE	2014 Backflow Prevention Software	1,000.00
235			
236		Price Range Total:	263,276.14
237			
238	<u>0 to 1,000 :</u>		
239	EXPRESS SERVICES INC	Summarized transactions: 48	25,046.42
240	REBATES	Summarized transactions: 61	16,844.99
241	PAYMENT REMITTANCE CENTER	Summarized transactions: 72	6,934.32
242	STUART C IRBY CO INC	Summarized transactions: 23	6,332.37
243	BORDER STATES ELECTRIC SUPPLY	Summarized transactions: 25	6,076.74
244	G & K SERVICES	Summarized transactions: 123	5,468.53

ROCHESTER PUBLIC UTILITIES

A/P Board Listing By Dollar Range

For 12/11/2013 To 01/14/2014

Consolidated & Summarized Below 1,000

245	Customer Refunds (CIS)	Summarized transactions: 49	5,375.20
246	CITY OF ROCHESTER	Summarized transactions: 38	4,630.48
247	FASTENAL COMPANY	Summarized transactions: 47	3,492.22
248	THERMO FISHER SCIENTIFIC INC.	Summarized transactions: 18	3,456.70
249	MN PIPE & EQUIPMENT	Summarized transactions: 32	3,239.31
250	CRESCENT ELECTRIC SUPPLY CO	Summarized transactions: 45	2,940.66
251	MISSISSIPPI WELDERS SUPPLY CO	Summarized transactions: 23	2,723.77
252	NAPA AUTO PARTS (P)	Summarized transactions: 63	2,685.73
253	LAWSON PRODUCTS INC (P)	Summarized transactions: 7	2,555.03
254	MASTEC INC	Summarized transactions: 16	2,355.68
255	MCMASTER CARR SUPPLY COMPANY	Summarized transactions: 13	2,209.29
256	MINNESOTA ENERGY RESOURCES CO	Summarized transactions: 7	2,139.51
257	GARCIA GRAPHICS INC	Summarized transactions: 17	2,126.72
258	MCMASTER CARR SUPPLY COMPANY	Summarized transactions: 26	2,098.90
259	WESCO DISTRIBUTION INC	Summarized transactions: 11	2,052.95
260	GREENWAY COOP SERVICE CO INC	Summarized transactions: 6	1,871.38
261	CLAREY'S SAFETY EQUIPMENT dba	Summarized transactions: 10	1,754.32
262	ZIEGLER INC	Summarized transactions: 6	1,631.94
263	POWERMATION DIVISON	Summarized transactions: 11	1,607.95
264	DAKOTA SUPPLY GROUP	Summarized transactions: 13	1,573.28
265	UNITED RENTALS INC	Summarized transactions: 11	1,555.37
266	AUTOMATIONDIRECT.COM	Summarized transactions: 5	1,470.98
267	RONCO ENGINEERING SALES INC	Summarized transactions: 11	1,468.94
268	NALCO COMPANY	Summarized transactions: 10	1,366.60
269	VIKING ELECTRIC SUPPLY INC	Summarized transactions: 22	1,315.53
270	BEHNKEN STEVEN	Summarized transactions: 7	1,287.31
271	PRATT & WHITNEY POWER SYSTEMS	Summarized transactions: 6	1,232.57
272	MN DEPT OF REVENUE	Summarized transactions: 3	1,202.81
273	SCHMIDT GOODMAN OFFICE PRODUC	Summarized transactions: 3	1,123.98
274	LINOMA SOFTWARE	Summarized transactions: 2	1,094.85
275	QUALITY OVERHEAD DOOR INC	Summarized transactions: 2	1,093.22
276	ALSTOM GRID INC (SERVICES)	Summarized transactions: 4	1,067.61
277	POSSABILITIES OF SOUTHERN MN	Summarized transactions: 2	1,060.00
278	SHERWIN WILLIAMS CO	Summarized transactions: 11	1,035.09
279	LOCATORS AND SUPPLIES	Summarized transactions: 2	1,025.08
280	METRO SALES INC	Summarized transactions: 3	1,010.10
281	CLEAR CHANNEL BROADCASTING IN	Summarized transactions: 1	954.00
282	INNOVATIVE OFFICE SOLUTIONS L	Summarized transactions: 41	922.92
283	SEEME PRODUCTIONS LLC	Summarized transactions: 1	920.00
284	ADVANTAGE DIST LLC (P)	Summarized transactions: 3	898.48
285	G A ERNST & ASSOCIATES INC	Summarized transactions: 2	893.00
286	ZEE MEDICAL SERVICE INC (P)	Summarized transactions: 3	889.79
287	MN DEPT OF REVENUE	Summarized transactions: 1	884.90
288	G & K SERVICES	Summarized transactions: 8	876.49
289	RESCO	Summarized transactions: 4	865.12
290	CRW ARCHITECTURE + DESIGN GRO	Summarized transactions: 1	860.00
291	GRAINGER INC	Summarized transactions: 9	856.39
292	CANNON ELECTRIC MOTOR dba	Summarized transactions: 1	855.00
293	ENVENTIS TELECOM INC	Summarized transactions: 1	848.40

ROCHESTER PUBLIC UTILITIES

A/P Board Listing By Dollar Range

For 12/11/2013 To 01/14/2014

Consolidated & Summarized Below 1,000

294	ROCH FORD TOYOTA	Summarized transactions: 4	845.02
295	ROCH PLUMBING & HEATING CO IN	Summarized transactions: 4	826.90
296	STEVE BENNING ELECTRIC	Summarized transactions: 1	823.09
297	ELECTRIC SCIENTIFIC CO INC	Summarized transactions: 1	816.50
298	ALL SYSTEMS INSTALLATION INC	Summarized transactions: 1	798.00
299	OPEN ACCESS TECHNOLOGY	Summarized transactions: 1	788.06
300	BARR ENGINEERING COMPANY	Summarized transactions: 1	784.00
301	MODEM EXPRESS INC	Summarized transactions: 4	765.44
302	JOHNSON PRINTING CO INC	Summarized transactions: 5	764.69
303	C C DAY COMPANY	Summarized transactions: 3	760.65
304	CENTURYLINK	Summarized transactions: 4	753.49
305	NORTH AMERICAN ENERGY MARKETS	Summarized transactions: 1	750.00
306	COURAGE CARDS	Summarized transactions: 2	734.39
307	ELECTROCON INTERNATIONAL INC	Summarized transactions: 1	731.03
308	BLACKBURN SAM	Summarized transactions: 3	726.76
309	GOSSMAN JOSEPH	Summarized transactions: 3	709.81
310	S L CONTRACTING INC	Summarized transactions: 1	705.00
311	CITY OF ROCHESTER	Summarized transactions: 4	703.30
312	HEIMER WILLIAM T	Summarized transactions: 3	692.86
313	U S A SAFETY SUPPLY	Summarized transactions: 4	690.90
314	THOMAS TOOL & SUPPLY INC	Summarized transactions: 7	688.39
315	POMPS TIRE SERVICE INC	Summarized transactions: 3	679.10
316	CENTURYLINK	Summarized transactions: 2	651.90
317	SUPERIOR COMPANIES OF MINNESO	Summarized transactions: 3	649.00
318	PAAPE ENERGY SERVICE INC	Summarized transactions: 2	644.90
319	McGRANN SHEA CARNIVAL STRAUGH	Summarized transactions: 1	620.00
320	ALTO CONSULTING & TRAINING IN	Summarized transactions: 1	600.00
321	PERFORMANCE EXCELLENCE NETWOR	Summarized transactions: 1	600.00
322	CLAREY'S SAFETY EQUIPMENT dba	Summarized transactions: 1	597.43
323	MN SUPPLY COMPANY INC	Summarized transactions: 3	592.26
324	AUTHORIZE.NET	Summarized transactions: 1	586.55
325	OSWEILER TODD	Summarized transactions: 3	586.30
326	HACH COMPANY	Summarized transactions: 3	578.81
327	HALO BRANDED SOLUTIONS	Summarized transactions: 2	550.13
328	CHARTER MEDIA	Summarized transactions: 1	550.00
329	R D O - POWERPLAN OIB	Summarized transactions: 4	549.05
330	TELEDYNE MONITOR LABS INC	Summarized transactions: 2	540.23
331	VERIZON WIRELESS	Summarized transactions: 1	512.99
332	ONLINE INFORMATION SERVICES I	Summarized transactions: 1	503.10
333	CUSTOM TRUCK BODY & EQ CO INC	Summarized transactions: 2	498.38
334	GARCIA GRAPHICS INC	Summarized transactions: 2	495.00
335	ROCH SAND & GRAVEL INC	Summarized transactions: 1	486.80
336	MSC INDUSTRIAL SUPPLY CO INC	Summarized transactions: 22	483.17
337	MENARDS ROCHESTER NORTH	Summarized transactions: 10	481.47
338	INGERSOLL RAND COMPANY	Summarized transactions: 5	478.11
339	RONCO ENGINEERING SALES INC	Summarized transactions: 4	461.68
340	JETTER CLEAN INC	Summarized transactions: 3	450.00
341	ULTEIG ENGINEERS INC	Summarized transactions: 1	444.50
342	MENARDS ROCHESTER NORTH	Summarized transactions: 9	418.45

ROCHESTER PUBLIC UTILITIES

A/P Board Listing By Dollar Range

For 12/11/2013 To 01/14/2014

Consolidated & Summarized Below 1,000

343	MAJERUS WILLIAM	Summarized transactions: 2	416.00
344	BAUER BUILT INC (P)	Summarized transactions: 2	414.93
345	WRIGHTS SMALL ENGINE SERVICE	Summarized transactions: 5	407.70
346	PAULS LOCK & KEY SHOP INC	Summarized transactions: 2	402.06
347	REBATES	Summarized transactions: 4	400.00
348	WOODRUFF COMPANY	Summarized transactions: 6	399.91
349	WILLIAMS JERRY	Summarized transactions: 4	399.83
350	DANIEL DECOOK SAND & GRAVEL L	Summarized transactions: 1	395.38
351	ARNOLDS SUPPLY & KLEENIT CO (Summarized transactions: 4	390.90
352	GRAYBAR ELECTRIC COMPANY INC	Summarized transactions: 3	390.27
353	PULSE INSTRUMENTS	Summarized transactions: 2	379.94
354	AFFILIATED CREDIT SERVICES IN	Summarized transactions: 2	375.68
355	WERNER ELECTRIC SUPPLY	Summarized transactions: 4	365.39
356	COOK STEVEN J	Summarized transactions: 3	364.63
357	COOK WILLIAM	Summarized transactions: 2	356.60
358	AMER ENGINEERING TESTING INC	Summarized transactions: 1	352.00
359	CENTER FOR ENERGY AND ENVIRON	Summarized transactions: 3	343.00
360	CONSTELLATION NEWENERGY-GAS D	Summarized transactions: 2	342.97
361	PAPER & GRAPHICS INC	Summarized transactions: 2	342.62
362	SPECIALTY TURF & AG INC	Summarized transactions: 2	340.93
363	POWER PROCESS EQUIPMENT INC (Summarized transactions: 4	336.14
364	VERIFIED CREDENTIALS INC	Summarized transactions: 1	336.00
365	AMERICAN PAYMENT CENTER	Summarized transactions: 1	336.00
366	NORTHERN / BLUETARP FINANCIAL	Summarized transactions: 4	333.32
367	STATE CHEMICAL SOLUTIONS	Summarized transactions: 1	321.41
368	MN PIPE & EQUIPMENT	Summarized transactions: 5	317.15
369	CORPORATE WEB SERVICES INC	Summarized transactions: 2	315.85
370	A T & T	Summarized transactions: 1	307.60
371	STURM DANNY K	Summarized transactions: 1	307.36
372	DAKOTA RIGGERS	Summarized transactions: 2	300.44
373	WINKELS ELECTRIC INC	Summarized transactions: 2	280.00
374	INSTY PRINTS ROCHESTER (P)	Summarized transactions: 5	276.64
375	ROGER EINCK PLUMBING LLC	Summarized transactions: 1	276.50
376	NORTHERN / BLUETARP FINANCIAL	Summarized transactions: 3	276.08
377	DONOVAN DAN J	Summarized transactions: 1	275.00
378	TOKAY SOFTWARE	Summarized transactions: 1	267.19
379	SUPERIOR COMPANIES OF MINNESO	Summarized transactions: 1	266.00
380	HAWKINS INC (P)	Summarized transactions: 3	263.89
381	FRONTIER	Summarized transactions: 1	258.12
382	VANCO SERVICES LLC	Summarized transactions: 1	254.50
383	OLSEN CHAIN & CABLE CO INC	Summarized transactions: 6	252.32
384	ROTARY HOLIDAY CLASSIC	Summarized transactions: 1	250.00
385	ON SITE SANITATION INC	Summarized transactions: 2	249.10
386	FCX PERFORMANCE INC	Summarized transactions: 2	243.95
387	HY VEE	Summarized transactions: 4	236.54
388	MN DEPT OF HEALTH - WELL MGMT	Summarized transactions: 1	235.00
389	FIRST CLASS PLUMBING & HEATIN	Summarized transactions: 1	234.22
390	SHERWIN WILLIAMS CO	Summarized transactions: 1	226.98
391	INTERSTATE MOTOR TRUCKS INC	Summarized transactions: 2	224.54

ROCHESTER PUBLIC UTILITIES

A/P Board Listing By Dollar Range

For 12/11/2013 To 01/14/2014

Consolidated & Summarized Below 1,000

392	IRON MOUNTAIN DBA	Summarized transactions: 1	221.81
393	CARQUEST AUTO PARTS	Summarized transactions: 4	220.96
394	FEDEX	Summarized transactions: 6	215.97
395	JOHNSON PRINTING CO INC	Summarized transactions: 1	201.46
396	AFFILIATED GROUP INC	Summarized transactions: 1	199.50
397	GREAT RIVER ENERGY	Summarized transactions: 1	196.89
398	FEDEX FREIGHT INC	Summarized transactions: 1	193.57
399	DAVE SYVERSON TRUCK CENTER IN	Summarized transactions: 1	183.12
400	SLEEPY EYE TELEPHONE CO	Summarized transactions: 2	181.18
401	CISCO WEBEX LLC	Summarized transactions: 1	181.06
402	STRUVES PAINT & DECORATING (P	Summarized transactions: 1	179.42
403	DEX MEDIA EAST INC	Summarized transactions: 1	178.35
404	KRUSE LUMBER	Summarized transactions: 2	176.54
405	FLEETPRIDE INC	Summarized transactions: 2	176.29
406	KOSHIRE LARRY J	Summarized transactions: 2	168.40
407	DELL MARKETING LP	Summarized transactions: 3	168.35
408	GPM INC	Summarized transactions: 4	165.19
409	CRESCENT ELECTRIC SUPPLY CO	Summarized transactions: 6	157.44
410	ARROW ACE HARDWARE-ST PETER	Summarized transactions: 3	155.31
411	NU-TELECOM dba	Summarized transactions: 1	151.93
412	BAIER GERALD	Summarized transactions: 1	150.00
413	MISSISSIPPI WELDERS SUPPLY CO	Summarized transactions: 2	149.64
414	DAKOTA SUPPLY GROUP	Summarized transactions: 1	149.63
415	FIRST SUPPLY (P)	Summarized transactions: 2	148.85
416	NETWORKFLEET INC	Summarized transactions: 3	144.38
417	SCHWEITZER ENGINEERING LAB IN	Summarized transactions: 2	134.66
418	GRAINGER INC	Summarized transactions: 3	132.41
419	MN CHAPTER OF NIGP	Summarized transactions: 2	130.00
420	COZIK JOSEPH J	Summarized transactions: 1	124.00
421	FRANZ REPROGRAPHICS INC	Summarized transactions: 2	118.63
422	TSP INC	Summarized transactions: 2	117.35
423	THOMAS TOOL & SUPPLY INC	Summarized transactions: 3	116.67
424	KAESER COMPRESSORS INC.	Summarized transactions: 5	116.62
425	FASTENAL COMPANY	Summarized transactions: 3	113.14
426	INCOM DIRECT	Summarized transactions: 1	106.94
427	THE ENERGY AUTHORITY INC	Summarized transactions: 3	99.52
428	MONSON STEVE	Summarized transactions: 1	88.14
429	LYLES SALES & SERVICE	Summarized transactions: 1	83.04
430	BECKLEYS OFFICE PRODUCTS INC	Summarized transactions: 2	81.86
431	MENARDS ROCHESTER SOUTH	Summarized transactions: 1	79.09
432	HUDSON WORKWEAR CO INC	Summarized transactions: 1	78.00
433	UNITED RENTALS INC	Summarized transactions: 3	72.77
434	HUDSON WORKWEAR CO INC	Summarized transactions: 1	72.74
435	LORTON DATA INC	Summarized transactions: 1	70.98
436	UTILX CORPORATION	Summarized transactions: 1	70.54
437	POST BULLETIN CO	Summarized transactions: 1	69.12
438	CANADIAN HONKER RESTAURANT &	Summarized transactions: 2	58.51
439	SCHWAB VOLLHABER LUBRATT CORP	Summarized transactions: 1	54.51
440	DALCO CORPORATION	Summarized transactions: 4	54.34

ROCHESTER PUBLIC UTILITIES

A/P Board Listing By Dollar Range

For 12/11/2013 To 01/14/2014

Consolidated & Summarized Below 1,000

441	NORTH STAR STONE AND MASONRY	Summarized transactions: 2	49.59
442	HOME DEPOT CREDIT SERVICES	Summarized transactions: 2	48.29
443	HACH COMPANY	Summarized transactions: 3	47.99
444	VIKING ELECTRIC SUPPLY INC	Summarized transactions: 2	46.06
445	DIEP ALAN	Summarized transactions: 1	45.00
446	OLM COUNTY PROPERTY RECORDS	Summarized transactions: 2	45.00
447	WERNER ELECTRIC SUPPLY	Summarized transactions: 1	42.74
448	MN DEPT OF LABOR & INDUSTRY	Summarized transactions: 1	40.00
449	WOODRUFF COMPANY	Summarized transactions: 2	38.85
450	FRITZJUNKER JEFFREY A (P)	Summarized transactions: 3	38.53
451	DONAHUE DEBRA	Summarized transactions: 1	34.76
452	DZUBAY TONY	Summarized transactions: 1	34.20
453	GREENWAY COOP SERVICE CO INC	Summarized transactions: 1	34.18
454	ARROW ACE HARDWARE-ST PETER	Summarized transactions: 1	32.05
455	STILLER NEIL	Summarized transactions: 1	31.38
456	SOUTHERN MN AUTO SUPPLY INC	Summarized transactions: 1	30.48
457	USA BLUE BOOK	Summarized transactions: 2	29.62
458	OLM COUNTY CENTRAL FINANCE	Summarized transactions: 1	28.80
459	ALTEC INDUSTRIES INC	Summarized transactions: 3	28.50
460	AUTOMATED ENERGY INC	Summarized transactions: 1	28.00
461	BOWMANS SAFE & LOCK SHOP LTD	Summarized transactions: 1	24.05
462	ELECTRIC PUMP INC	Summarized transactions: 1	22.97
463	MIDWEST RENEWABLE ENERGY TRAC	Summarized transactions: 1	22.33
464	LARSON WELDING INC	Summarized transactions: 1	21.38
465	BATTERIES PLUS	Summarized transactions: 2	21.35
466	MINNESOTA ENERGY RESOURCES CO	Summarized transactions: 1	20.77
467	RENDLER SCOTT	Summarized transactions: 1	19.00
468	FERGUSON ENTERPRISES INC #165	Summarized transactions: 1	18.67
469	D P C INDUSTRIES INC	Summarized transactions: 1	17.70
470	LARSON DRU	Summarized transactions: 1	17.00
471	HUMPHREY STEPHANIE	Summarized transactions: 1	15.00
472	BIERBAUM DIRK	Summarized transactions: 1	15.00
473	HANSON PATRICIA S	Summarized transactions: 1	15.00
474	BLEVINS JAN	Summarized transactions: 1	15.00
475	LEITZ VICTORIA	Summarized transactions: 1	15.00
476	SIMONIZ	Summarized transactions: 1	12.99
477	ROCH AREA BUILDERS INC	Summarized transactions: 1	7.00
478	FEDEX	Summarized transactions: 1	6.24
479	KAUTZ TRAILER SALES dba	Summarized transactions: 2	5.21
480	NAPA AUTO PARTS (P)	Summarized transactions: 1	4.25
481			
482		Price Range Total:	204,673.84
483			
484		Grand Total:	12,161,150.06

FOR BOARD ACTION

Agenda Item # 5a

Meeting Date:

SUBJECT:

Lump Sum Line Clearance Tree Trimming

PREPARED BY:

Steve Fiek, Electrical Construction Supervisor
Mona Hoeft, Buyer

ITEM DESCRIPTION:

Seven companies were sent notifications of the bids for lump sum line clearance tree trimming with two bids being received at the opening on January 14, 2014.

The results are as follows:

Line	Asplundh	Wright
402C	\$328,262.00	\$131,734.80
603B	\$102,755.00	\$ 83,777.50
614B	\$154,132.00	\$127,153.20
712D	\$381,978.00	\$273,391.04
904B	\$159,841.00	\$104,636.20
911H	\$ 91,338.00	\$ 75,001.85
Hourly	\$ 167.29	\$ 133.47

Both Wright Tree Service, Inc. and Asplundh Tree Expert Co. submitted responsible bids and met the proposal requirements with Wright Tree Service, Inc. providing the lowest pricing in every area.

FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

The 2014 operating budget includes \$800,000 for tree trimming services of which \$393,996 was recently awarded for the hourly portion of these services. Staff is proposing to exercise our right under the bid specification and award drawings 712D and 904B for a total of \$378,027.24 for lump sum line clearance.

UTILITY BOARD ACTION REQUESTED:

Staff recommends that the Board approve a resolution to enter into a Contract with Wright Tree Service Inc., in the amount of \$378,027.24 and authorize the Mayor and City Clerk to execute the Agreement.


General Manager

1-23-14
Date



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a contract with Wright Tree Service, Inc. and to request the Mayor and the City Clerk to execute the agreement for:

Lump Sum Line Clearance Tree Trimming

The amount of the contract to be THREE HUNDRED SEVENTY EIGHT THOUSAND TWENTY SEVEN AND 24/100 DOLLARS (\$378,027.24).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 28th day of January, 2014.

President

Secretary

FOR BOARD ACTION

Agenda Item # 5b

Meeting Date: January 28, 2014

SUBJECT: Purchase of two Aerial Device and Utility Bodies

PREPARED BY: Mona Hoeft, Buyer
Steve Monson, Supervisor of Facilities and Fleet

ITEM DESCRIPTION:

The 2014 Capital Improvement Budget included vehicle replacement of two aerial bucket trucks for Electric Maintenance & Construction crews.

Staff exercised the option of purchasing this equipment using the National Joint Powers Alliance (NJPA) Contract, one of many cooperative purchase ventures available to public entities. NJPA awards national, competitively bid, and cooperatively shared contracts through their membership network nationwide. Established and based in Minnesota, NJPA meets all the competitive bidding laws and members are authorized to use NJPA contracts through the Joint Exercise of Powers Laws (M.S. 471.59). The City of Rochester has been a member for a number of years.

Altec Industries, Inc. was chosen based on our experience and familiarity with the equipment and their ability to meet the specification. Altec's price, per NJPA Contract #060311-All, is \$137,873 per unit plus applicable tax.

FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

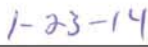
The total prices of the units are within budget estimates. Funding is from the 2014 Capital Budget.

UTILITY BOARD ACTION REQUESTED:

Staff recommends that the Board approve a resolution to enter into a purchase order with Altec Industries, Inc., in the amount of \$275,746 plus applicable tax.



General Manager



Date



RESOLUTION

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

Two Aerial Device and Utility Bodies

The amount of the purchase order agreement to be TWO HUNDRED SEVENTY FIVE THOUSAND SEVEN HUNDRED FORTY SIX AND 00/100 DOLLARS (\$275,746.00) plus applicable taxes.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 28th day of January, 2014.

President

Secretary

FOR BOARD ACTION

Agenda Item # 5c

Meeting Date: January 28, 2014

SUBJECT: Purchase of two Freightliner Chassis

PREPARED BY: Steve Monson, Supervisor of Facilities and Fleet

ITEM DESCRIPTION:

The 2014 Capital Improvement Budget included vehicle replacement of two aerial trucks for Electric Maintenance & Construction crews and this request is for the chassis that will carry the aerial lift.

This purchase utilizes the State of MN cooperative purchase contract eliminating the sealed bidding requirement. Staff requested pricing from I-State Truck Center using the state contract. I-State's price per state contract is \$93,479.05 per unit plus applicable tax.

FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

The total price of the units is within the 2014 Capital Budget and within budget estimates.

UTILITY BOARD ACTION REQUESTED:

Staff recommends that the Board approve a resolution to enter into a purchase order with I-State Truck Center in the amount of \$186,958.10.



General Manager

1-24-14
Date



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a purchase order with I-State Truck Center for:

Two Freightliner Truck Chassis'

The amount of the purchase order agreement to be ONE HUNDRED EIGHTY SIX THOUSAND NINE HUNDRED FIFTY EIGHT AND 10/100 DOLLARS (\$186,958.10.) plus applicable taxes.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 28th day of January, 2014.

President

Secretary

FOR BOARD ACTION

Agenda Item # 6

Meeting Date: January 28, 2014

SUBJECT:

GASB 65/62 IMPLEMENTATION

PREPARED BY:

Bryan Blom, Manager of Finance & Accounting

ITEM DESCRIPTION:

RPU is required to prepare its financial statements in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB Statement 65, Items Previously Reported as Assets and Liabilities, was issued in April 2, 2012 applicable to RPU's fiscal year 2013. This issue was recently discussed with RPU's outside auditors, Baker Tilly.

One of the requirements of GASB 65 is to expense bond issuance costs in the current financial period. To comply with GASB 65, RPU would have to expense \$534K in outstanding bond issuance costs that existed at the beginning of 2013 and immediately expense an additional \$368K of bond issuance costs that were incurred for the two 2013 bond issues. However, RPU is also subject to GASB 62, Codification Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, issued on December 30, 2010. Among the accounting concepts codified in GASB 62 is if a utility's regulators, in RPU's case the Board of Directors, issues an order or approves a resolution stating that its rates are based on certain accounting and ratemaking practices, the utility may depart from specific accounting pronouncements and account for various transactions on a basis consistent with its ratemaking practices. RPU's past practice of including the anticipated bond issuance costs in the amount borrowed has the effect of paying the bond issuance costs over the term of the bond issues with amounts collected via RPU's rates which makes it part of RPU's ratemaking processes. This is consistent with the GASB 62 ratemaking requirement.

A resolution to establish a regulatory asset for bond issuance costs, and amortize those costs over the life of the bonds, is attached. The resolution also states that additional future debt issuance costs will receive the same accounting and ratemaking treatment.

FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

Not Applicable

UTILITY BOARD ACTION REQUESTED:

Management recommends that the Board approve the resolution to treat bond issuance costs as a regulatory asset and include the recovery of them in its ratemaking processes.


General Manager

1-23-14
Date



RESOLUTION

WHEREAS, Rochester Public Utilities' (RPU's) financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board ("GASB"); and

WHEREAS, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, on April 2, 2012 ("GASB No. 65"), which became applicable to RPU for the fiscal year beginning January 1, 2013; and

WHEREAS, GASB No. 65 would otherwise require RPU's debt issuance costs be expensed in the current financial period; and

WHEREAS, RPU is also subject to existing GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, that was issued by GASB on December 30, 2010 ("GASB No. 62"), which outlines regulatory accounting for entities or operations that are rate regulated, and allows RPU to record costs related to debt issuances as a regulatory asset and amortize these costs over the life of the related debt; and

WHEREAS, based on the applicability of GASB No. 65, RPU recommends that such debt issuance costs be recorded as a regulatory asset and then be amortized over the life of the related debt, as allowed by GASB No. 62; and

WHEREAS, as of January 1, 2013, RPU's outstanding debt issuance costs totaled \$534,142.19; and

WHEREAS, RPU recommends that the Board of Directors approve the creation of a regulatory asset for RPU's outstanding debt issuance costs as of January 1, 2013, which totaled \$534,142.19, as well as any additional debt issuance costs incurred on and after January 1, 2013 to be recovered over the life of the related debt; then

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that a regulatory asset be established for RPU's outstanding debt issuance costs as of January 1, 2013, which totaled \$534,142.19, as well as any additional debt issuance costs incurred on and after January 1, 2013 to be recovered over the life of the related debt.



Passed by the Public Utility Board of the City of Rochester, Minnesota, this 28th day of January, 2014.

President

Secretary

FOR BOARD ACTION

Agenda Item # 7

Meeting Date: January 28, 2014

SUBJECT:

High Efficiency HVAC Rate Requirements

PREPARED BY:

Mike Heppelmann, Senior Financial Analyst

ITEM DESCRIPTION:

The Residential, General Service, and Medium General Service High Efficiency (HEF) HVAC Rates are for customers that use either air source or ground source heat pump systems as their only source of heating and cooling. Water-to-water ground source heat pumps have previously not been included in the AHRI directory and efficiency ratings relied on manufacturer specifications. Water-to-water ground source heat pumps are now included in the AHRI Directory. Staff recommends that HEF HVAC rate tariffs for Residential, General Service, and Medium General Service be amended to reflect that the AHRI directory is to be used to determine the efficiency rating of all air source and ground source heat pumps. There is no change to the rates themselves.

UTILITY BOARD ACTION REQUESTED:

Approve the new wording in the RPU Rate Tariff for the Residential, General Service, and Medium General Service High Efficiency HVAC Rates.



General Manager

1-23-14
Date

GENERAL SERVICE - HIGH EFFICIENCY HVAC

AVAILABILITY:

At all locations for loads of less than 75 kW where facilities of adequate capacity and suitable voltage are adjacent to the premises to be served and to customers who:

1. Use either an air source or ground source heat pump system as the only source of heating and cooling in their facility.
2. Use an electric water heater (usually connected to a desuperheater on the heat pump) as the only source of water heating.
3. Receive prior approval of the equipment from RPU. Note that equipment must be rated by the Air-Conditioning, Heating, and Refrigeration Institute (AHRI)* and at the time of installation, meet the minimum efficiency requirements found on the Commercial Heat Pumps Rebate Application in effect at the time. The current application is available at www.rpu.org.
4. Service under this rate must be separately metered from other facility loads.

*For air source heat pumps and ~~water-to-air~~ ground source heat pumps: the efficiency ratings are determined using the Air-Conditioning, Heating and Refrigeration Institute's (AHRI) Directory, which may be found at www.ahridirectory.org For ~~water-to-water ground source heat pumps: the efficiency ratings are verified using manufacturer specifications, which clearly demonstrate the entering water temperature (EWT), gallons per minute (GPM) water flow, and associated EER rating.~~

Note: Other all-electric HVAC systems may be considered for this rate if they meet the stated efficiency standards. To have a system considered, customers must submit an engineering analysis documenting the efficiency of the system.

APPLICATION:

To commercial, industrial, governmental, and other types of General Service customers reconfiguring their current electric service, or adding a new service, to separately meter their high efficiency HVAC equipment. Not applicable to standby service.

CHARACTER OF SERVICE:

Single or three phase, 60 Hertz, alternating current at any one of the standard secondary service voltages as described in RPU's published Electric Service Rules and Regulations.

**ROCHESTER PUBLIC UTILITIES
(RPU)**

**RATE SCHEDULE GS-HEF
SHEET 2 OF 2**

GENERAL SERVICE - HIGH EFFICIENCY HVAC (Cont.)

RATE:	<u>Non-Summer</u>	<u>Summer</u>
Customer Charge:	\$29.90	\$29.90
Energy Charge:	7.649¢ per kWh	11.608¢ per kWh

Definition of Season: Summer months are June through September. Non-summer months are January through May and October through December.

POWER SUPPLY ADJUSTMENT:

Bills computed under this rate schedule are subject to adjustment in accordance with the Power Supply Adjustment (PSA).

MINIMUM BILL:

\$29.90 per month.

PAYMENT:

Payments are due on or before the due date.

CONDITIONS OF DELIVERY

1. Service under this rate is only for air-source or ground-source heat pumps and any other all-electric systems that meet the stated efficiency requirements as explained in the Availability subhead of this rate schedule.
2. Service under this rate must be separately metered from other facility loads.
3. Since the HVAC system must be separately metered for this rate, the customer is responsible for any rewiring and its associated costs.
4. Service provided under this rate is subject to applicable provisions of RPU's published Electric Service Rules and Regulations.
5. Energy provided under this rate shall not be resold.
6. RPU shall not be liable for any damage or loss sustained by the customer resulting from interruptions, deficiencies, or imperfections of service provided under this rate.
7. Unless authorized by separate written agreement, standby electric generating equipment installed by the customer shall not be interconnected, or operated in parallel, with the RPU system. Customer shall own, install, operate, and maintain electrical interlocking equipment, which will prevent parallel operation, and such equipment shall be approved by RPU prior to installation.

Approved by Rochester Public Utility Board:
Effective Date:

November 29, 2011
January 1, 2012

MEDIUM GENERAL SERVICE - HIGH EFFICIENCY HVAC

AVAILABILITY:

At all locations for loads where the demand is at least 75 kW or more for three or more billing periods in a given calendar year, but less than 1,000 kW, and where facilities of adequate capacity and suitable voltage are adjacent to the premises to be served, and to customers who:

1. Use either an air source or ground source heat pump as the only source of heating and cooling in their facility.
2. Use an electric water heater (usually connected to a desuperheater on the heat pump) as the only source of water heating.
3. Receive prior approval of the equipment from RPU. Note that equipment must be rated by the Air-Conditioning, Heating, and Refrigeration Institute (AHRI)* and at the time of installation, meet the minimum efficiency requirements found on the Commercial Heat Pumps Rebate Application in effect at the time. The current application is available at www.rpu.org.
4. Service under this rate must be separately metered from other facility loads.

*For air source heat pumps and ~~water-to-air~~ ground source heat pumps: the efficiency ratings are determined using the Air-Conditioning, Heating and Refrigeration Institute's (AHRI) directory, which may be found at www.ahridirectory.org. For ~~water-to-water ground source heat pumps: the efficiency ratings are verified using manufacturer specification, which clearly demonstrate the entering water temperature (EWT), gallons per minute (GPM) water flow, and associated EER rating.~~

Note: Other all-electric HVAC systems may be considered for this rate if they meet the stated efficiency standards. To have a system considered, customers must submit an engineering analysis documenting the efficiency of the system.

APPLICATION:

To commercial, industrial, governmental, and other types of Medium General Service customers reconfiguring their current electric service, or adding a new service, to separately meter their high efficiency HVAC equipment. Not applicable to standby service.

CHARACTER OF SERVICE:

Single or three phase 60 Hertz, alternating current at any one of the standard secondary service voltages as described in RPU's published Electric Service Rules and Regulations.

**ROCHESTER PUBLIC UTILITIES
(RPU)**

**RATE SCHEDULE MGS-HEF
SHEET 2 OF 3**

MEDIUM GENERAL SERVICE - HIGH EFFICIENCY HVAC (Cont.)

RATE:	<u>Non-Summer</u>	<u>Summer</u>
Demand Charge:	\$12.238 per kW	\$19.357 per kW
Energy Charge:	4.556¢ per kWh	5.425¢ per kWh

Definition of Season: Summer months are June through September. Non-summer months are January through May and October through December.

POWER SUPPLY ADJUSTMENT:

Bills computed under this rate schedule are subject to adjustment in accordance with the Power Supply Adjustment (PSA).

POWER FACTOR ADJUSTMENT:

The customer agrees to maintain an average power factor of 0.95 or greater for the billing period and to prevent a leading power factor. If the customer's average power factor is less than 0.95 for the billing period, the billing demand will be determined by multiplying the measured demand by 0.95 and dividing the results by the customer's average power factor. The average power factor is defined to be the quotient obtained by dividing the kWh used during the month by the square root of the sum of the squares of the kWh used and the lagging reactive kilovoltampere-hours supplied during the same period. The customer's average power factor will be determined by means of permanently installed meters.

PRIMARY METER DISCOUNT:

Customers approved for metering at 13.8 kV will receive a discount of 1.25% on base rate charges for measured demand and energy.

TRANSFORMER OWNERSHIP CREDIT:

Customers owning transformers will receive a credit of \$.20 per kW on each month's measured demand.

DETERMINATION OF DEMAND:

Measured demand is defined as the maximum rate at which energy is used for any period of fifteen consecutive minutes during the billing period. The billing demand shall be the greater of the measured demand for the billing period adjusted for power factor, or 75% of the maximum measured demand for the most current June - September billing periods adjusted for power factor (referred to as ratchet). Billing periods may not coincide with calendar months.

For an existing facility reconfiguring its current electric service to come under this rate by separately metering its high efficiency HVAC equipment, the ratchet will be removed from the current electric service. The ratchet will be effective beginning in October following the first separately metered high efficiency HVAC service during one of the summer billing periods, June-September.

MEDIUM GENERAL SERVICE - HIGH EFFICIENCY HVAC (Cont.)

At that time the ratchet will be reapplied to the current electric service and will be applied for the first time to the high-efficiency HVAC service.

MINIMUM BILL:

The minimum bill shall not be less than the billing demand, as provided above, whether or not energy is used.

PAYMENT:

Payments are due on or before the due date.

CONDITIONS OF DELIVERY:

1. Service under this rate is only for air-source or ground-source heat pumps and any other all-electric HVAC systems that meet the stated efficiency requirements as explained in the Availability subhead of this rate schedule.
2. Service under this rate must be separately metered from other facility loads.
3. Since the HVAC system must be separately metered for this rate, the customer is responsible for any rewiring and its associated costs.
4. Service provided under this rate is subject to applicable provisions of RPU's published Electric Service Rules and Regulations.
5. Energy provided under this rate shall not be resold.
6. RPU shall not be liable for any damage or loss sustained by the customer resulting from interruptions, deficiencies, or imperfections of service provided under this rate.
7. Unless authorized by separate written agreement, standby electric generating equipment installed by the customer shall not be interconnected, or operated in parallel, with the RPU system. Customer shall own, install, operate, and maintain electrical interlocking equipment, which will prevent parallel operation, and such equipment shall be approved by RPU prior to installation

RESIDENTIAL SERVICE – HIGH EFFICIENCY HVAC

AVAILABILITY:

To RPU residential customers that:

1. Use either an air source or ground source heat pump system as the only source of heating and cooling in their home.
2. Use an electric water heater (usually connected to a desuperheater on the heat pump) as their only source of domestic water heating.
3. Receive prior approval of the equipment from RPU. Note that equipment must be rated by the Air-Conditioning, Heating, and Refrigeration Institute (AHRI)*, and at the time of installation, meet the minimum efficiency requirements found on the Residential Electric Efficiency Rebate Application in effect at the time. The current application is available at www.rpu.org.

*For air source heat pumps and ~~water to air~~ ground source heat pumps: the efficiency ratings are determined using the Air-Conditioning, Heating, and Refrigeration Institute's (AHRI) directory, which may be found at www.ahridirectory.org. ~~For water to water ground source heat pumps: the efficiency ratings are verified using manufacturer specifications, which clearly demonstrate the entering water temperature (EWT), gallons per minute (GPM) water flow, and associated EER rating.~~

APPLICATION: Electric service required for residential purposes in individual private dwellings where service is supplied at one point of delivery and measured through one meter.

CHARACTER OF SERVICE:

Single phase, 60 hertz, 120/240 volts alternating current.

RATE:

	<u>Non-Summer</u>	<u>Summer</u>
Customer Charge	\$14.90	\$14.90
Energy Charge	9.483¢ first 600/kwh 5.873¢ over 600/kwh	11.475¢ per kwh

Definition of Season: Summer months are June through September. Non-summer months are January through May and October through December.

RESIDENTIAL SERVICE – HIGH EFFICIENCY HVAC (Cont.)

POWER SUPPLY ADJUSTMENT:

Bills computed under this rate schedule are subject to adjustment in accordance with the Power Supply Adjustment (PSA).

MINIMUM BILL: \$14.90 per month

PAYMENT: Payments are due on or before the due date.

CONDITIONS OF DELIVERY:

1. Service under this rate is only for air-source or ground-source heat pump systems that meet the stated efficiency requirements as explained in the Availability subhead of this rate schedule.
2. Service provided under this rate is subject to applicable provisions of RPU's published Electric Service Rules and Regulations.
3. Energy provided under this rate shall not be resold.
4. RPU shall not be liable for any damage or loss sustained by the customer resulting from interruptions, deficiencies, or imperfections of service provided under this rate.

Approved by Rochester Public Utility Board:
Effective Date:

November 29, 2011
January 1, 2012

FOR BOARD ACTION

Agenda Item # 8

Meeting Date: 1/28/2014

SUBJECT: Municipal Water Supply Source Sustainability Evaluation

PREPARED BY: Todd Osweiler, Environmental & Regulatory Affairs Coordinator

ITEM DESCRIPTION:

As the local entity charged with providing safe and high quality water to the residents and visitors of Rochester, RPU has invested significant resources into understanding the geology and hydrogeology of the aquifers that supply our system. A significant gap in our understanding is whether our use of the resource is sustainable.

The four main elements of groundwater sustainability defined in MN Statute 103G.287 Subdivision 5:

- Supply the needs of future generations
- Proposed use will not harm ecosystems
- Proposed use will not degrade water quality
- Proposed use will not reduce water levels beyond the reach of public water supply and private domestic wells

To answer the sustainability question a request for proposals was prepared with input from the DNR, MDH, USGS, MGS, and Olmsted County. RFP's were sent to six consulting firms with five responses. An internal team narrowed the list and interviewed the two finalists. The proposal and project team presented by Barr Engineering was determined to be the best.

A scoping meeting was held in December 2013 with participation of the DNR, MDH, USGS, Olmsted County, RPU & Barr staff to finalize the scope of the proposal. Agency staff were very supportive of this effort.

This project is primarily technical in nature focusing on data analysis, geochemistry, modeling, and monitoring plan development. Key deliverables are a report and modeling data. The project is expected to be completed mid-year at a cost of \$123,100.

Staff intends to prepare a public outreach plan to share the results of the study.

FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:


Funding for the project was included in the 2013 and 2014 budgets.

UTILITY BOARD ACTION REQUESTED:

Management recommends that the Board approve a resolution to approve the proposal from Barr Engineering in the amount of \$123,100.



General Manager



Date

ROCHESTER PUBLIC UTILITIES



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve an agreement with Barr Engineering Co. for:

Municipal Water Supply Source Sustainability Evaluation

The amount of the agreement to be ONE HUNDRED TWENTY THREE THOUSAND ONE HUNDRED 00/100 DOLLARS (\$123,100).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 28th day of January, 2014.

President

Secretary

FOR BOARD ACTION

Agenda Item # 9

Meeting Date: January 28, 2014

SUBJECT: Restated Interconnection and Interchange Agreement Between Olmsted County, Minnesota, The City of Rochester, Minnesota, and Southern Minnesota Municipal Power Agency

PREPARED BY: Mark Kotschevar, Director of Core Services
Jeremy Sutton, Manager of Portfolio Optimization
Dirk Bierbaum, Key Account Representative

ITEM DESCRIPTION:

Attached is a restated Interconnection and Interchange Agreement between Olmsted County, The City of Rochester, and SMMPA. This revised agreement is the result of the parties negotiating desired changes to the existing agreement over a 20 month period.

The major changes are summarized below:

- Remote County loads, (Fairgrounds and the Work Release Center), currently served by the County will now be served by RPU.
- A transmission, distribution, and substation charge have been added to allow the County to wheel energy from Bus 1 to Bus 2. This allows for a net OWEF import/export rather than net import/export by Bus.
- Elimination of the requirement to nominate and pay for a firm purchase and Back-up Service will be supplied under the LGS interruptible rate.
- Various sections within the agreement were updated to remove outdated references to MAPP and replaced with the appropriate MISO references.
- Language and exhibits were added to reflect the agreements on ownership, operation, and maintenance for equipment added in 2008.
- Additional exhibits were added to memorialize previous FERC rulings on the OWEF being a Qualifying Facility under PURPA.

No changes were made to the cost of energy either RPU or SMMPA currently pays the County for net exported energy. Our analysis shows the net effect of these changes will be revenue neutral for the County. This new agreement does greatly simplify the manual billing process and eliminates a complex metering system that is 30 years old and starting to fail. Staff will be available at the Board meeting to answer any questions.

UTILITY BOARD ACTION REQUESTED:

Management recommends that the Board approve a resolution to enter into the Restated Interchange and Interconnection Agreement between Olmsted County, Minnesota, The City of Rochester, Minnesota, and Southern Minnesota Municipal Power Agency and authorize the Mayor and City Clerk to execute the agreement subject to review by the City Attorney of any final non-substantive revisions.



General Manager

1-23-14

Date

ROCHESTER PUBLIC UTILITIES

**AMENDED AND RESTATED
INTERCONNECTION AND INTERCHANGE AGREEMENT
BETWEEN
OLMSTED COUNTY, MINNESOTA,
THE CITY OF ROCHESTER, MINNESOTA,
AND
SOUTHERN MINNESOTA MUNICIPAL POWER AGENCY**

January 6, 2014

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EXHIBITS

- Exhibit A - Facility Interconnection Diagram
- Exhibit B - Transmission and Distribution Service
- Exhibit C - Backup Service
- Exhibit D – Switchgear Agreement
- Exhibit E – FERC Docket No. QF85-187-000

Exhibit F – FERC Docket No. QF85-187-001
Exhibit G – FERC Docket No. QF85-187-002
Exhibit H – FERC Docket No. QF13-91-000

1. PARTIES

The Parties to this Amended and Restated Interconnection and Interchange Agreement (“Agreement”) are Olmsted County, Minnesota (“County”), the City of Rochester, Minnesota, acting through its Public Utility Board (“RPU”), a Minnesota Municipal corporation and the Southern Minnesota Municipal Power Agency (“SMMPA”), a Minnesota Municipal Corporation all of which are political subdivisions of the State of Minnesota.

2. RECITALS

- 2.1. County will own and operate Public Utility Regulatory Policies Act (PURPA) qualified generating facilities, to dispose of municipal solid waste by combustion which will produce steam, chilled water and electricity.
- 2.2. The County desires to supply electric power and energy from the generating facilities to certain other directly connected sites served by County, with the possibility of adding other directly connected customers if allowed by Minnesota law.
- 2.3. The County desires to sell, at the Points of Interconnection, and both SMMPA and RPU are willing to buy, all net excess electric energy produced by the generating facilities. RPU is willing to accept the delivery of such energy from the County to its distribution system.
- 2.4. The County desires to purchase and RPU is willing to sell electrical power and energy needed by the County when the Generating Facilities cannot generate adequate power and energy to meet the County's electrical requirements.

3. AGREEMENT

This Agreement amends and restates the August 11, 1994 Interconnection and Interchange Agreement and associated amendments and supersedes all previous agreements. The Parties agree as follows:

4. DEFINITIONS

- 4.1. Accredited Capacity: The net Capacity of a generating unit measured in conformance with MISO procedures accredited toward meeting that utility’s total generating resource obligation under MISO rules.
- 4.2. Authorized Representative: An employee or other representative of the Party designated in writing to the other Parties to serve as primary contact and to represent such Party in the implementation and administration of this Agreement.
- 4.3. Backup Power and Backup Energy: Electric power and energy supplied by RPU to the County when the Generating Facilities are unable to provide adequate power and energy.

Backup Power is paid for through a demand charge. Backup Energy is paid for through an energy charge.

- 4.4. Capacity: A measure of the rate at which energy is delivered or received, typically measured in KW = (KWH per hr).
- 4.5. County Served Facilities: Buildings and attendant property owned or leased by the County or those buildings and property directly connected by County owned electric distribution facilities. Subsequently served property is included in this definition if it is directly connected to the Generating Facilities through the County owned electric system.
- 4.6. CROD: Contract Rate of Delivery between SMMPA and RPU (216 MW) according to the Power Sales Contract between SMMPA and the City of Rochester, MN as long as such Contract is in effect.
- 4.7. Generating Facilities or Facility: The following items of plant and equipment owned by the County and intended for energy production and conversion all of which are located at the former Rochester State Hospital Campus.
 - 4.7.1. Steam generators consisting of municipal solid waste (MSW) fired, gas fired and oil fired boilers.
 - 4.7.2. Electric generating equipment consisting of three (3) steam turbine generators: Unit 1 with a nominal capacity rating of 1960KW, Unit 2 with a nominal capacity rating of 2160KW, and Unit 3 with a nominal capacity rating of 5200 KW.
 - 4.7.3. Equipment ancillary to steam and power generation.
- 4.8. Net Excess Energy: Electric energy produced by the Facility in excess of the electric needs of the Facility and the County Served Facilities.
- 4.9. Interconnection Facilities: Facilities and devices which are required for the proper and safe interconnected operation of the Facility and the RPU electric system and which are either owned or leased by the County or are RPU facilities, all as described in Article 13 of this Agreement, and generally shown on **Exhibit A**.
- 4.10. Points of Interconnection: The points shown on **Exhibit A** where the delivery of electric capacity and energy shall take place between the Facility and the RPU electric system.
- 4.11. Prudent Utility Practice: Prudent Utility Practice shall mean, at a particular time, any of the practices, methods and acts which, in the exercise of reasonable judgment given the facts known at the time the decision was made, could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expediency. This includes, but is not limited to, the practices, methods and acts engaged in or approved by a significant portion of the electrical utility industry prior thereto. In applying the standard of Prudent Utility Practice to any matter under this

Agreement, equitable consideration shall be given to the circumstances, requirements and obligations of each of the Parties and there shall be taken into account the fact that the Parties are political subdivisions and municipal corporations of the State of Minnesota with prescribed statutory powers, duties and responsibilities.

Prudent Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather is a spectrum of possible practices, methods or acts which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expediency. Prudent Utility Practice includes due regard for manufacturers' warranties and the requirements of governmental agencies which have jurisdiction.

- 4.12. Intermittent Resource Generator: A generator with varying output which cannot be dispatched by MISO.
- 4.13. RPU System Operator: The RPU Authorized Representative who is on duty in the 24/7 operations and control center.

5. EFFECTIVE DATE AND TERM

This Agreement shall become effective on the day, month and year when executed by all Parties and shall continue in full force and effect thereafter unless and until terminated by a one-year prior written notice given by any Party to the other Parties.

6. PURCHASE OF CAPACITY AND ENERGY FROM THE COUNTY

- 6.1. **Capacity.** SMMPA will seek to accredit the Capacity for Units 1, 2, and 3 using the methods stated in Article 11 of this document. SMMPA is entitled to the entire Accredited Capacity of the Generating Facilities. The payment for Net Excess Energy includes the value of Accredited Capacity.
- 6.2. **Energy.** RPU and SMMPA will purchase all Net Excess Energy from the County. RPU agrees to wheel energy through its transmission and distribution system such that the Facility can generate Net Excess Energy. Applicable transmission and distribution tariffs will be applied, as illustrated in **Exhibit B**, to the energy used to meet the electrical needs of the Facility and County Served Facilities that is wheeled across RPU facilities between the Points of Interconnection. Net Excess Energy will be broken down into two components: (i) Energy taken during periods in which RPU's demand from SMMPA is less than or equal to 216 MW ("Excess Energy below CROD"), and (ii) Energy taken during periods in which RPU's demand from SMMPA is greater than 216 MW ("Excess Energy above CROD"), in each case as measured on an hourly basis.

- 6.2.1. For electricity purchased from the County, RPU and/or SMMPA will pay the County the following:

- 6.2.1.1. **Below CROD:** The price for all Net Excess Energy below CROD will be \$.0476 per kWh for year 2013, escalated at Gross Domestic Product (GDP), with the escalation adjustment made on May 1st of each year. The GDP escalator shall be the seasonally-adjusted GDP Implicit Price Deflator for the 1st quarter of the current calendar year, as reported by the U. S. Department of Commerce, Bureau of Economic Analysis, divided by the seasonally-adjusted GDP Implicit Price Deflator for the 1st quarter of the prior calendar year, as reported by the U. S. Department of Commerce, Bureau of Economic Analysis.
- 6.2.1.2. **Above CROD:** The price for all Net Excess Energy above CROD shall be \$.0571 per kWh for year 2013, escalated at GDP, with the escalation adjustment made on May 1st of each year. The GDP escalator shall be the seasonally-adjusted GDP Implicit Price Deflator for the 1st quarter of the current calendar year, as reported by the U. S. Department of Commerce, Bureau of Economic Analysis, divided by the seasonally-adjusted GDP Implicit Price Deflator for the 1st quarter of the prior calendar year, as reported by the U. S. Department of Commerce, Bureau of Economic Analysis.
- 6.2.2. All Net Excess Energy shall be delivered by the County and received by RPU and SMMPA at the Generating Facilities Points of Interconnection and purchases shall be based on the following:
 - 6.2.2.1. **Below CROD:** SMMPA shall purchase from the County, all Net Excess Energy when RPU demand is below CROD demand level. SMMPA will use this energy for delivery and resale to RPU to meet SMMPA's obligations to supply energy to RPU. This occurs at no cost to the County.
 - 6.2.2.2. **Above CROD:** RPU shall purchase all Net Excess Energy when RPU demand is above CROD demand level.
- 6.3. **Renewable Credits.** The County shall work with RPU and SMMPA to qualify for applicable renewable energy credits for the facilities and shall grant title and/or ownership of any and all credits and attributes for energy purchased by either SMMPA or RPU to that purchaser for the term of the agreement. It is the intent of the parties that all energy purchased or provided under this agreement shall be biomass energy as defined in and compliant with the Minnesota Renewable Energy Objective MN216b.1691.
- 6.4. **Intermittent Generation.** The County will cooperate with SMMPA and RPU in registering the County's generation as an Intermittent Resource Generator with the Midcontinent Independent System Operator (or such replacement regional transmission operator) ("MISO") for the purposes of minimizing charges to SMMPA and RPU from MISO's Revenue Sufficiency Guarantee (RSG) charges and other like charges. In the event the County generation does not qualify as an Intermittent Resource Generator with MISO, and SMMPA and RPU are exposed to RSG and other like charges resulting from

the variable nature of the Olmsted County net generation, the energy charges listed above in 6.2.1.1 and 6.2.1.2 will each be reduced by \$.003/kWh.

7. ELECTRIC SERVICE TO THE COUNTY

7.1. RPU will provide the following classes of service to the County:

- 7.1.1. Transmission Service
- 7.1.2. Distribution Service
- 7.1.3. Backup Power and Energy Service

The County shall receive 30 days' notice of and have opportunity to be heard on any rate increase.

7.2. **Transmission and Distribution Services.** RPU will provide transmission and distribution service in accordance with its published tariffs in order to facilitate the delivery of energy used to meet the electrical needs of the Facility and County Served Facilities that is wheeled across RPU facilities between the Points of Interconnection, and to allow the Facility to generate Net Excess Energy. Those published tariffs may be revised from time to time in accordance with RPU's standard rate making policies and procedures, but in no event shall changes in these tariffs cause rate increases that differ from rate increases extended to other members of the same customer class. Determination of transmission charges are identified in **Exhibit B**.

7.3. **Backup Service.** RPU will deliver Backup Power and Energy to the Facility Points of Interconnection at rates identified in attached **Exhibit C**, which may be reviewed and revised from time to time in accordance with RPU's established ratemaking policies and procedures, but in no event shall changes in these tariffs cause rate increases that differ from rate increases extended to other members of the same customer class.

7.3.1. Backup Power and Energy will be provided on an interruptible basis during periods when RPU has generation, transmission and distribution capacity which is in excess of the capacity required to serve its power and energy customers.

7.3.2. RPU will provide Backup Service only to the extent that such service can be interrupted with a two (2) hour notice. Failure of the County to discontinue the taking of Backup Service when requested will result in application of the demand rate identified in **Exhibit C** for the highest one (1) hour demand recorded for the billing period.

8. COUNTY'S GENERAL OBLIGATIONS

The County shall:

8.1. Own, operate and maintain the Generating Facilities in accordance with RPU's Small Generator Interconnection Agreement, except to the extent it differs from the switchgear

agreement between the parties as evidenced in the letter agreement attached as Exhibit D hereto and referenced in Paragraph 13.3.

- 8.2. Operate and maintain the Generating Facilities in accordance with Prudent Utility Practice and such other specific requirements as are set forth in this Agreement. If a condition is created by the County which may unreasonably interfere with the reliability and safety of operation of the Generating Facilities or the RPU's electric system, the County shall correct or eliminate such condition with reasonable diligence. (Refer to Article 17 - Continuity of Service/Force Majeure)
- 8.3. Notify RPU's System Operator and SMMPA's Authorized Representative immediately upon the occurrence of any unanticipated outage of its Generating Facilities or Interconnection Facilities, identifying the equipment out of service and the estimated duration of the outage.
- 8.4. Provide RPU and SMMPA access rights and access required for construction, operation, maintenance, inspection and testing of Interconnection Facilities and testing and reading of meters.
- 8.5. Maintain proper daily operating records for the Generating Facilities including, but not limited to, fuel consumption, cogeneration fuel efficiency, kilowatts, kilovars and kilowatt hours generated, maintenance performed, and make such records available to RPU and SMMPA upon request during normal business hours, as are reasonably needed by RPU and SMMPA to implement this Agreement.
- 8.6. Provide to RPU reasonable advance written notice of any changes in the Generating Facilities and Interconnection Facilities design which are pertinent to this Agreement and provide to RPU design drawings of any such changes for its review as may be reasonably required for RPU's performance under this Agreement.
- 8.7. Generate such reactive power as may be necessary to meet County load requirements at the Generating Facilities and to maintain adequate voltage levels at the Generating Facilities Points of Interconnection. Maintain a power factor of no less than 0.98 lagging and no greater than unity at the Point of Interconnection.

At each of the Points of Interconnection, maintain the power factor required of customer in the rate class to which the Point of Interconnection would belong if it were served by RPU independent of this Agreement.

- 8.8. At the request of SMMPA, at any time or from time to time, take all reasonable actions to enable the Generating Facilities to be accredited by any entity which may coordinate power and energy sales, purchases or reliability in the region served by SMMPA.

9. RPU'S GENERAL OBLIGATIONS

RPU shall:

- 9.1. Operate and maintain its electrical facilities in accordance with Prudent Utility Practice.
- 9.2. Provide timely review of all Generating Facilities and Interconnection Facilities design drawings and specifications submitted by the County. RPU shall recommend modifications to the Interconnection Facilities specifications and designs as it deems necessary.
- 9.3. Make such RPU records available to the County upon request during normal business hours as are reasonably needed by the County to implement this Agreement.
- 9.4. Notify the County and SMMPA at least seven (7) days in advance of any scheduled outage of its Interconnection Facilities or related facilities which will affect the operation of the Generating Facilities.
- 9.5. Accept at the Points of Interconnection at no cost to SMMPA deliveries from SMMPA of the Net Excess Energy produced by the Generating Facilities and purchased by SMMPA as energy delivered to meet SMMPA's obligations under the Power Sales Contract between Southern Minnesota Municipal Power Agency and City of Rochester, Minnesota as long as such contract is in effect.
- 9.6. Provide Backup Power and Energy, to the Points of Interconnection under terms specified in this Agreement.
- 9.7. Purchase Net Excess Energy produced by the Generating Facilities under the terms specified in Section 6 of this Agreement.

10. SMMPA's GENERAL OBLIGATIONS

SMMPA shall:

- 10.1. Purchase Capacity and Net Excess Energy produced by the Facility. SMMPA will purchase this Capacity and Net Excess Energy under the terms specified in Section 6 of this Agreement. This purchased Capacity and Energy shall be used to meet SMMPA's delivery obligations to RPU under the Power Sales Contract between Southern Minnesota Municipal Power Agency and City of Rochester, Minnesota as long as such contract is in effect.
- 10.2. Schedule a test of Accredited Capacity annually for each of the Generating Facilities' generating units. SMMPA shall schedule an additional test after a casualty or other disability to any generating unit. Testing procedures shall be as specified in Article 11 of this Agreement.

11. TEST OF GENERATING CAPABILITY OF FACILITY

The Accredited Capacity of the Facility shall be determined through tests performed in accordance with the procedures documented in Section 4.1 of this Agreement. In the event that SMMPA becomes associated with an organization other than MISO to establish, maintain and coordinate reliability in the region, such other organization's testing criteria shall replace those of the Midwest Reliability Organization and MISO for purposes of this Agreement.

12. NOTIFICATION OF PLANNED CHANGES IN FACILITY

- 12.1. In the event the generating Capacity of the Generating Facilities is increased, the County shall give RPU and SMMPA written notice thereof. The additional generating Capacity shall be accepted as part of the purchased Capacity of the County on the date said generator is available for commercial operation and tested as specified in Section 11, provided that SMMPA agrees to such additional generating capacity (which agreement shall not be unreasonably withheld).
- 12.2. In the event the generating Capacity of the Generating Facilities is decreased due to the planned retirement of a generating unit, the County shall give RPU and SMMPA two (2) years advance written notice thereof. The Accredited Capacity of the Facility will be reduced accordingly, as of the date the unit is removed from commercial operation. Retirement of a generating unit with Accredited Capacity in MISO is subject to approval by MISO.

13. INTERCONNECTION FACILITIES

- 13.1. Olmsted County shall be solely responsible for the design, purchase, installation, operation and maintenance of Interconnection Facilities which are County Owned and which are required by RPU to protect RPU's system, employees and customers from damage or injury arising out of or connected with the operation of the Facility.
- 13.2. RPU shall design, own, construct, operate and maintain the RPU lines and equipment required to connect the Generating Facilities to the RPU electric system. The County shall reimburse RPU for all costs associated with the Interconnection Facilities above those normally required in accordance with RPU's published Electric Service Rules and Regulations and Rules covering Cogeneration and Small Power Production. RPU will estimate the excess investment costs of the interconnection and provide same to the County in advance of construction.
- 13.3. Feeder 303 and 405 switchgear was paid for by the County and the parties have agreed that RPU will own, operate and maintain the equipment through December 31, 2038 pursuant to prepayment for services made by the County. Terms and conditions of this agreement, comprised of letters from March 4, 2008 to September 9, 2008, are set forth in **Exhibit D**.
- 13.4. The County shall have a lockable, manual disconnect switch capable of isolating the Generating Facilities' generators from RPU's system. This switch shall be readily accessible to RPU, and its operation will be under the coordination of the RPU System

Operator at all times. RPU reserves the right to place one of its padlocks on the switch to allow for secure isolation of the generators from RPU's system.

- 13.5. RPU may require during system emergencies that the County generators discontinue interconnected operations required for RPU system integrity and safety. This request will be nondiscriminatory on the part of RPU.
- 13.6. The County shall provide necessary protective equipment to isolate its generators from RPU's system during abnormal conditions. The County will not return its generation to interconnected operation until approval is given by RPU.
- 13.7. The power output of the Generating Facilities shall be maintained such that the frequency and voltage are compatible with normal utility service and do not cause that service to fall outside the prescribed limits of RPU's rules and other utility standard limitations. The generation shall operate so that variations from acceptable voltage levels and other service impairing disturbances do not adversely affect the service or equipment of other customers and so that the Generating Facilities do not produce levels of harmonics which exceed industry standards or other levels customarily accepted.
- 13.8. The County shall be solely responsible for the internal safety of the Generating Facilities and shall provide protective equipment and procedures and adhere to all applicable national, state, and local codes.
- 13.9. RPU and the County agree that from time to time certain system improvements on the RPU system or changes to the Interconnection Facilities owned by RPU may be required for the proper and safe operation of the Generating Facilities and interconnected operation of generators with RPU's system. RPU shall have the right to make such changes or to require the County to make such changes, whichever is appropriate, upon reasonable advance written notice to the County. RPU shall not relocate the Point of Interconnection or the Interconnection Facilities without prior written consent of the County, which consent shall not be unreasonably withheld or delayed.

14. METERING OF POWER AND ENERGY DELIVERY

- 14.1. The transfer of power and energy between the County and RPU shall be measured at the Points of Interconnection as shown on the attached **Exhibit A**. Meters and associated recording equipment shall be provided, owned and maintained by SMMPA. Associated metering equipment, including but not limited to instrument transformers, cables and panels shall be provided, owned, and maintained by RPU. Energy delivered to and received by either party shall be totaled hourly. This equipment will provide the output for determining total County net integrated billing demand.
- 14.2. RPU shall read all electric meters monthly according to its regular meter reading schedule beginning no more than 30 days after the date that the Interconnection Facilities are energized. Metering records shall be available for inspection at all reasonable times to authorized agents or employees of all parties.

- 14.3. Each meter used hereunder shall, by comparison with accurate standards, be tested and calibrated by SMMPA upon installation and at intervals per SMMPA's meter testing program. If the meter shall be found outside of SMMPA standards, it shall be restored to an accurate condition or an equivalent meter substituted. SMMPA shall make or cause to be made special and reasonable meter tests at any time at the County's request. The cost of such tests shall be borne by SMMPA except that if any special meter test made at the County's request shall disclose that the tested meters are recording accurately, the county shall reimburse SMMPA for the cost of such tests.

The results of all tests and calibrations shall be open to examination by the County and a report of every test shall be furnished –as soon as reasonably possible, following completion of the test. Any meter tested and found not to be more than 2% above or below normal shall be considered to be accurate. If, as a result of any test, any meter is found to register in excess of 2% either above or below normal, then the readings of such meter previously taken shall be corrected according to the percentage of inaccuracy found, but no such corrections shall extend beyond 90 days previous to the day on which inaccuracy is discovered by such test. There will be no interest charges on the adjustment.

15. BILLING

- 15.1. **Sales by the County.** The County will issue an invoice to SMMPA and RPU by the 15th day following each month in which Net Excess Energy is delivered. SMMPA will issue a check by the 30th of each month to the County for energy purchased the previous month and will provide an accounting of the energy purchased. RPU will issue a check by the 30th of each month to the County for energy purchased the previous month and will provide an accounting of the energy purchased.
- 15.2. **Purchases by the County.** RPU will issue a bill to the County monthly for Backup Power and Backup Energy in accordance with RPU's billing policies.
- 15.3. If any Party disputes a bill, payment shall be made as if no dispute existed pending resolution by each Party's governing Board. If a bill is determined to be in error, the disputed amount will be refunded upon resolution of the dispute.
- 15.4. Any existing or new federal or state tax, license fee, or local tax imposed on sales transacted or charges of any type arising under this Agreement shall be applied to the corresponding sales and charges and shown separately on each billing statement.

16. AUTHORIZED REPRESENTATIVES

- 16.1. Within 30 days after the date of execution of this Agreement, each Party shall designate in writing to the other Parties an Authorized Representative to serve as primary contact for and person to represent such Party in the implementation and administration of this Agreement.

16.2. The Parties will develop or seek to develop detailed written procedures necessary to administer this Agreement. Such procedures will include, without limitation, specified equipment tests and operating procedures which are in accordance with Prudent Utility Practice.

16.3. The Parties' Authorized Representatives shall have no authority to modify any of the provisions of this Agreement.

17. CONTINUITY OF SERVICE/FORCE MAJEURE

17.1. In the event that any Party is prevented from delivering or receiving the electric service herein contracted for, in whole or in part, by any cause reasonably beyond its control including, but not limited to, acts of God, strikes, acts of governmental authorities other than the Parties, injunctions, breakdown, or for the purpose of making repairs, no Party hereto shall be liable to any other by reason thereof. All Parties shall be prompt and diligent in removing and overcoming the cause or causes of any interruption, but nothing herein shall be construed as permitting any Party to refuse to deliver, or receive electric service after the cause of interruption has been removed.

Both RPU and County reserve the right to disconnect the Interconnection Facilities in the event service to the other Party adversely affects the adequacy or reliability of service on its system. Such adverse effects include but are not limited to, interruptions, grounds, radio or telephone interference, surges or objectionable voltage fluctuations where such adverse effects are caused by the operation or facilities of the receiving Party if, after giving notice in writing to the receiving Party of such adverse effects, the receiving Party fails to remedy the causes thereof within a reasonable time.

Neither RPU nor County guarantee that the supply of electric service hereunder will be free from interruption, and it is agreed that interruption of either Party's service, occasioned by any of the causes mentioned in the foregoing paragraphs, shall not constitute a breach of this Agreement on the part of either Party, and such Party shall not be liable to the other Party for damages resulting therefrom. In the event of a service interruption both Parties will act to restore service as soon as it can reasonably be accomplished. Both Parties will at all times exert themselves toward the end of supplying as nearly constant service as is reasonably practicable. In case of impaired or defective service, the receiving Party shall immediately give notice to the supplying Party by telephone and confirm such notice in writing within 24 hours.

17.2. RPU reserves the right, upon notice to the County, to disconnect the Generating Facilities from the RPU electric system if the Generating Facilities may endanger RPU personnel or if the continued operation of the Generating Facilities may endanger the integrity of RPU's electric system. The Generating Facilities shall remain disconnected until such time as RPU is satisfied that the conditions giving cause for the disconnection have been corrected.

- 17.3. The Authorized Representatives will coordinate temporary curtailment, interruption or reduction of deliveries, or any other operational, maintenance, or construction needs.

18. NONDEDICATION OF FACILITIES

The County does not hereby dedicate any part of the Generating Facilities to serve RPU, SMMPA or its customers. RPU does not hereby dedicate any part of its system or facilities to serving or accepting energy from the County except as herein agreed.

19. RIGHT OF ACCESS

Each Party shall provide access at all reasonable times to its respective facilities to authorized representatives of the other Parties for purposes of testing, inspection, reading of meters, and such other activities as are needed by the Parties to implement this Agreement.

20. INDEMNITY

- 20.1. The County, RPU, and SMMPA agree that each shall be responsible for the utility services herein contracted for on their respective side of the Points of Interconnection and shall indemnify, save harmless, and defend the other against all claims, demands, costs or expenses for loss, damage or injury to persons or property in any manner directly or indirectly arising from negligent acts or omissions of the indemnifying Party, its employees or agents.
- 20.2. Each Party shall be responsible for its own facilities and personnel used in the performance of this Agreement and no party shall be responsible to the other for damage to or loss of property wherever located, unless such damage or loss is occasioned by the party's own negligence (or by the negligence of its employees or agents), in which event the associated costs and expenses shall be borne by the negligent Party.
- 20.3. Furthermore, nothing in this Agreement shall be construed to be or shall in fact give any third party beneficiary or related rights to any other party dealing with the County, RPU or SMMPA.
- 20.4. Nothing contained in this Agreement is intended or shall be construed as a waiver, either express or implied, of any provision of the Worker's Compensation laws of the State of Minnesota or as an assumption by contract, express or implied, of any responsibility or liability greater than that imposed by said laws or, in particular, of any responsibility or liability inconsistent with the exclusive remedy provisions of said laws.

21. NON-ASSUMPTION OF LIABILITY OR DUTY

No testing, inspection, specification review or approval by RPU and SMMPA under this Agreement is intended to or shall constitute an assumption or undertaking on the part of RPU and SMMPA of any duty relating to the safety or adequacy of the Facility or any Interconnection

Facilities owned by the County. Any such inspection, testing, review or approval is intended solely to protect RPU's and SMMPA's facilities, employees, and systems. In no such event are RPU and SMMPA acting as the agent of the County and RPU and SMMPA make no warranty to the County concerning any such inspection, testing, review and approval.

22. INCORPORATION OF EXHIBITS AND REFERENCED DOCUMENTS

All exhibits attached to this Agreement and identified as follows shall be incorporated into and be a part of this Agreement:

- Exhibit A** - Interconnection Facilities Diagram
- Exhibit B** - Transmission and Distribution Service
- Exhibit C** - Backup Service
- Exhibit D** – Switchgear Agreement
- Exhibit E** – FERC Docket No. QF85-187-000
- Exhibit F** – FERC Docket No. QF85-187-001
- Exhibit G** – FERC Docket No. QF85-187-002
- Exhibit H** – FERC Docket No. QF13-91-000

Conflicts between this Agreement and any Exhibit or referenced document shall first be resolved in favor of the Agreement. However in the event of a conflict between Exhibit D and this agreement or any other Exhibit, terms of Exhibit D shall govern.

23. DEFAULT AND REMEDIES

- 23.1. **Events of Default.** The following shall be "Events of Default" under this Agreement:
- 23.1.1. Failure by any Party to make any payment to another Party within one (1) year after the date on which such payment becomes due; or
 - 23.1.2. The inability or admission in writing by any Party of its inability to pay its debts generally as they become due, or the making of an assignment for the benefit of, or entry into any composition or arrangement with, its creditors; or
 - 23.1.3. The authorization or filing by any Party of a voluntary petition in bankruptcy or commencement by any Party of proceedings relating thereto under any bankruptcy, reorganization, readjustment of debts, insolvency, dissolution, liquidation, or other similar law of any jurisdiction, or indication by such Party in any such proceedings of its approval thereof, consent thereto or acquiescence therein; or
 - 23.1.4. The adjudication of any Party as a bankrupt or insolvent on a petition in bankruptcy or insolvency proceedings filed against it; or

23.1.5. The commencement of any proceeding against any Party seeking the appointment of a receiver, trustee, or liquidator of another Party of all or substantially all of the other Party's assets, or its dissolution, with or without its authorization, consent, or application; or

23.1.6. An order, judgment or decree, restricting any Party's ability to perform its' obligations under this Agreement, entered by any court of competent jurisdiction partitioning among the members of any Party all or any portion of the assets of such Party; or,

23.1.7. A material breach of any term or condition of this Agreement.

23.2. **Remedies:** Upon the occurrence of an Event of Default by any Party, the remedies available to the Parties not in default shall be as follows:

23.2.1. The right to commence an action for equitable relief, including injunction, declaratory judgment or specific performance;

23.2.2. The right to commence an action for money damages;

23.2.3. The right to terminate this Agreement.

23.3. The pursuit by either Party of any specific remedy shall not be deemed to be an election of that remedy to the exclusion of any other or others, whether provided hereunder or at law, in equity or by statute or otherwise.

23.4. If an Event of Default should occur and any Party not in default should employ attorneys or incur other expenses for the collection of any payment or the enforcement of performance or observation of any condition or obligation of the defaulting Party, or for the exercise of any other remedy hereunder, the defaulting Party agrees that it will on demand therefore reimburse such other Parties for its reasonable expenses of such attorneys and such other expenses so incurred.

23.5. If any Party shall have the right to terminate this Agreement pursuant to section 23.2, such Party may give the other Parties written notice of its intent to terminate, the effective date and the reason therefore. Termination as specified in the notice of intent to terminate shall not occur if the Party in default cures such default or removes the conditions causing such default within 120 days from receipt of such notice to terminate, which time may be extended by the written consent of the Party serving the notice.

24. NON-WAIVER

None of the provisions of this Agreement shall be considered waived by any Party except when such waiver is given in writing. The failure of any Party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

25. NO DELAY

No disagreement or dispute of any kind between the Parties or between a Party and any other entity, concerning any matter, including, without limitation, the amount of any payment due from said Party or the correctness of any billing made to the Party, shall permit any Party to delay or withhold any payment or the performance of any other obligation pursuant to this Agreement.

26. NOTICES

Any notices, demands, or request required or authorized by this Agreement shall be deemed properly given if mailed postage prepaid to:

Rochester Public Utilities, 4000 East River Road N.E., Rochester, Minnesota 55906,
Attention: General Manager.

Olmsted County Department of Environmental Resources, 2122 Campus Drive SE,
Rochester, Minnesota 55904, Attention: OWEF Plant Manager.

Southern Minnesota Municipal Power Agency, 500 First Avenue S.W., Rochester,
Minnesota 55902, Attention: Executive Director.

A change of address may be accomplished by providing the notice specified herein.

27. SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of and shall be binding upon the respective successors and assigns of the Parties to this Agreement, and neither this Agreement nor any interest herein shall be transferred or assigned by any Party hereto except with the consent in writing of the other Parties hereto, which consent shall not unreasonably be withheld. No assignment of this Agreement shall relieve the Parties of any obligation hereunder.

28. SURVIVORSHIP OF RIGHTS AND OBLIGATIONS

The termination of this Agreement shall not discharge any Party hereto from any obligation it owes to the other Party(ies) under this Agreement by reason of any transaction, loss, cost, damage, expense, investment, or liability which shall occur or arise prior to such termination. It is the intent of the Parties that any such obligation owed (whether the same shall be known or unknown at the termination of this Agreement) shall survive the termination of this Agreement.

29. LIMITATIONS

This Agreement is not intended to and shall not create rights of any character whatsoever in favor of any person, corporation, association, or entity other than the Parties to this Agreement or

their successors and assigns and the obligations herein assumed are solely for the use and benefit of the Parties to this Agreement and their successors and assigns.

30. REPRESENTATIONS AND WARRANTIES

- 30.1. Each Party hereto has the right, power, and authority to enter into and perform its obligations under this Agreement.
- 30.2. Each Party has taken all requisite corporate action to approve execution, delivery and performance of this Agreement and this Agreement constitutes a legal, valid and binding obligation of each Party enforceable in accordance with its terms. The fulfillment of obligations hereunder will not constitute a material violation of any existing applicable law, rule, regulation or order of any governmental authority. All necessary public or private consents, permissions, agreements, licenses, or authorizations to which this Agreement may be subject, have been or will be obtained in a timely manner.
- 30.3. The Parties acknowledge that these representations and warranties constitute material elements of this Agreement and that, except as hereinafter provided, any breach by any Party would cause irreparable injury to the other party and that the remedy at law for any violations or threatened violations thereof would be inadequate, and agree that any Party shall be entitled to a temporary or permanent injunction or other equitable relief specifically to enforce such obligation without the necessity of proving the inadequacy of its legal remedies.

31. SEVERABILITY OF PROVISIONS

- 31.1. If any governmental agency other than the Parties or court of competent jurisdiction holds that any provisions of this Agreement is invalid, or if, as a result of a change in any Federal or State law or constitutional provision or any rule and regulation promulgated pursuant thereto, any provision of this Agreement is rendered invalid or results in the impossibility or impracticability of performance hereof, the remainder of this Agreement shall not be affected thereby and shall continue in full force and effect.
- 31.2. In the event any provision of this Agreement is so held invalid, the Parties hereto shall promptly renegotiate in good faith new provisions to restore this Agreement as nearly as possible to its original intent and effect.
- 31.3. In this connection, the Parties recognize that they have bargained at arm's length in good faith and on equal terms for economic benefits to each Party which are closely interrelated and which produce an overall result which is considered by the Parties to be just and reasonable. In recognition thereof, if any provision of this agreement is held invalid, and such holding alters the economic benefits flowing to any Party, the Parties' renegotiation shall attempt to restore the overall economic benefits to each Party to the levels provided for in this Agreement as originally executed.

32. AMENDMENTS

This Agreement may be amended by a written instrument duly executed by the Parties hereto.

33. EFFECT OF SECTION HEADINGS

Section headings appearing in the Agreement are inserted for convenience only, and shall not be construed as interpretation of text.

34. ENTIRE AGREEMENT

This Agreement constitutes the entire and final expression of the parties' agreement, with respect to the subject matter herein, and the complete and exclusive statement of the terms agreed upon. This Agreement supersedes all prior negotiations, understandings, agreements, and representations. There are no oral or written understandings, agreements or representations not specified herein. Furthermore, no waiver, consent, modification, or change of terms of this Agreement shall bind any party unless in writing and signed by all parties.

35. COUNTERPARTS

This Agreement may be executed simultaneously in two or more Counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

36. GOVERNING LAW

Validity, interpretation, and performance of this Agreement shall be governed by the laws of the State of Minnesota.

37. WITNESS

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed by their respective officers or officials pursuant to authorization of their respective governing boards or bodies.

ATTEST:

Olmsted County

By Its Board of Commissioners

Clerk-Administrator

Chairperson

Date_____

ATTEST:

Rochester Public Utilities

General Manager

Date_____

ATTEST:

City of Rochester

Clerk

Mayor

Date_____

ATTEST:

**Southern Minnesota Municipal
Power Agency**

Executive Director & CEO

Date_____

Approved as to Form

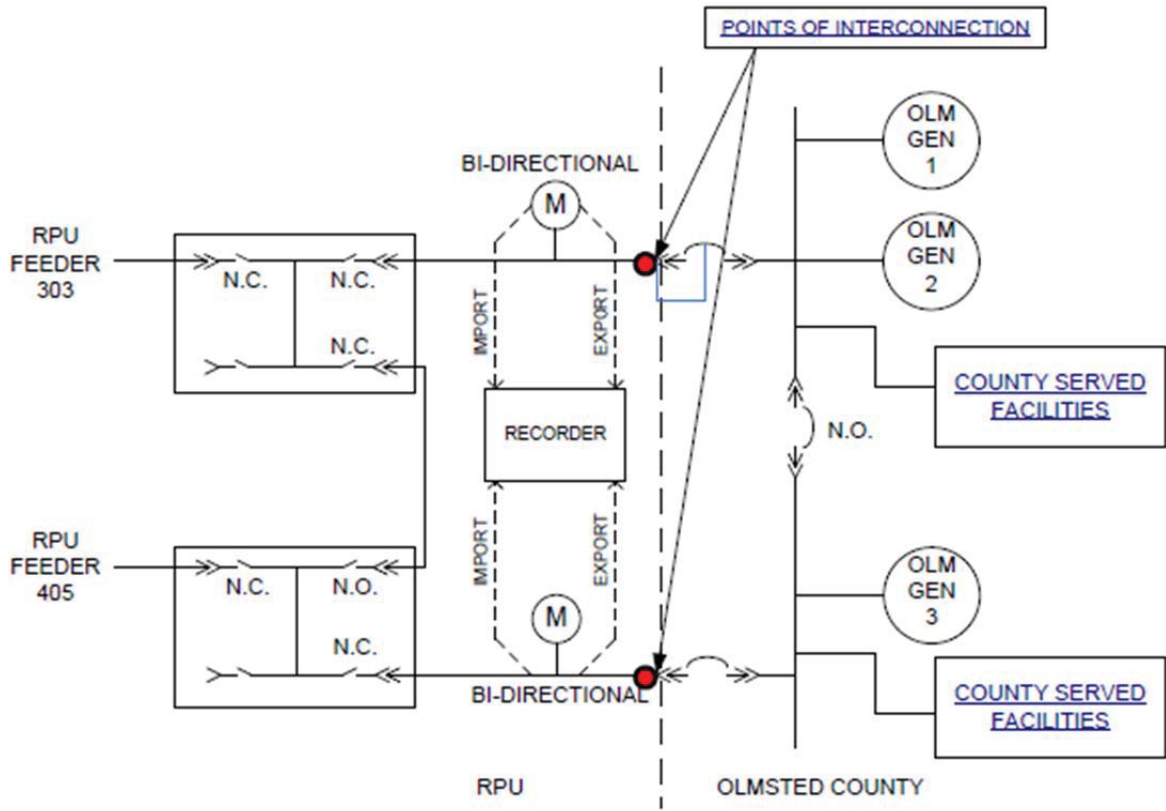
Rochester City Attorney

Approved as to Form

Assistant Olmsted County Attorney

EXHIBIT A

INTERCONNECTION FACILITIES DIAGRAM



**EXHIBIT B
SHEET 1**

**TRANSMISSION AND DISTRIBUTION SERVICE
FOR THE
INTERCONNECTION AND INTERCHANGE AGREEMENT
BETWEEN
OLMSTED COUNTY, MINNESOTA,
THE CITY OF ROCHESTER, MINNESOTA,
AND
SOUTHERN MINNESOTA MUNICIPAL POWER AGENCY**

Transmission and Distribution service is available only by written agreement for transmission of power and energy produced by the Generating Facilities for use at the Facility and County Served Facilities as set forth in the Agreement.

Transmission and Distribution is the maximum rate at which energy is transported for any hour during the billing period.

RATE:

Transmission and Distribution charge is the sum total of the individual Transmission charge, Distribution Charge and Substation charge.

The rates may be revised from time to time in accordance with RPU's established ratemaking policies and procedures.

Transmission Charge

Shall be the rate published in RPU's Open Access Transmission Tariff

Distribution Charge

\$2.66 per kW/month

Substation Charge

\$0.16 per kW/month

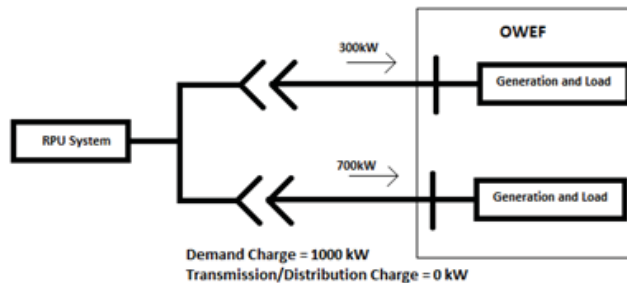
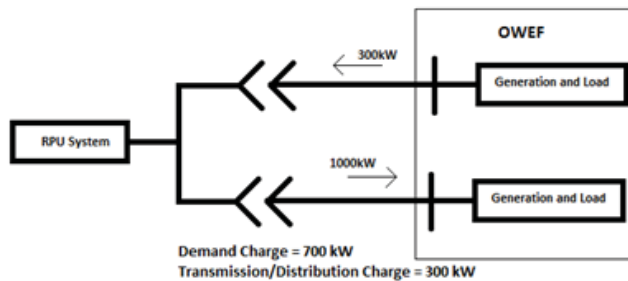
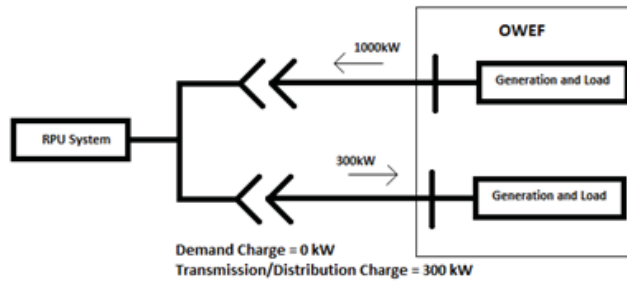
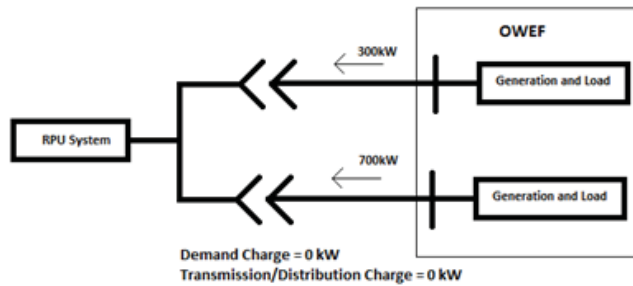
Transmission and distribution service charges will be determined under the scenarios below:

Scenario	Demand Charge	Transmission and Distribution Charge
Both buses exporting	None	None
One bus exporting, the other bus importing with net export	None	Equal to County exported that is also imported kW (power and energy that traverses RPU's system)
One bus exporting, the other bus importing with net import	Equal to kW difference of import minus export (power and energy being purchased)	Equal to County's exported that is also imported kW (power and energy that traverses RPU's system)
Both buses importing	Equal to kW sum of both buses	none

**EXHIBIT B
SHEET 2**

**TRANSMISSION AND DISTRIBUTION SERVICE
FOR THE
INTERCONNECTION AND INTERCHANGE AGREEMENT
BETWEEN
OLMSTED COUNTY, MINNESOTA,
THE CITY OF ROCHESTER, MINNESOTA,
AND
SOUTHERN MINNESOTA MUNICIPAL POWER AGENCY**

Examples of these four Scenarios are depicted below. These examples are for illustrative purposes only.



**EXHIBIT C
SHEET 1**

**BACKUP SERVICE
FOR THE
INTERCONNECTION AND INTERCHANGE AGREEMENT
BETWEEN
OLMSTED COUNTY, MINNESOTA,
THE CITY OF ROCHESTER, MINNESOTA,
AND
SOUTHERN MINNESOTA MUNICIPAL POWER AGENCY**

Backup Power and Energy supplied by RPU to the County when the Generating Facilities are unable to provide adequate power and energy to meet the electric needs of the Generating Facilities and meet County need under the Agreement, RPU System Operators will provide a two (2) hour notice that Backup Power and Energy is not available

Power and energy supplied under this rate may not exceed that portion of the County's electrical requirements normally supplied by the Facility and may not be resold except to property directly connected to the Facility through the County owned electric system. Backup Service shall be subject to the provisions of RPU's Electric Service Rules and Regulations and Rules Covering Cogeneration and Small Power Production Facilities.

MEASURED DEMAND: Measured demand will be the maximum rate at which energy is used for any hour during the billing period.

BILLING DEMAND: The billing demand will be the highest measured demand during the billing period.

PAYMENT: Payments are due on or before the billing due date.

ENERGY ACQUISITION ADJUSTMENT: Bills computed under this rate are subject to adjustment in accordance with the Energy Acquisition Adjustment Clause.

RATE:

Backup Power

Shall be the Demand Charge rate for RPU's Interruptible LGS in effect at time charges are incurred

Backup Power when County continues taking power after call for interruption

Shall be the demand charge for RPU's LGS in effect at time charges are incurred

Backup Energy

Shall be the Energy Charge rate for RPU's LGS rate in effect at the time charges are incurred

EXHIBIT C
SHEET 2

Penalty:

RPU reserves the right to invoke additional penalty charges for demand and energy purchase exceedences when Backup is not available. These charges will allow RPU to recover MISO Day Ahead and/or Hourly Spot Price and Transmission charges as applicable. The charges shall only apply at the coincident peak of MISO and SMMPA/RPU if the Generating Facilities are unavailable. RPU will pass through all costs incurred by the curtailment shortfall caused by OWEF. These costs will be documented through the MISO energy and transmission settlements governed by MISO Business Practices and shall be provided to the County.

EXHIBIT D
SWITCHGEAR AGREEMENT
SHEET 1
March 4, 2008 Letter

March 4, 2008

Norm Motter
Project Manager
KHH
2300 Territorial Road
St. Paul, MN 55114

Re: Olmsted County Waste to Energy Facility
Scope of Engineering for the RPU electric interconnect upgrade

Dear Mr. Motter:

Rochester Public Utilities (RPU) is willing to perform the engineering required to provide Olmsted County Waste to Energy (OWEF) with a quote for the installation of our segment of the project described in our October 8, 2008 letter and further outlined below. Our estimate for performing the engineering to provide the quote is \$10,000. RPU will require either a purchase order from Olmsted County for \$10,000 or a check from their agent for that amount before we will expend additional resources on this project.

- 1) RPU will provide own, install and maintain two utility grade, air insulated padmounted switchgear and metering cabinets (S&C PMX or equal)
- 2) RPU will supply, install, and maintain a direct buried conduit system from the manholes under the RPU provided switchgear outlined in #2 to RPU's existing overhead electric facilities on the south side of the D&ME railroad tracks.
- 3) RPU will provide, test, terminate, and own the medium voltage power cable to interconnect OWEF's facilities (Bus 1 and Bus 2) to two RPU overhead feeders (currently RPU's feeders 303 and 405).
 - a) RPU will install the cable from the utility side of the padmount gear identified in #2 to our overhead feeders.
 - b) RPU will install the cable between the two pieces of switchgear.
 - c) OWEF will be responsible for installing the RPU supplied medium voltage cable from the customer side of the switchgear to its existing 13.8 kV Bus #1 and future Bus #2.
 - d) All medium voltage cable provided and installed as part of this project will be 500 kcmil CU or 750 kcmil AL with 220 mil EPR insulation with a jacket. Each cable will have a 1/3 ampacity CU concentric neutral.

EXHIBIT D
SWITCHGEAR AGREEMENT
SHEET 2
March 4, 2008 Letter

- 4) RPU will specify the physical size and layout of the manholes to be used as pulling locations and a pad for the switchgear identified in #2. The manholes will be constructed and installed to meet RPU's existing manhole and duct specifications which have been provided earlier. OWEF or its agents are responsible for performing the engineering and installing a manhole and duct system between the switchgear identified in #2 and the OWEF 13.8 kV bus 1 and Bus 2 switchgear. The manhole and duct system must be approved by RPU Engineering Department prior to installation. The manhole and duct system shall be owned by OWEF and any future maintenance costs associated with it shall be born by OWEF.

OWEF and its agents shall be responsible for the design and supply of everything not specifically identified above as being designed or supplied by RPU.

RPU will need the following information from OWEF prior to starting detailed design work and providing the installation quote.

- 1) Machine and OWEF system data to perform fault and ARC hazard analysis. The proposed switchgear only has a 10,000 amp fault rating and if our analysis shows that the standard operating condition of the system would be above 10,000 amps a different type of switchgear would be required. RPU requested this data many months ago.
- 2) A site plan showing the location of all switchgear, proposed manhole locations, and duct routing. The plan should be transmitted to RPU in AutoCAD format and should be to scale.

The following information is in response to your design data request received via email on March 4, 2008.

- 1) The size and type of the 15 KV cable supplied by RPU shall be 500 kcmil CU or 750 kcmil AL with 220 mil EPR insulation with a jacket. Each cable will have a 1/3 ampacity CU concentric neutral. RPU's quote will give OWEF the option on which cable they want to pay for. The cost of 500 kcmil CU is substantially more then 750 kcmil AL and our last estimate was based on using 750 kcmil AL.
- 2) The number of conduits between the two RPU provided and installed switchgears shall be 4. There shall be two conduits with a minimum diameter of 5 inch the installation of the medium voltage cable and two 2 inch conduits for metering and control.

EXHIBIT D
SWITCHGEAR AGREEMENT
SHEET 3
March 4, 2008 Letter

- 3) Between each piece of RPU switchgear and each lineup of OWEF switchgear shall be a minimum of two conduits and the conduits shall have a minimum diameter of 5 inch.
- 4) The electrical vaults under the switchgear shall have the following minimum inside dimensions:
Width = 10 ft, Length = 12 ft, Height = 8 ft
- 5) All other electrical vaults provided by OWEF for the installation of RPU conduit shall have the following minimum inside dimensions:
Width = 8 ft, Length = 10 ft, Height = 8 ft

If you have any questions, please contact me at scook@rpu.org or by phone at 507.280.1570

Sincerely:

Steven J. Cook, P.E.
Senior Electrical Engineer

cc Randy Anderton (RPU)
 Walt Lorber (RPU)
 Chuck Pentek (RPU)

EXHIBIT D
SWITCHGEAR AGREEMENT
SHEET 4
June 16, 2008 Letter



June 16, 2008

Norm Motter
Project Manager
KHH
2300 Territorial Road
St. Paul, MN 55114

Re: Waste to Energy Facility Expansion and Electrical Interconnection with
Rochester Public Utilities.

Dear Mr. Motter:

Rochester Public Utilities (RPU) has completed enough of our design to provide KHH and Olmsted County with a quote to install the electrical facilities to allow Olmsted Waste to Energy Facility (OWEF) to interconnect with RPU's Feeders 303 and 405.

The basis for this quote are as follows:

- 1) RPU reserves the right to make modifications to our system in the future that could result in both of the service connections from OWEF being placed on a single RPU feeder.
- 2) RPU does not guarantee that we will maintain or replace any redundant facilities installed in this project. RPU considers all facilities other than our existing circuit configuration with OWEF to be redundant.
- 3) All metering CT's and PT's will be installed in the OWEF owned and maintained switchgear.
- 4) RPU is to provide and install all conduit and cable from rebuilt MH 17 to RPU structure #1116 (FDR 303).
- 5) RPU is to provide and install all conduit and cable from new MH 19 to RPU Plant # 2103 (FDR 405).

Rochester Public Utilities, 4000 East River Road NE, Rochester, MN 55906-2813
telephone 507.280.1540 • facsimile 507.280.1542 • website www.rpu.org

EXHIBIT D
SWITCHGEAR AGREEMENT
SHEET 5
June 16, 2008 Letter

- 6) RPU to provide, test, and terminate cable installed by OWEF contractor between Switchgear on top of MH 17 and 19 and the OWEF main switchgear as shown on HDR Drawing 0E-002 dated 5/26/08.
- 7) RPU to provide and install two S&C PME-10 switchgear cabinets as shown on RPU drawing 700252 (dated 06/09/08) and the attached S&C cut sheets.
- 8) OWEF to provide RPU/SMMPA access to real time generator status and output data from generator 3 to our SCADA terminal.
- 9) OWEF to provide manhole and duct system as identified in HDR Drawing 0E-001 (dated 05/26/08) and 0E-503.
- 10) OWEF to provide RPU/City of Rochester an easement covering our facilities installed on Olmsted County property as part of this project.

We have prepared two different quotes depending on the type conductor material used for the underground service interconnection cable between OWEF and RPU's overhead distribution lines.

Quote #1: \$282,000 (two hundred eighty-two thousand dollars and no/100) if the service cable is 500 kcmil Cu cable, 220 mil EPR insulation, 15 KV, with a 1/3 concentric neutral covered by a jacket.

Quote #2: \$238,000 (two hundred thirty-eight thousand dollars and no/100) if the service cable is 750 kcmil AL cable, 220 mil EPR insulation, 15 KV, with a 1/3 concentric neutral covered by a jacket.

These quotes do not cover the following:

- 1) Metals escalation for service cable: RPU pays for our cable based on metals prices at the time of shipment and the above quotes were based on the following metals prices:
 - a) Copper = \$3.81 per lb
 - b) Aluminum = \$1.28 per lb

RPU estimates that the project as scoped will use 5200 ft of cable.

500 CU Cable
CU = 2.115 lb/ft

750 AL Cable:
AL = 0.704 lb/ft
CU = 0.492 lb/ft

EXHIBIT D
SWITCHGEAR AGREEMENT
SHEET 6
June 16, 2008 Letter

OWEF will pay any cable escalation due to metals price changes and receive a credit for any de-escalation.

- 2) Cost of a license to install and maintain these facilities on the railroad right-of-way or the cost of obtaining an easement from the Federal Government for the installation of the facilities west of the OWEF facility. OWEF will pay cost associated with this license/easement.
- 3) Cost of the required insurance adder for our contractor to be able to work within the railroad right-of-way. OWEF will pay any insurance costs plus contractors normal markup.

If you have any questions, please contact me at scook@rpu.org or by phone at 507.280.1570

Sincerely:



Steven J. Cook, P.E.
Senior Electrical Engineer

cc (with attachments):

Randy Anderton (RPU)
Chuck Pentek (RPU)
Matthew Anderson (OWEF)

EXHIBIT D
SWITCHGEAR AGREEMENT
SHEET 7
July 2, 2008 Letter



July 2, 2008

Norm Motter
Project Manager
KHH
2300 Territorial Road
St. Paul, MN 55114

Re: Waste to Energy Facility Expansion and Electrical Interconnection with
Rochester Public Utilities.

Dear Mr. Motter:

In Rochester Public Utilities (RPU's) letter dated June 16th, 2008 regarding the above project it was stated that one of the basis for RPU's the quote to perform the work outlined in that letter was:

- 2) *RPU does not guarantee that we will maintain or replace any redundant facilities installed in this project. RPU considers all facilities other than our existing circuit configuration with OWEF to be redundant.*

It is RPU's policy that customers pay for their redundant and requested excess facilities, including maintenance and repair costs related to the excess facilities. RPU considers our existing facilities that serve the OWEF generation facility to be adequate to supply their existing needs and their future needs once Unit 3 is installed. OWEF is requesting that RPU modify our existing distribution tie between OWEF and our circuit #303. In addition OWEF is requesting a second redundant tie to RPU circuit #405.

RPU considers the entire tie to RPU circuit #405 to be redundant facilities. In addition we consider the padmount switchgear proposed for the circuit #303 tie to be excess facilities. If OWEF wants RPU to maintain these redundant /excess facilities there will be an additional one time fee of \$76,309.52 (seventy six thousand three hundred nine and 52/100 dollars). This fee represents the present value of our average O&M costs for similar distribution facilities for the next 30 years.

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EXHIBIT D
SWITCHGEAR AGREEMENT
SHEET 8
July 2, 2008 Letter

If you have any questions, please contact me at scook@rpu.org or by phone at 507.280.1570

Sincerely:



Steven J. Cook, P.E.
Senior Electrical Engineer

cc:

Randy Anderton (RPU)
Chuck Pentek (RPU)
Larry Koshier (RPU)
Matthew Anderson (OWEF)

OWEF, July 2, 2008

2

EXHIBIT D
SWITCHGEAR AGREEMENT
SHEET 9
July 18, 2008 Letter



Meeting Notes

Subject: OWEF Interconnection Modifications
Meeting Date: July 18, 2008
Meeting Location: RPU
Notes by: Steven Cook *sgc*

Attendees:

Steven Cook, Randy Anderton, Mark Kotschevar: RPU
John Helmers, Matt Anderson, Brian Grzanek: Olmsted County
Andrew Leuer, Norm Motter: KHH
Tim Coyle, Duke Kuvaas, Brent Lease: HDR (via phone)

Distribution (via email):

Attendees
Walt Lorber, Larry Koshire: RPU

Topics Discussed:

- 1) RPU's June 16, 2008 and July 2, 2008 letters (attached for reference).

Olmsted County was concerned about the following statements in the June 16 letter.

RPU reserves the right to make modifications to our system in the future that could result in both of the service connections from OWEF being placed on a single RPU feeder.

RPU explained our existing distribution configuration in the area of OWEF. It was explained that RPU's feeders 303 and 405 are the designated backup feeders for each other and that during some periods of time they would be electrically tied together by RPU for system maintenance and repair purposes. RPU has no plans at this time of moving the normal open point between the two feeders which is located at the northwest corner of the OWEF site. RPU can not and will not guarantee that this system configuration will be available in perpetuity or even for a given period of time.

RPU is willing to provide Olmsted County with a reasonable notice of planned modifications to these feeders which would "permanently" relocate the normal

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EXHIBIT D
SWITCHGEAR AGREEMENT
SHEET 10
July 18, 2008 Letter

open point and result in both of OWEF's electrical connection points to RPU's system being permanently on one Feeder. RPU would work with Olmsted County at that time to determine other options available to OWEF. Based on RPU's typical budget cycle RPU anticipates that they could provide Olmsted County with a 1 year notice of any planned permanent relocation of the open point between Feeders 303 and 405 at the northwest corner of the OWEF facility.

- 2) O&M Cost of the excess redundant and excess facilities associated with the second interconnect tie.

RPU explained that the \$76,309.52 O&M cost outlined in the July 2, 2008 letter was the present value of 30 years worth of O&M costs on similar facilities within RPU's system. This cost would cover the operation, maintenance, and replacement due to normal damage of the redundant facilities associated with the OWEF to FDR 405 tie and for the two pieces of S&C switchgear.

Discussion was held about if a prorated refund would be available on this fee if for some reason the FDR 405 tie went away.

(RPU held an internal discussion after this meeting and it was been determined that there **would not** be a pro-rated refund of this fee. RPU does not track O&M costs by segments of cable but by FERC classification. RPU would not be able to determine what our actual O&M costs were for this segment 10 years from now in order to calculate a refund. In addition the proposed lump sum payment of future maintenance costs has an associated risk to RPU of all future O&M costs related to these redundant and excess facilities.)

- 3) OWEF understands that there will be costs associated with the license / easement to install and maintain these facilities on the railroad right-of-way.
- 4) OWEF will pay any insurance costs plus contractors normal markups for RPU's contractor to be able to work within the railroad right-of-way.

The following was not discussed at the meeting but is RPU's position on what will be required to move forward:

RPU will require a Purchase Order from Olmsted County identifying the scope of the work prior to us outlaying any capital. RPU is willing to provide the services and facilities identified in this memo and the supporting documentation to OWEF as a customer of RPU. RPU is not in the business of providing contract services to non customers and will require that the actual Purchase Order be from Olmsted County.

EXHIBIT D
SWITCHGEAR AGREEMENT
SHEET 11
September 1, 2008 Letter

ghum

From: Steven Cook
Sent: Tuesday, September 01, 2009 5:03 PM
To: Jody Highum
Subject: OWEF 7002522

Please bill Olmsted County for \$267,900 and reference their Purchase Order Number 090908-147 (see attached). Put a note on the bill that this is for 95% complete.

The money should be credited to WO 7002522.

Inv # 9-2073

In a second bill please bill Olmsted County \$76,309.52 for 30 years of O&M Costs for excess facilities and credit whatever account would be the appropriate account (see attached pdf).

Steven Cook, PE
Senior Electrical Engineer
4000 East River Rd NE
Rochester, MN 55906

Phone: 507.280.1570
Fax: 507.280.1542

EXHIBIT D
SWITCHGEAR AGREEMENT
SHEET 12
September 9, 2008 Letter



PURCHASING DEPARTMENT
2122 CAMPUS DRIVE SE SUITE 200
ROCHESTER MN 55904-4744
PHONE: 507-328-7070
FAX: 507-328-7090
www.co.olmsted.mn.us

September 9, 2008

Rochester Public Utilities
Mr. Steven J. Cook
Senior Electrical Engineer
4000 East River Road NE
Rochester, MN 55906

Subject: OWEF Expansion and Electrical Interconnection w/RPU
Memorandum of Understanding
Purchase Order #090908-147

Dear Mr. Cook:

Please accept this letter as an acknowledgement that the Olmsted County Board has authorized the Interconnection with Rochester Public Utilities for the Waste to Energy Facility Expansion project.

The Scope of Work which the County has authorized and which RPU agrees to perform is set forth in your August 14, 2008 email and the July 18, 2008 Meeting Notes which you reference in your email.

The County has issued Purchase Order Number 090908-147, in the total amount of \$282,000. A hard copy is attached for your convenience.

Please note that we will be making a separate payment, outside of this purchase order, for the one-time fee of \$76,309.52 for thirty years of O&M costs for the facilities being installed under this agreement.

If you have any questions regarding this correspondence, please contact John Helmers, Solid Waste Manager and Unit 3 Project Manager, helmers.john@co.olmsted.mn.us or at 507-328-7017.

Sincerely,

Mike Cousino
Olmsted County Public Works Director

- c. John Helmers, Solid Waste Manager, OCPW
Norm Motter, Electrical Project Manager, KHH
Chris Lyles, Project Manager, KHH



AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER

**EXHIBIT D
SWITCHGEAR AGREEMENT
SHEET 13
September 9, 2008 Letter**



*****PURCHASE ORDER*****

PO # : 090908-147

ORDER DATE : September 10, 2008

TO: Rochester Public Utilities	SHIP TO: Olmsted County Waste to Energy
ADDRESS: 4000 East River Road NE	ADDRESS: 301 Silver Creek Road NE
CITY, STATE, ZIP: Rochester, MN 55906	CITY, STATE, ZIP: Rochester, MN 55906

QUANTITY	DESCRIPTION/SPECIFICATIONS	TOTAL PRICE
N/A	OWEF Expansion and Electrical Interconnection of RPU Feeders 305 and 404 per Steve Cook's August 14, 2008 e-mail and meeting notes referenced within.	
	COST OF THE WORK	\$282,000.00
	TOTAL PO	\$282,000.00

SPECIAL INSTRUCTIONS:

Please contact Chris Lyles of KHH at 507-252-6910 for coordination of the work.

<p align="center">**IMPORTANT**</p> <p>PURCHASE ORDER NUMBER MUST APPEAR ON ALL INVOICES, PACKAGES, SHIPPING PAPERS AND CORRESPONDENCE</p>	<p>Marianne Sobek, Purchasing 507-328-7053</p> <p align="center"><i>Marianne Sobek</i></p> <p align="center"><small>(ORDERED BY/AUTHORIZING SIGNATURE) (PHONE)</small></p>						
	<p>SEND INVOICE:</p> <p>TO: Olmsted County Public Works Finance</p> <p>ADDRESS: 2122 Campus Drive SE, Suite 200</p> <p>CITY, STATE, ZIP: Rochester, MN 55904</p>						
	<p align="center"><small>(INTERNAL CODING/OFFICE USE ONLY)</small></p> <table border="1"> <tr> <td>FUND</td> <td>DEPT</td> <td>UNIT</td> <td>ACTIVITY</td> <td>EXP OBJ</td> <td>CODE</td> </tr> </table>	FUND	DEPT	UNIT	ACTIVITY	EXP OBJ	CODE
	FUND	DEPT	UNIT	ACTIVITY	EXP OBJ	CODE	
<p><small>THE COUNTY AGREES TO PAY WITHIN 35 DAYS OF RECEIPT OF INVOICE PER MN STATE STATUTES.</small></p>							

**EXHIBIT D
SWITCHGEAR AGREEMENT**

**SHEET 14
August 14,, 2008 Email**

From: Steven Cook
Sent: Thursday, August 14, 2008 4:50 PM
To: Randy Anderton; Mark Kotschevar; helmerts.john@co.olmsted.mn.us; Anderson Matt; NMotter@huntelec.com; 'Coyle, Timothy J.'; Kuvaas, Duke; Lease, Brent R.; Grzanek Brian
Subject: OWEF

Attached to this email are the notes from the July 18th meeting and RPU's position on a couple of follow-up issues that were brought up after the draft was sent out.

If you have any questions please feel free to give me a call.

**Steven Cook, PE
Senior Electrical Engineer
4000 East River Rd NE
Rochester, MN 55906**

**Phone: 507.280.1570
Fax:507.280.1542**

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EXHIBIT E

UNITED STATES OF AMERICA FEDERAL ENERGY REGULATORY COMMISSION

County of Olmsted Minnesota

Small Power Production and
Cogeneration Facilities
Qualifying Status

Docket No. QF85-187-000

ORDER GRANTING APPLICATION FOR CERTIFICATION AS A QUALIFYING SMALL POWER PRODUCTION FACILITY

On January 14, 1985 the County of Olmsted, Minnesota, (Applicant), filed an application with the Federal Energy Regulatory Commission (Commission) for certification of a facility as a qualifying small power production facility pursuant to § 292.207 of the Commission's regulations. ^{1/} Notice of the application was published in the federal register on February 22, 1985. ^{2/} No protests or petitions to intervene have been filed.

The small power production facility will be located in Rochester, Minnesota within the County of Olmsted. The facility will be comprised of a new municipal solid waste combustion plant containing two steam generators which will be used to drive a back pressure steam-turbine generator. Low pressure steam from this turbine will provide thermal energy for building heating and process use to Federal and County facilities on site with

^{1/} Section 292.207 (b) (5) of the Commission's regulations requires the Commission to issue an order granting or denying an application for qualifying status, tolling the time for issuance of an order, or setting the matter for hearing within 90 days of the filing of the application. Section 375.308 (r) of the Commission's regulations delegates to the Director, Office of Electric Power Regulation (OEPR), the authority to take appropriate action on uncontested applications for qualifying status 18 CFR § 375.308 (r) (1984).

^{2/} 50 Fed. Reg. 7374 (1985).

Docket No. QF85-187-000

Excess low pressure steam driving a condensing steam-turbine generator. An existing heating plant contains three gas/oil fired boilers which will provide low pressure steam during planned or forced outages of the MSW plant, about 10 percent of the time. The primary energy source for the combined facility will therefore be biomass in the form of municipal solid waste. The electric power production capacity of the facility will be approximately 3500 kW. Construction of the new plant is scheduled to begin on or about September 1, 1985. Applicant

owns no other facility which is located within one mile of the proposed facility and which uses the same energy source. The facility thus meets the criteria set out in § 292.204 of the Commission's regulations.

No electric utility, electric utility holding company, or any combination thereof has any ownership interest in the facility. The facility thus satisfies the criteria set forth in § 292.206 of the Commission's regulations.

It is found that:

The small power production facility, as described in the application submitted by County of Olmsted, Minnesota, meets the requirements established in § 292.203 (a) of the Commission's regulations regarding qualification as a small power production facility.

Docket No. QF85-187-000

It is ordered:

The application for certification of qualifying status filed on January 14, 1985, by County of Olmsted, Minnesota pursuant to § 292.207 of the Commission's regulations and section 3(17) (C) of the Federal Power Act, as amended by section 201 of the Public Utility Regulatory Policies Act of 1978, is hereby granted provided that the facility operates in the manner described in the application.

3/ Certification as a qualifying facility serves only to establish eligibility for benefits provided by the Public Utility Regulatory Policies Act of 1978, as implemented by the Commission's regulations, 18 CFR Part 292. It does not relieve a facility of any other requirements of local, State or Federal law, including those regarding siting, construction, operation, licensing and pollution abatement. Certification does not establish any property rights, resolve competing claims for a site, or authorize construction.

EXHIBIT F

UNITED STATES OF AMERICA FEDERAL ENERGY REGULATORY COMMISSION

Docket No. QF85-187-001
County of Olmsted Minnesota

Mr. Charles R. Michael, P.E.
Environmental Engineer
Public Works Department, County of Olmsted
1421 S.E. 3rd Avenue
Rochester, Minnesota 55904

Dear Mr. Michael:

On January 14, 1985, you submitted on behalf of the County of Olmsted, Minnesota (Applicant) an application with the Federal Energy Regulatory Commission (Commission) for certification of a facility as both a qualifying small power production facility (QF85-187-000) 1/ and cogeneration facility (QF85-187-000) pursuant to § 292.207 of the Commission's regulations. On February 13, 1985, supplemental information was filed regarding on February 22, 1985. 2/ No comments, protests, or petitions to intervene were filed regarding the application.

As you indicated in your application, the facility will be located in Rochester, Minnesota within the County of Olmsted. It will be comprised of a new municipal solid waste (MDW) combustion plant containing two steam generators which will be used to drive a back pressure steam-turbine generator. Low pressure steam from this turbine will provide thermal energy for building heating and process use to Federal and County facilities on site with excess low pressure steam driving a condensing steam-turbine generator. The primary energy source for the facility will be biomass in the form of municipal solid waste. The electric power production capacity of the back-pressure steam-turbine generator will be about 1800 kw and that of the condensing steam-turbine generator about 1700 kw for a combined capacity of approximately 3500 kw. Construction of the new plant is scheduled to begin on or about September 1, 1985.

1/ Delegated Order Issued March 29, 1985, granting certification as a qualifying small power production facility.

2/ 50 Fed. Reg. 7373, 7374 (1985)

Mr. Charles R. Michael, P.E.
Docket No. QF85-187-001

Operation of the new facility will basically supplant that of an existing heating plant comprising three gas/oil-fired boilers with no electric generating capacity. This plant is expected to be operated only about 10 percent of the time on an as-required basis to cover outages of the MSW plant or to assist in supplying exceptionally heavy thermal energy requirements.

Based on information provided in your application, no natural gas or oil will supply the energy input to the topping cycle of the cogeneration facility, i.e., to the back-pressure steam-turbine generator unit. On this basis, no efficiency standard applies and the facility need only satisfy and does satisfy the operating standard established in § 292.205 of the Commission's regulations. However, we also note from the configuration shown in Attachment B of your application that the existing natural gas/oil-fired boilers are capable of supplying low pressure steam to two parallel paths, one leading to the condensing steam-turbine generator and the other to the process steam header. In such an operating mode, the sequential use of energy requirement for cogeneration facilities (Section 292.202 (c)) is not met. The full 3500 kw of electric generating capacity therefore qualifies, provided that the natural gas/oil-fired boilers of the existing heating plant be used to supply steam for thermal purposes only and not for electric power generation, notwithstanding the fact that this plant may be operated for only limited periods each year. When the existing boilers are used simultaneously with the MSW plant to produce steam, the qualifying generation of the 1700 kw condensing turbine will be only that attributable to steam derived from the back pressure turbine, (i.e., generation resulting from steam produced by the existing boilers in excess of process requirements is not qualifying cogeneration).

The Commission has previously found, in the case of extraction turbines, that while the extracted steam used for a thermal purpose must have been previously used for generation (i.e., sequential use), not all steam providing generation in a extraction turbine must flow to a thermal purpose. 3/ Generating capacity developed beyond the point at which steam is extracted for process use is included as part of the overall qualifying generating capacity of the facility. For this facility, the Commission finds that the back pressure turbine's exhaust steam used to drive a separate condensing turbine and also to supply a useful thermal process, is functionally equivalent to an extraction steam turbine. Consequently, the fact that that portion of the total steam flow which flows through the condensing turbine is not subsequently used for a thermal purpose does not impair the qualifying status of this facility.

3/ Texas Industries, Inc. (Docket No. QF84-124-000) Order Issued October 15, 1984.

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Correspondent:

Type	Last Name	FI	MI	Affiliation
AUTHOR	Grzaneck	B	A	COUNTY OF OLMSTED
AGENT	Grzaneck	B	A	COUNTY OF OLMSTED
RECIPIENT	Bose	K	D	Office of the Secretary, FERC

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AGENT	Grzanek	B	A	COUNTY OF OLMSTED
RECIPIENT	Bose	K	D	Office of the Secretary, FERC

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RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a resolution to enter into the Restated Interchange and Interconnection Agreement between Olmsted County, Minnesota, The City of Rochester, Minnesota, and Southern Minnesota Municipal Power Agency and authorize the Mayor and City Clerk to execute the agreement subject to review by the City Attorney of any final non-substantive revisions.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 28th day of January, 2014.

President

Secretary

FOR BOARD ACTION

Agenda Item # 10

Meeting Date: January 28, 2014

SUBJECT: Steam Sale Agreement Between The City of Rochester and The Franklin Heating Station for the period 2015 through 2025

PREPARED BY: W. Schlink

ITEM DESCRIPTION:

On January 8, 2002 the City of Rochester and the Franklin Heating Station executed a Steam Sales Agreement to purchase by Mayo and sale by the City of steam from the Silver Lake Plant.

Due to unavoidable delays in the project it was necessary to execute Addendum No. 1 to the Agreement which established new effective dates for various activities including contract terms and conditions. Addendum No. 1 was executed on November 15, 2005.

The original Agreement contained a termination clause which allowed either party to terminate the Agreement with 3 years written notice which the City exercised on August 15, 2012 effective September 30, 2015. The termination was a result of the decision to decommission SLP.

RPU and Mayo staff immediately convened a group to develop a new agreement that would allow RPU to continue to provide steam supply to the Mayo campus through at least 2025 based on the new capabilities of SLP. The group has reached an agreement and is submitting the document to the RPU Board for approval.

Attached is a copy of that Agreement for your consideration.

FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

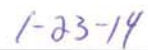
Not Applicable

UTILITY BOARD ACTION REQUESTED:

Staff recommends to the Public Utility Board of the City of Rochester, Minnesota, that the Common Council of the said City is requested to approve a contract agreement with Franklin Heating Station and that the Common Council authorize the Mayor and the City Clerk to execute the agreement for steam sales, a ten year agreement to become effective January 1, 2015, with variable volumes and pricing established by contract terms.



General Manager



Date

ROCHESTER PUBLIC UTILITIES

STEAM SALES AGREEMENT
Between
THE CITY OF ROCHESTER
And
THE FRANKLIN HEATING STATION

This Steam Sales Agreement ("Agreement") is made and entered into this _____ day of _____, 2014 by and between the Franklin Heating Station, a Minnesota General Partnership by Mayo Clinic (Mayo) and the City of Rochester Minnesota, a Minnesota municipal corporation, acting through its Public Utility Board (RPU). Both Mayo and RPU are sometimes hereinafter referred to individually as a "Party" and collectively as "Parties".

WITNESS

WHEREAS the City is the owner and operator of Silver Lake Plant (SLP), a steam producing facility; and

WHEREAS Mayo requires steam for various purposes on their Rochester, Minnesota campus; and

WHEREAS, the Parties desire to enter into an agreement for the purchase by Mayo from the City, and the sale by the City to Mayo, of steam from the SLP as provided herein; and

WHERE AS: the Parties agree that an Agreement based on aligned interests and a common philosophy of operation will provide the maximum benefit to both Parties;

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:

ARTICLE I
DEFINITIONS

For the purpose of this Agreement, the following definitions apply:

Administration & General Charge - A monthly charge to Mayo to recover RPU costs related to the various activities required to fulfill the Agreement but not necessarily identified as a direct expense. The A&G Charge shall equal 10% of the total monthly costs.

Monthly Charge – Based on the annual RPU steam budget which includes operating staff attributed to steam production salaries & benefits, variable O&M expenses, fixed and major maintenance expenses. This annual charge will be invoiced in 12 equal monthly payments.

Capital Recovery Charge – A levelized, monthly charge to Mayo to recover the initial Capital Investment incurred by RPU for the purchase and installation of the steam delivery system up to the Point of Delivery.

Condensate Return- Water returned to RPU from Mayo at the Point of Delivery, meeting water quality standards mutually agreed by the Parties.

Agreement Fuel Price- The actual invoiced fuel cost incurred for steam production. Fuel costs will be invoiced in the month immediately following the month of actual consumption. i.e. July fuel consumed will be invoiced on the August bill.

Agreement Volume- Total amount of steam (lbs) deliverable to Mayo for the billing period (hrs).

Agreement Year- January 1 to December 31.

Dispatch Volumes – The volume of steam requested by Mayo limited by the system design or system conditions.

Fuel Charge- A monthly charge (\$) to Mayo for fuel used to produce steam delivered to Mayo.

lb - One pound of condensate, make-up water, or steam.

Make-up Water - Water that meets quality standards specified for make-up water that is added by RPU to the Condensate Return from Mayo such that the total water returned to SLP boilers is equal to the steam delivered.

mlbs - 1000 lbs of steam.

mmBtu- British Thermal Units (Btu) x 1,000,000.

O&M - Operation and maintenance.

Operating Committee – A six person team composed of 3 individuals from each party that is to provide direction and oversight on budgets, fuel procurement, operating guidelines, major maintenance or capital investments, and provide general direction and guidance for the operation of the steam system.

Point of Delivery- The physical point/location of the steam delivery system where Mayo takes possession and ownership of the steam produced by RPU and at which point Mayo delivers the condensate back to RPU. See Exhibit A.

Standby Boiler Operation-The startup and minimum firing of a boiler by RPU upon request by Mayo for the purpose of making available a backup source of steam to Mayo.

Steam System – The SLP Units 2 & 3 boilers, auxiliary equipment, steam valves, piping, electrical supply and all appurtenances needed to generate and transport steam per the Agreement.

Steam Quality- The nominal quality of the steam to be delivered to Mayo under this Agreement is 625 psig @ 750 degrees °F.

Stranded Investment – The unrealized benefit of one Party’s investment as a result of the other Party’s termination of this Agreement prior to December 31, 2025. There shall be no Stranded Investment for either Party for terminations that are effected beyond December 31, 2025. Stranded Investment will be computed as the unamortized amount remaining on the date of termination considering an amortization period ending on December 31, 2025.

ARTICLE II

TERM

2.01 Term Notwithstanding the date of execution and the Agreement Year, the Parties intend that this Agreement shall become effective January 1, 2015 and that it shall remain in effect through December 31, 2025, unless terminated earlier as provided for in Article 2.02 of this Agreement.

By mutual consent of the Parties this agreement may be extended in increments of one year or until terminated by mutual consent of the Parties

2.02 Termination In addition to termination that might arise pursuant to other Articles of this Agreement, this Agreement shall terminate on the occurrence of any of the following conditions:

Either Party, with three years notice, may terminate this Agreement by submitting a written request for termination. Written notice must be received prior to January 1 and shall become effective on December 31, three years thereafter. If either Party should materially fail to perform or cause unnecessary material delays in performance of, unless excused by Uncontrollable Force, any of its obligations under this Agreement; be adjudged bankrupt; have a general assignment of its assets made for the benefit of its creditors; have a receiver appointed for it or for any of its property; or violate any of the material conditions of this Agreement, then the aggrieved Party may serve written notice upon the other Party of its intent to terminate this Agreement. Unless within ninety (90) days after the service of such notice a satisfactory arrangement is made to remedy the aforementioned acts of omissions, then the aggrieved Party at its election may terminate the Agreement by written notice of termination to the other Party. Nothing herein shall be construed to limit or restrict any other legal rights or remedies at law or equity of the aggrieved Party.

Notwithstanding the reason for termination, each Party shall retain ownership and responsibility for its facilities, including responsibility for abandoning or removing such facilities as directed by the City.

ARTICLE III

RESPONSIBILITIES FOR STEAM DELIVERY SYSTEM

3.01 RPU Responsibilities. RPU shall construct, own, operate, and maintain the facilities necessary for the delivery of steam to the Point of Delivery and for the return of condensate from the Point of Delivery. The City will provide right-of-way for that portion of Mayo's pipeline system that traverses SLP property.

3.02 Mayo Responsibilities. Mayo shall construct, own, operate, and maintain the pipeline facilities necessary to transport and utilize the steam and condensate from the Point of Delivery.

3.03 Costs. Each Party is responsible for those improvements associated with the installation of facilities on their respective side of the Point of Delivery except for costs deemed solely for the benefit of the steam system and mutually approved by the Parties which become a steam cost.

3.04 Operating Committee The Operating Committee is intended to be a committee that operates on a consensus basis and provides input and direction concerning budgets, operating and maintenance activities, fuel procurement, processes directly related to this Agreement and all other issues related to the production and delivery of steam under this agreement. Ultimate governance of Parties facilities, due to safety, regulatory or statutory needs, will remain under the authority of their respective organization.

ARTICLE IV **AGREEMENT TERMS**

4.01 Initial Agreement Capacity. The City hereby agrees to sell and supply and Mayo hereby agrees to purchase and receive a range of dispatched volume in pounds of steam per hour beginning January 1, 2015, for the duration of this Agreement. Dispatch limits shall be established by prudent operating practices, accepted utility practices and system limits.

4.02 Limited Capability. When SLP steam production is limited below its normal capability or when the capability of Mayo to accept the scheduled volume of steam is limited, steam delivery may be reduced for the duration of such limitation.

4.03 Dispatch. Mayo shall provide reasonable dispatch instructions to RPU per prudent operating guidelines and RPU shall endeavor to follow such instructions. Mayo will schedule hourly volumes within the operating limits of the system, although Mayo may request volume changes inter-hour and RPU will make effort to comply. Every effort should be made to submit dispatch schedules at least twenty-four (24) hours in advance.

4.04 Curtailment or Interruption of Deliveries. If either Party fails, or foresees the inability, to sustain the scheduled steam delivery, the responsible Party shall immediately notify the respective plant operator of the other Party of the magnitude and cause of the curtailment or interruption and of the expected duration. In accordance with the provisions of Article 7.01, such inability of either Party to maintain scheduled delivery shall not be cause for financial redress.

4.05 Firmness of Supply. The supply of steam from SLP shall be accomplished with dedicated operation of a boiler of sufficient capacity to produce the scheduled steam delivery. If Mayo wishes to increase the firmness of the steam supply from SLP, Mayo may request that RPU maintain a second boiler in "hot standby" (Standby Boiler Operation).

4.06 Forecasts. Forecasts of monthly steam usage for the following eighteen (18) months shall be submitted by Mayo to RPU on a quarterly basis, with the first forecast due July 1, 2014. Such

forecasts will be used by RPU in the procurement of boiler fuel and will not be used for purposes of scheduling steam delivery. Mayo will make every effort to submit forecasts that are +/- 10% of ultimate steam schedules.

4.07 Reopening Agreement. At the end of the first year, following the effective date of the Agreement, the Parties will review the Agreement to determine the need to renegotiate, or adjust, the terms and pricing structure of the Agreement. Any changes to the Agreement mutually agreed upon by the Parties shall become effective on the January 1 following the date of the necessary approvals of such amended Agreement terms and/or agreement on a revised pricing structure. Thereafter the agreement will be reviewed every three years.

4.08 Right of Audit. Mayo may periodically request supporting data for prices and charges established by RPU. Mayo may audit RPU's records and practices related to pricing and billing. Upon submission of a data or audit request by Mayo, RPU shall provide the requested data or identify a date for accommodating an in-house audit within thirty (30) days of receiving the request.

ARTICLE V **BILLINGS AND PAYMENTS**

5.01 Billings, Payments and Disputes. RPU shall, by the end of each month, invoice Mayo for services rendered during the previous month. This bill shall itemize charges as provided in Article 5.02. Payment shall be made by the 25th of the month. When the due date falls on a Saturday, Sunday or a federal holiday, the due date will be the next business day thereafter. If any bill is not paid when due, it shall become delinquent and shall bear interest from the date due until the date upon which payment of the unpaid balance of the billed amount and accrued interest is paid in full, using for each day the lowest daily prime rate of interest published on that day in the money rates section of the Wall Street Journal. Disputed bills shall be paid in full when due and adjusted subsequent to settlement of the dispute. The remedies under this Article are not in lieu of other remedies available at law or equity.

5.02 Charges. Charges are intended to reflect the actual operating costs incurred to provide steam to Mayo and are treated as a pass through expense. An administrative & general charge is added to the expense and fuel charge to compensate RPU for the related administrative expenses that are not directly billed.

5.021 Monthly Charge. Computed as $1/12^{\text{th}}$ of the total annual charge based on the annual budget.

5.022 Fuel Charge. Computed as the sum of fuel used to meet the dispatch instructions for the supply of steam.

5.023 Administration & General Charge Computed as the sum of Monthly Charge (\$) plus the Fuel Charge (\$) multiplied by ten (10) percent.

$$\text{A\&G Charge (\$)} = (\text{Annual Charge (\$)} + \text{Fuel Charge (\$)}) \times (0.1)$$

5.024 Capital Recovery Charge Computed as a fixed monthly charge of \$75,304.50 for the period January 2015 through September 2015 inclusive, at which time the Capital Recovery Charge expires and is terminated. The final Capital Recovery Charge will be invoiced on the October 2015 invoice.

ARTICLE VI **PRICING**

6.01 Cost Adjustments. Effective January 1, 2015, and each year thereafter, the pricing shall be based on the pass through of costs of the annual steam operating budget. The Agreement Monthly Charge will be adjusted annually beginning January 1, 2015, per the provisions stated herein. RPU will submit a preliminary revised Exhibit B to Mayo by October 1 for the following Agreement Year and a final revised Exhibit B by January 1.

6.02 Other Adjustments. In the instance where RPU incurs additional, unforeseen, on-going expenses related to the provision of steam service to Mayo which are not currently incorporated into the cost recovery provisions of this Agreement, including but not limited to increases in taxes or environmental costs, such expenses, upon proper documentation by RPU and acceptance by Mayo, which will not be unduly withheld, may be incorporated into the appropriate monthly charge to Mayo.

Fuel cost true up adjustments or operating cost adjustments for any under or over recovery of fuel costs or other operating expenses during the previous Agreement Year may be made as a one-time adjustment or spread out over each month of the subsequent year by agreement of the parties.

ARTICLE VII **GENERAL PROVISIONS**

7.01 Damages. In no event, shall either Mayo or the City be liable to the other Party for any indirect, consequential, punitive, or similar damages arising from, or in any other way connected with, this Agreement.

7.02 Waiver. Any waiver at any time by either Party of its rights with respect to a default under this Agreement shall not be deemed a waiver with respect to any other default or other matter arising in connection herein. Any delay short of the statutory of limitation in asserting or enforcing any right shall not be deemed a waiver of such rights.

7.03 Uncontrollable Force. The Parties will exercise reasonable diligence and care to meet their respective obligations and duties hereunder. However, a Party will not be in default of this Agreement and will not be liable for any obligations hereunder if the same is due to causes or contingencies beyond the control of that Party which could not reasonably have been avoided, including but not limited to accidents, breakdown of equipment, loss or curtailment of delivery pipeline system, acts of God or the public enemy, authority and orders of government, fires, strikes, sabotage, riots, or war. In the cases of all Uncontrollable Forces, the Parties will make reasonable

effort to remedy the conditions, except that any labor dispute may be settled at the discretion of the involved Party.

7.04 Applicable Law. In order to promote uniformity in the interpretation of this Agreement, it is agreed that the laws of the State of Minnesota shall control the rights and obligations established by this Agreement and the performance and enforcement thereof, to the extent that such rights and obligations are not governed by Federal law.

7.05 Assignment. Neither party may assign its interest in this Agreement without the prior written consent of the other party, except that Mayo may assign its interest to any legal affiliate of Mayo Clinic as long as it gives RPU written notice of such assignment.

7.06 Entire Agreement. As to the subject matter of this Agreement, this Agreement supersedes any and all proposals and/or understandings, oral and in writing, between the Parties hereto and constitutes their sole and only Agreement. Title and paragraph headings are for convenient reference and are not part of this Agreement.

7.07 Notices. Any notices, demands, or requests required or authorized by the Agreement shall be deemed properly given if mailed postage prepaid to:

General Manager
Rochester Public Utilities
4000 East River Road NE Rochester, Minnesota 55906-2813

on behalf of Rochester Public Utilities and to:

Section Head, Utilities Operation
Mayo Clinic
200 First Street SW Rochester, Minnesota 55905

on behalf of Mayo. Either Party may change its address or the position to which notices are to be sent by providing written notice.

7.09 Arbitration. Any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, except to the extent they conflict with the specific provisions of this clause. Judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction hereof. Without limiting the jurisdiction of any other court, the parties hereby acknowledge, admit, and submit themselves to the jurisdiction of the state and federal courts in the State of Minnesota. The number of arbitrators shall be three, all independent and neutral. Within 15 days after commencement of the arbitration, each party shall select one person to act as arbitrator and the two selected shall select a third arbitrator within 15 days of their appointment. The third arbitrator shall chair the proceedings. The place of arbitration shall be Minneapolis, Minnesota. This agreement shall be governed by and interpreted in accordance with the laws of the State of Minnesota. The parties acknowledge that this agreement evidences a transaction involving interstate

commerce. The United States Arbitration Act shall govern the interpretation, enforcement, and proceedings pursuant to the arbitration clause in this agreement. Within 30 days following the appointment of the arbitrators, each party shall provide to the other party copies of all documents relevant to the issues raised by any claim or counterclaim. Within 30 days following the date upon which documents are exchanged, the parties may take up to three depositions of up to three hours each. Discovery disputes shall be resolved upon application to the chair of the arbitration panel; the chair's resolution shall be final. Hearings shall be held on four contiguous dates within 120 days of the filing of the Demand, and an Award, accompanied by a reasoned opinion, shall be issued within 150 days of the filing of the Demand. The arbitrators shall agree to comply with this schedule before accepting appointment. However, these time limits may be extended by agreement of the parties.

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

CITY OF ROCHESTER MINNESOTA

FRANKLIN HEATING STATION,
A MINNESOTA GENERAL PARTNERSHIP
BY MAYO CLINIC, A PARTNER

By: _____
Its Mayor

By: _____

Title: _____

By: _____
Its City Clerk

Approved As to Form:

By: _____
City Attorney

Reviewed by Rochester Public Utilities

By: _____
General Manager



EXHIBIT B

Applicable estimated charges to Mayo for services provided by RPU under the provisions of the “Steam Sales Agreement Between the City of Rochester and the Mayo Foundation,” effective January 1, 2015. Charges are based on 50 mlbs per hour.

Monthly Charge Price:	<u>\$173,500.00</u>
Agreement Fuel Price:	<u>\$286,167.00</u>
Administrative & General Price:	<u>\$ 45,967.00</u>
Subtotal	\$505,634.00
Capital Recovery Charge*	<u>\$ 75,304.50</u>
Total	\$580,938.50

*Capital Recovery Charge is only applicable for the period January through September, 2015 invoices. Final payment shall be invoiced on the October 2015 invoice.

EXHIBIT C

Sample invoice for steam service to Mayo for the month of January 2015:

Assumptions:

Agreement Monthly Charge: \$173,500.00 based on 1/12 of Annual Budget
 Agreement Fuel Charge: \$286,167.00 based on 50 mlbs/hr x 31 days

Calculations:

Agreement Volume: 50 mlbs/hr x 31 days = 37,200 mlbs
 Total volume delivered: 37,200 mlbs

<u>Billing Component</u>	<u>Billing Units</u>	<u>Price/Multiplier</u>	<u>Charge</u>
5.021 Monthly Charge	1	\$173,500.00	173,500.00
5.022 Fuel Charge (Agreement)	1	\$286,167.00	286,167.00
5.023 A&G Charge	(5.021+5.022)	0.10	45,967.00
5.024 Capital Recovery Charge	1	\$75,304.50	75,304.50
Steam Sales:			\$580,938.50
Total payment due for January 2015:			\$580,938.50

Payment due February 25, 2015



RESOLUTION

WHEREAS, the City of Rochester is the owner and operator of Silver Lake Plant (SLP), a steam producing facility; and

WHEREAS, Mayo requires steam for various purposes on their Rochester Minnesota campus; and

WHEREAS, the parties desire to enter into an agreement for the purchase by Mayo from the City, and the sale by the City to Mayo, of steam from the SLP;

NOW, THEREFORE, BE IT RESOLVED by the Utility Board of Rochester Public Utilities that it approves this Agreement and requests the Mayor approves the Steam Sales Agreement between the City of Rochester and the Franklin Heating Station.

Passed and adopted by the Public Utility Board of the City of Rochester, Minnesota, this 28th day of January, 2014.

President

Secretary

FOR BOARD ACTION

Agenda Item # 11

Meeting Date: January 28, 2014

SUBJECT:

Revised General Manager Job Description

PREPARED BY:

Jerry Williams, RPU Board President

ITEM DESCRIPTION:

Attached is a revised copy of the General Managers job description for use in hiring for the retiring General Manager. The description has been revised and reviewed by HR and the Board, and a motion for its use and approval is requested

UTILITY BOARD ACTION REQUESTED:

Board approval of the Resolution to revise the General Manager Job description as presented, with authority to Human Resources to revise as regulation or duties change.

Larry Koshin
General Manager

1-23-14
Date



GENERAL MANAGER, ROCHESTER PUBLIC UTILITIES CITY OF ROCHESTER

Nature of Work

The General Manager, as chief executive, provides leadership and direction for the overall business operation of the Rochester Public Utilities (RPU) subject to the control of the RPU Board. RPU supplies customers with adequate reliable electric and water service at the lowest rates consistent with sound financial practices and board policy, and meeting RPU's obligation to customers, employees, and government bodies that authorize the RPU's existence and regulate its operation. The General Manager is responsible for the development and communication of the strategic direction for RPU that continues on the path of innovation, efficiency and environmental stewardship.

Essential Duties and Responsibilities

The items below are representative of the scope of work performed within this job classification. The work is performed with considerable independence.

1. In collaboration with and under the direction of the RPU Board, the General Manager is responsible for providing leadership and direction for the strategic planning process. This includes development and implementation of short-and-long-term goals, communication of the strategic plan to the Board and employees, and ownership of business outcomes.
2. Working with and under the direction of the Board, the General Manager develops and recommends policies, procedures, goals, and program objectives vital to the efficient and effective operation of the electric and water utilities and in line with the organizational strategic plan.
3. Builds and maintains effective relationships with the customers and the public and is politically adept in representing RPU in matters of City affairs, civic affairs, state and national organizations, and legislative initiatives by fostering efficient infrastructure planning to support community economic health. The outcome is to ensure that RPU is appropriately involved in the early stages of analysis and/or planning for major community projects such as street or highway replacements, neighborhood beautification, land development projects, etc. Effectively collaborates with other governmental and regulatory agencies, municipalities and public power utilities. Develops public relation strategies to promote positive community relations and community knowledge of RPU. Responsible for RPU public pronouncement(s) and releases.
4. Is a member of the City's Department Head executive team and effectively collaborates with other City departmental staff.
5. In conjunction with the City of Rochester, determines organizational direction for finance and accounting, engineering, human resources, labor relations, as well as general operational matters to ensure an efficient and safe environment.

6. Responsible for the financial performance of RPU. Oversees the preparation of operating, construction and capital improvement budgets. Ensures utility forecasts and facility studies are used as a basis for plans and budgets. Provides monthly financial reports to the board. Directs the electric utility operations to manage present and future purchased power needs. Maintains strong bond agency ratings. Authorizes and/or recommends to the RPU Board and City Council major expenditures.
7. Responsible for the effective day-to-day operation of the utility. Ensures operations, construction and planning follow or account for all applicable regulations on safety, environment, security and reliability. Oversees long term infrastructure planning including generation capacity, amount of purchased power, transmission facilities, electric distribution system, well water capacity, water storage facilities and water distribution system.
8. Recommends or approves the appropriate resources required to effectively operate including the selection or removal of all utility employees. In collaboration with the City and in conjunction with the City's policies and procedures, makes recommendations to the RPU Board concerning employee compensation, benefits plans, and the authorization of employee/resource budgets.
9. Participates in employee activities, including work organizational programs, training groups, safety activities, employee education, and employee association events.
10. Performs, or provides oversight for, comprehensive management analysis of a wide range of municipal policies/practices, engineering studies, rate studies, and organizational procedures.
11. Serves as governing member of Southern Minnesota Municipal Power Agency (SMMPA) Board and advises the RPU Board of membership related issues involving SMMPA. Prepares and annually updates the Board on plans associated with RPU's future relationship with SMMPA.
12. Performs other duties and responsibilities as assigned and consistent with the role and function of this position.

*All above duties, except No. 12, are considered essential functions.

Minimum Qualifications

A Bachelor's Degree in engineering or business administration or a closely related field from an accredited institution is required; ten years progressive supervisory leadership experience in a public utility management (or an equivalency in private-sector organization); must possess a valid driver's license.

Preferred qualifications include a Master's Degree in engineering or business administration or a closely related field and a minimum of five years of project management or program development experience.

Additional Information/Competencies Required

- Exercise considerable independence in establishing methods and procedures to attain organizational goals and objectives determined by the RPU Board.
- Be an effective team builder and mentor, and demonstrate a collaborative leadership style with an ability to harness the strengths, insights and capabilities of the organization, the Board, other City leaders and the broader stakeholder community.
- Possess excellent communication and facilitation skills. Ability to read, analyze and interpret general business periodicals, professional journals, technical procedures, and governmental regulations. Ability to write professional reports, business correspondence, and procedure manuals. Ability to effectively present information and

respond to questions from groups of managers, clients, customers and the general public. Ability to listen to others' viewpoints and concerns. Ability to diffuse hostile situations and appropriately manage conflict.

- Apply accepted principles and best practices specific to City government, municipal utilities, archival recordkeeping, Minnesota Statutes, open meeting laws; and to apply that understanding in strategic planning, complex problem solving, and diverse service delivery.
- Maintains knowledge of the factors affecting the electric utility market to determine strategic direction regarding current power purchases and future electric generation needs.
- Solid understanding of applicable federal, state, and local laws and ordinances, including the City Charter, and an ability to apply that understanding in solving the most complex problems affecting departmental operations.
- Evaluate departmental technological needs and select appropriate technological tools, applications, and advances in work methods to meet those needs; and apply such tools to resolve the full range of challenges or needs associated with the work of the department.
- Use a full range of current and modern job-related office equipment, computer hardware, and software applications.
- Foster organizational change by championing creative approaches and moving them through the organization. Effectively evaluate and judge new ideas, identifying those that are effective, efficient, and sustainable. Readily adapt to fiscal change and find ways to accomplish more with less.
- Expertly plan and manage those projects that have the highest level of Citywide and/or community impact and may have changing priorities.
- Negotiate and meet deadlines. Demonstrate an ability to prioritize issues, identifying which issues require immediate attention, and taking effective and appropriate action based on that determination.
- Plan, coordinate, lead, and monitor complex projects, prepare work plans, develop protocols and standards, and define and appropriately measure results; and lead planning activities and assist elected officials, department directors, staff, and customers in problem solving and analysis.
- Direct the development and implementation of departmental budgets and ensure that funds are appropriately managed; stay within or under budget; make decisions based upon budget limitations, contending interest groups, interagency concerns, legal issues, and the political climate.
- Establish a strategic focus and applicable strategies connecting the department's strategic and tactical plan to the City's Strategic key objectives; and to achieve results and add value to the organization by implementing appropriate strategies and assuming responsibility for results.
- Produce timely, accurate, and easily understood reports and correspondence to ensure proper communication with the intended audience.
- Lead RPU by providing effective work direction to subordinate supervisors and employees, by promoting the vision and mission of the department and the City and by reinforcing desired employee work behaviors; facilitate the group problem-solving process, recognize positive results, manage conflict, and negotiate satisfactory outcomes.
- Exhibit a commitment to the vision, mission, and values of the department and the City by enthusiastically supporting what the department and City do and why.
- Model leadership qualities of adaptability, dependability, and accountability to include encouraging staff flexibility, creativity, and innovation in service delivery.
- Provide for and encourage the creation of a positive work environment that enables others to act within City values. Recruit talented people, support and build team spirit and morale, reward teamwork, celebrate successes, listen to ideas, and provide opportunities for others to contribute.

- Set expectations, manage employee development, provide training, coaching, and mentoring for employees; and conduct consistent, fair, and equitable performance evaluations.
- Develop policies, procedures and operating standards governing the activities of RPU employees and ensure that employees follow those policies, procedures and standards.
- Increase cultural diversity within RPU, actively support the City's diversity initiatives, and work to address the needs of diverse and underserved communities.
- Build trust and a trusting work environment. by leading by example, telling the truth, displaying honest and ethical behavior in all interactions, working without hidden agendas, ensuring that actions and words are consistent, and following through on commitments.
- Direct others in conducting customer service needs analysis and establish department-wide customer service standards that promote excellence in services and products.
- Identify and meet diverse customer needs and to continuously improve customer service.
- Work across organizational boundaries to form partnerships that foster better citizen services, eliminate barriers to achieving results, build alliances with key decision makers, and take full advantage of available resources.

Physical and Environmental Criteria

In compliance with the Americans with Disabilities Act, the following represents the physical and environmental demands for this position. The employee must be able to perform the essential functions with or without accommodation.

In consideration of the overall amount of physical effort required to perform this position, the work is best described as **Sedentary Work**: Exerting up to 10 pounds of force occasionally and/or a negligible amount of force frequently or constantly to lift, carry, push, pull or otherwise move objects, including the human body. Sedentary work involves sitting most of the time. Jobs are sedentary if walking and standing are required only occasionally and all other sedentary criteria are met.

Physical demands that may be required continuously (2/3 or more of the time), frequently (1/3 to 2/3 of the time), and occasionally (up to 1/3 of the time) are noted below:

Continuous demands: Standing, Sitting, Walking, Fine Dexterity

Frequent demands: Lifting, Handling, Reaching, Carrying

Occasional demands: Pushing/Pulling, Kneeling, Crouching, Bending

Sensory requirements necessary in the performance of the essential functions of this position include: sight, hearing, and touch.

Environmental conditions that may exist in the performance of the essential functions of this job include: NONE (not substantially exposed to environmental conditions).

FOR BOARD ACTION

Agenda Item # 12

Meeting Date: January 28, 2014

SUBJECT: General Manager Hiring Process Update

PREPARED BY: Larry Koshire, General Manager

ITEM DESCRIPTION:

At the Board meeting the Board President will provide an update on the process for recruiting, interviewing and hiring of a General Manager.

UTILITY BOARD ACTION REQUESTED:

Informational only



General Manager

1-23-14
Date